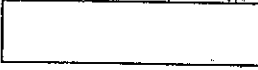


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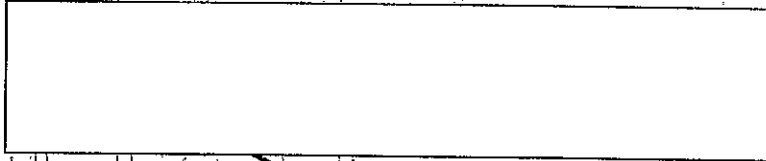
Iraq's Role in the Middle East

National Intelligence Estimate

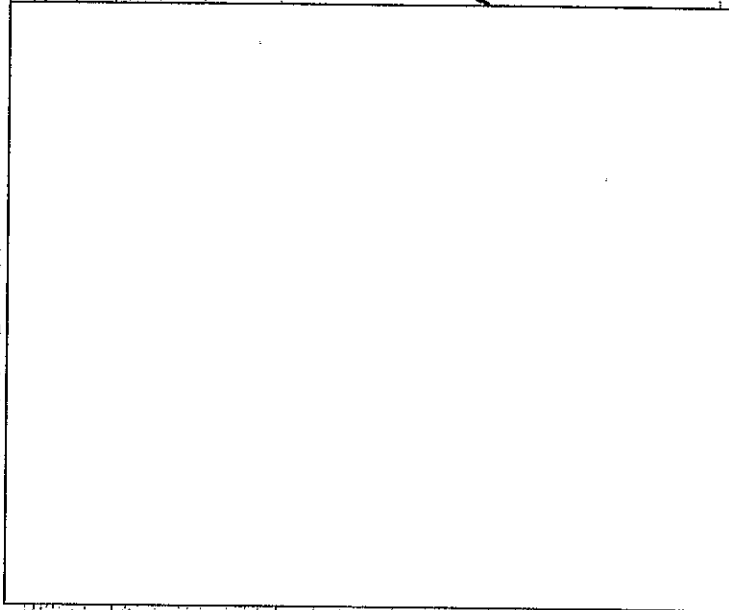
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IRAQ'S ROLE IN THE MIDDLE EAST

Information available as of 21 May 1979 has been used in the preparation of this Estimate.

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THIS ESTIMATE IS ISSUED BY THE DIRECTOR OF CENTRAL INTELLIGENCE.

THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS, EXCEPT AS NOTED IN THE TEXT.

The following intelligence organizations participated in the preparation of the Estimate:

The Central Intelligence Agency, the intelligence organizations of the Departments of State and Defense, and the National Security Agency.

Also Participating:

The Assistant Chief of Staff for Intelligence, Department of the Army
The Director of Naval Intelligence, Department of the Navy
The Assistant Chief of Staff, Intelligence, Department of the Air Force
The Director of Intelligence, Headquarters Marine Corps

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FOREWORD

In the past few years Iraq has emerged from self-imposed isolation and established tolerable-to-good relations with its neighbors. It now is trying to play a leading role in intra-Arab politics. This Estimate will examine the domestic political, economic, and military factors that enable Iraq to enter into such activist policies. It will assess the likely thrust of Iraq's regional policies, with particular attention to the consequences of the Egyptian-Israeli treaty, and estimate the impact on US interests in the region over the next three to four years. The date of information, unless otherwise noted, is 21 May 1979.

From the US point of view, Iraq has been a backwater for some years. The United States has modest commercial and no military relations with Iraq; it is represented there by a small interests section that is allowed minimal contact with government and people. For this reason, and because the Iraqi regime is secretive, information on many important areas and topics is limited or nonexistent. This circumstance affects the thoroughness of this Estimate, especially in the areas of motivation, attitude, and policy.

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PRINCIPAL JUDGMENTS

Iraq's Ba'athist leaders are determined to perpetuate themselves in power, to impose their national, socialist, and secular philosophy on the country, and to expand the state's power and ability to wield influence abroad. Iraq will be a state to reckon with in the Middle East for at least the five-year period of this Estimate. It has both the will and the means to pursue radical goals and will complicate US efforts to fashion a comprehensive Middle East peace, maintain stability among the Arab states of the Persian Gulf, and assure adequate oil supplies to the West.

The 40-year-old civilian Saddam Husayn is likely to succeed the ailing President Ahmad Hasan al-Bakr, a military man and Ba'athist of impeccable pre-1958 revolutionary credentials. We cannot predict whether the Iraqi military, arbiters of power since the 1930s, will tolerate a purely civilian regime. However, we would expect relations between the military and the political leadership to be less smooth after Saddam's succession, at least until officers personally loyal to him occupy the most important command positions. We do not know enough about the political attitudes of military officers to do more than indicate that an orderly Saddam succession is not a sure thing—although it is clearly the most likely development.

Ba'athist power is firmly entrenched, relying on multiple security services, regimentation of the population through the party and its associated "people's" organizations, and summary disciplining of any who might dare to differ with the regime. The country as a whole is prosperous because of large and growing oil revenues: it has achieved a 10-percent annual rate of growth since 1974 without suffering undue inflation. There are, however, serious economic problems that will take years to solve; skilled and semiskilled labor is in very short supply, and agricultural production has stagnated.

The Baghdad regime will continue to feel insecure about Iran until that country acquires a government with which Baghdad can build a satisfactory nonconfrontational relationship. The Iraqis also fear that the Islamic movement in Iran will infect their own Shia majority, which has long felt mistreated by Sunni-dominated governments in Baghdad. They are clearly worried that the Ayatollah Khomeini—who spent 14 years as an exile at the Shia theological school in An Najaf, Iraq—sees himself as a religious leader whose influence should extend beyond the borders of Iran. Another concern is that lack of central government

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control in Tehran will allow arms to flow from Iran to Iraqi Kurds. Baghdad will probably have to continue to use military force to control disaffection in Shia and Kurdish areas.

The regime's desire to play a leading role in the region and a concern about unsettled conditions in Iran will, in the near term, push it toward nonconfrontational relations with many other Arab states. Although muting their policy of subversion, Iraqi Ba'ath leaders will continue to support the development of party organizations in other Arab states and spread Ba'athist socialist doctrine throughout the region.

Baghdad will continue to rely on the Soviets for arms and other technological support, but Iraq is becoming increasingly concerned about the USSR's support for such clients as Ethiopia, South Yemen, and Afghanistan. Should the USSR be drawn into Afghanistan's troubles to the extent of providing troops, Iraqi-Soviet relations would take a sharp downturn. In any event, Iraq will balance its relations with the Soviets by strengthening ties with Western industrial states. This policy will include continued commercial ties with major European states, as well as military purchases from France and others.

Long a price hawk in the Organization of Petroleum Exporting Countries, Iraq will continue to seek crude oil price rises that run ahead of world inflation rates. World supply/demand tightness, expected to continue in the 1980s, will increase Iraqi influence in OPEC decisionmaking, and Iraqi production decisions will have much greater impact on the international oil market. Current production is about 3 million barrels a day. Although we do not know what level Iraq plans to achieve in the next five years, we expect it to be substantially lower than Iraq's maximum sustainable capacity.

The implications for US interests of the likely course of events in Iraq and of that country's policies are not promising. The political framework in which Baghdad's rulers operate is largely hostile to US policies in the region. Iraq will not change its opposition to the US approach toward the Arab-Israeli problem unless it sees convincing evidence that a Palestinian state is going to appear in the West Bank and Gaza, that Syria is retrieving Golan, and that Lebanese Maronite factions are no longer being supported by Israel. It will rather use the opposition of other states to US efforts with respect to a settlement to try to reduce US influence in the area as a whole.

The current level of relations with the United States is sufficient to satisfy Iraqi desires for access to US technology. Iraq's leaders will not feel compelled to improve political relations with the United States unless they see progress toward a settlement of the Palestine issue, or they are jolted by some major Soviet advance in the area such as the emergence of a leftist government in Iran. The reliance of certain states

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on Iraqi oil will put pressure on them to accommodate Iraqi desires. Pressure on France (Iraq's principal friend and contact in the Western world) and Italy to live up to commitments to provide major nuclear components may be quite strong, with obvious implications for US nuclear nonproliferation policy.

Despite Iraq's cooperation with the USSR, the regime is not anxious to see it or the United States either very active or very successful in the region. Baghdad's rulers have long made known their concern about Soviet actions in the area. In foreseeable circumstances, Baghdad will work to limit Soviet influence in the Middle East. The emergence—or perhaps only the threat of such emergence—of a leftist and Moscow-oriented regime out of the turbulent conditions in Iran would profoundly upset the Ba'th leaders. Such a development would cause the leaders to assess their external relations and could, if other conditions were right, lead to a major change—on the scale of that in 1975 with Iran—in relations with the United States. Such a development looks impossible from today's perspective, but the Ba'th regime is, within the bounds of its goals and requirements, flexible. Such flexibility is not to be confused with moderation; this is a regime led by extremists and chauvinists, determined to make the Iraq they run as self-reliant and independent as possible.

Until a year ago Iraq was considered the pariah state of the Arab world. Its relations with most neighbors were poor because of its reputation for ruthlessness and its support for terrorism and regional radical groups. The Camp David accords shocked the Iraqis into a reassessment of their contentious policies and the adoption of a new tack: they ended their bitter feud with Syria and provided strong leadership in organizing an Arab consensus against the peace terms negotiated by President Sadat. Iraq is riding high in its newfound role as a regional leader and may move on to assume the leadership of the nonaligned movement in 1982.

Iraq's rapprochement with Syria has enhanced Baghdad's ability to play a major role in the Arab-Israeli conflict and has already damaged efforts to achieve a comprehensive peace settlement. While the two countries are not likely to achieve complete unity, their self-proclaimed goal, cooperation between them on selected issues is likely to increase.

Although the basing in Syria of more than token Iraqi forces is unlikely because of the probability of Israeli preemption, Iraq's likely contribution of expeditionary forces in a war with Israel has increased to five divisions (from the two divisions which saw combat in 1973).

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Iraq has already expanded and improved its armed forces more than any other Arab state since the 1973 war. Specifically, Iraq has:

- Doubled its military manpower and its armored forces.
- Increased its inventory of combat aircraft by almost 65 percent.
- Expanded its air defense forces to nine times the 1973 level.

With the second largest and the best equipped armed forces of any of the Arab states by 1982, Iraq will, indeed, be a state to reckon with in the Middle East.

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DISCUSSION

I. NATURE OF THE REGIME

1. The leaders of the Ba'ath regime in Iraq are determined to make the country secular and socialist. They are conditioned by a colonial past, by geography, and by a concern for security bordering on paranoia to strive to make Iraq as self-sufficient and independent of external influence as possible. Their secretive, authoritarian, centralized style of government reflects a clandestine conspiratorial past. They are among the leaders in the Organization of Petroleum Exporting States (OPEC) pushing for higher crude oil prices.

2. Three goals define the thrust of the regime's domestic and foreign policies. First, its leaders are determined to perpetuate themselves in power. Second, they are determined to strengthen the Ba'ath Party's ideological hold on the country. Third, they wish to expand the power of the state, to wield influence in the region, and to promote the fortunes of Ba'athists in other Arab states. The third goal is relatively new, springing from a sense of confidence that several years of unchallenged control have given the regime's leaders. Among the regime's tools for moving toward the third goal are large and growing armed forces, membership in OPEC and in the Organization of Arab Petroleum Exporting Countries (OAPEC), large oil revenues, and a flexible, adroit diplomacy. The current emphasis on external affairs is in marked contrast to the self-imposed isolation that marked the regime's early years.

3. This regime has, in its external relations, shown an ability to respond to opportunities that favored it, or to threats against its fundamental interests, in ways that are imaginative and that have run counter to apparently immutable principles. The agreement to settle outstanding differences with Iran in 1975 and the successful efforts in the fall of 1978 to effect a rapprochement with Syria after 10 years of hostility, for example, emerged without prior warning. In 1975, Baghdad was responding to domestic strains as well as to a perceived danger that war with Iran might result from military efforts to subdue the Iraqi Kurds. In 1978, it seized an opportunity to exert influence over other Arabs by taking the lead in countering Egypt's willingness to sign a peace treaty with Israel.

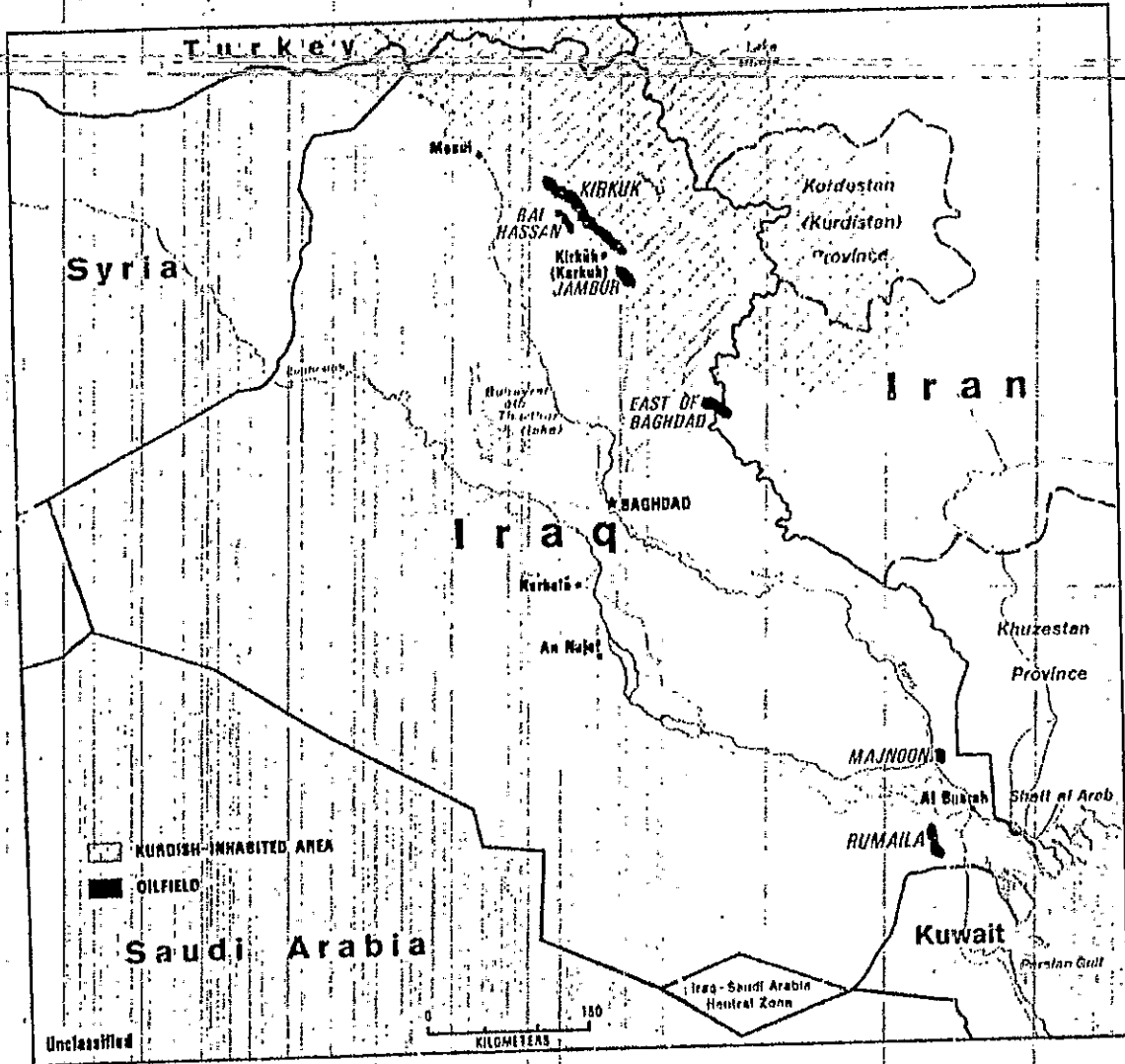
4. Iraq's leaders have fashioned a highly authoritarian regime based on a party apparatus frequently purged of the disloyal or the doubting, on control of the Army, and on extensive use of police and security elements to repress real or imagined dissent. Conformity to the regime's dictates is a requirement for advancement or even survival; summary justice is meted out to those who dare to differ. The bureaucracy is expected to carry out policies, the media to support them. There is no forum for public expression of differing views. Such differences as exist within the government or party apparatus usually become known only when persons are purged for failing to support the regime. Regulations governing the actions permitted to party and government functionaries are so comprehensive that the regime has a legal case for firing or disciplining anyone who displeases it. These rules also permit the top few leaders to discipline those who do not display fervent devotion to them.

5. The score of men who make up the leading government body, the Revolutionary Command Council (RCC) and the principal Ba'ath Party organization, the Regional Command, have survived and prospered in a cutthroat competition for power that has weeded out all but a few members of the Regional Command that seized power in 1968. The duumvirate of Ahmad Hasan al-Bakr and Saddam Husayn has long dominated this power structure. These leaders have emphasized loyalty on the part of government officials and have placed party members in the government apparatus as rapidly as persons with even minimal qualifications were available. Within the party structure Saddam Husayn has promoted the fortunes of those loyal to him, almost exclusively persons who are his contemporaries. With the exception of Bakr, the Regional Command is composed of men with an average age of 40, educated for the most part in Iraq, with limited foreign experience and usually a decade or more of service to the party in its days of clandestine opposition.

⁵See annex A for further information on party and government.

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6. The regime has been unquestionably successful in establishing and maintaining itself in power. In the early years, there was much interneine struggle; the most recent coup attempt took place in mid-1973. The agreement with the Shah of Iran in March 1975 effectively stopped the Kurdish rebellion. While some guerrilla action continues, it has been an irritant rather than a serious concern, though the Iraqi leadership is currently watching closely events in Iran for evidence of Kurdish disturbances that might spill over into Iraq. The harsh repressive measures of the regime's first half dozen years are less in evidence today, although we judge that they continue to be applied. More importantly, there seems little doubt in the minds of Iraqis that the regime stands ready to apply the full weight of such measures at any time it believes it necessary. In the absence of any valid method for sampling opinion in the country, we cannot say whether the population in general supports the regime, merely tolerates it, or is helpless because it is under the control by five security services who watch not only the population but each other. Certainly, the effort and resources which the regime devotes to security argue that it believes it has a host of enemies among its own people.

II. REGIME POLITICS

7. The regime's effort to play a leading role in Arab affairs will be affected by domestic developments during the term of this Estimate. President Bakr is well along in his sixties, and suffers from a variety of ailments, any one of which could incapacitate or kill him. He has relinquished much of the conduct of governmental and party affairs to Saddam Husayn, who for some years has been taking steps to enhance his ability to succeed, always with deference to Bakr's superior status and position. Bakr is President, head of the Regional Command, Chairman of the PCC, and commander of the armed forces. Saddam Husayn is his deputy in the Command and the PCC.

8. The key element in the succession is how the 234,000-man armed forces will respond when one of their own is no longer in charge of the country. The military establishment is now virtually excluded from politics. Only Bakr, who is a professional soldier and has impeccable revolutionary credentials predating the overthrow of the monarchy, and one other officer of similar background are members of the power structure; the latter survives only because he is a crony of Bakr. We know that the party has exerted extraordinary efforts to Ba'itize the armed forces, that most important officers from division commander down are party members, that a youngish officer—a

relative of Bakr and Saddam—is Minister of Defense, that the security services have watchdogs in the form of junior officers in the units, and that elements of the Ba'ith Party's militia, the People's Army, are stationed at many military installations. But we know little about the political attitudes of field-grade or senior officers. These officers are the successors to a tradition in which the Iraqi military have been the arbiters of power since the mid-1950s. We cannot predict whether they will tolerate direction by a purely civilian regime.

9. The best prognosis is that Saddam Husayn will succeed Bakr in the top positions in Iraq. His ruthlessness, skill at political manipulation, and success in placing supporters throughout the regime all argue in his favor. Potential security challenges from Kurds and Shias stemming from the unsettled conditions in Iran will tend to promote regime solidarity, and this will favor Saddam Husayn. But his success is not a foregone conclusion. Should he succeed, relations between the political leadership and the military are likely to be less smooth than in recent years, at least until officers personally loyal to him occupy the most important command positions.

10. If, instead, military leaders successfully resist a Saddam succession, the consequence is likely to be seen in a less sure sense of direction from whatever leaders emerge, as well as in quarrels among them until a person or group dominates. A new leadership would probably find the Ba'ith Party too well entrenched to be pushed aside and would therefore have to work out a way of living with it. It is possible that opposition to Saddam would involve a partnership of military and some party elements. We really do not know enough about the attitudes and strengths of potential factions to do more than indicate that an orderly Saddam succession is not a sure thing, although it is clearly the most likely development. Thus, the rest of this Estimate assumes a continuation of the present duumvirate and a Saddam succession when Bakr dies or is incapacitated.

III. ECONOMIC AND MILITARY TRENDS

11. In their 10 years in power the Ba'ith leaders have drawn on a conviction, strongly held among Iraqis, that they should control the country and its resources and not leave themselves at the mercy of foreigners. In 1981 Prime Minister Qasim expropriated 99.5 percent (the undeveloped portion) of the countrywide concessions held by a group of Western oil firms. The concessionaires were left to operate the

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oilfields until the Ba'athist regime nationalized the companies' assets piecemeal in 1972, 1973, and 1975. During these years, Iraq not only took control of exploration and production, but also of marketing all its crude oil.²

12. Iraq has a sustainable crude oil productive capacity of a little more than 3 million barrels a day. With some of the largest oil reserves in the Middle East, the country can produce enough oil to generate more than sufficient income (foreign exchange) to cover the country's needs for the next five years and very likely well beyond. The country is not spending all its oil revenue; foreign exchange holdings rose from \$7 billion at the end of 1977 to perhaps \$8.5 billion at the end of 1978. Recent price rises and surcharges will push foreign exchange holdings up sharply. The Ba'athist leaders act conservatively in economic matters, not overtaxing Iraq's absorptive capacity. The benefits of oil have enabled Iraq to enjoy relatively good growth, moderate inflation, and a rising standard of living. The pace of the economic development program is measured; in 1976 and 1977 only 58 percent of monies allocated were actually spent. The regime has deliberately tried to avoid the problems of rapid growth, of trying to do too much too soon, that plagued Iran and Saudi Arabia. It has held inflation down through price control and subsidies. Moreover, the priority that the regime gives to political loyalty in staffing its bureaucracy leads to a rather mediocre level of competence among technicians and managers, to timidity on the part of those who do not feel themselves politically secure, and to insufficient numbers of qualified people in many industries, businesses, and offices. These practices compound a basic shortage of skilled manpower. The press contains references to plants, especially in the provinces, lacking half to three quarters of the technicians and managers they need.³

13. Over time these problems are solvable and probably will be solved. Iraq has all the requirements for sustained economic growth and bettering the life of its people. It is systematically building a rail, road, and even water transportation system that will support economic growth. Its school and university system, and allied literacy programs, are slowly producing a population with many of the country's needed skills. It has plenty of arable land, and, in time, the great hydraulic works built to control the floods of the Tigris and Euphrates will be used to improve and enlarge irrigation for agriculture.

² See annex B for further detail on Iraq's oil industry.
³ See annex C for further information on Iraq's economy.

14. But things will not improve dramatically in the next five years. Agriculture is in poor shape; food imports have risen steadily in the past half dozen years, from \$150 million in 1973 to about \$750 million in 1978. The country is likely to remain a major food importer. The labor force is small, of an estimated 3 million, a third to a half work the land, which is well short of the numbers needed; the government is encouraging the immigration of farmers from other Arab countries. Ten percent of the labor force is in the military and security forces, and another significant portion comprise those who are devoting their time to the party apparatus and its associated "people's" organizations. Persons in the latter categories are among the brightest and most ambitious, who want to be near the centers of power. No one has risen to the upper levels of the Iraqi power structure as an engineer, an agronomist, or an economist.

15. The buildup of a strong military force has been a major goal of the Iraqi regime and a cause of major expenditures. Iraq's published military and security appropriations have risen from \$1.7 billion in 1976 to \$2.4 billion in 1979. It is likely that these published figures understate actual expenditures by 45 to 55 percent; the difference can be accounted for by purchases abroad, which amounted to \$6 billion in the 1974-78 period. Programs under way call for an expansion of the armed forces from 103,000 in 1973 to 300,000 men in 1983 and substantial increases in various categories of weapons. The collapse of the Iranian Government and scaling down of Iranian military activity will not immediately affect Iraq's plans for military expansion. Iraq has purchases totaling at least \$2 billion in the pipeline, and the momentum of its programs will diminish gradually. It will in any event be hard pressed to find the skilled manpower it will need for the military, and, to the extent that the military get it, the economy will suffer.

IV. IMPACT OF EVENTS IN IRAN

16. The collapse of the imperial regime in Iran has caused great concern in Baghdad. Iraq had enjoyed good relations with Iran since 1975, benefiting from the Shah's policies, which forbade dissident Iraqi Kurds to operate from Iran. The disappearance of central government authority in Iran's Kurdish areas will afford opportunities for arms shipments to Iraq's Kurds. While Teheran would not be likely to supply weapons as the Shah did before 1975, the familiar

⁴ See annex D for further discussion of Iraq's military establishment.

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private smuggling is likely to rise substantially, and Iranian Kurdish areas (chiefly in Kordestan Province) will provide a haven for Iraqi Kurdish guerrillas. We are not forecasting a major rebellion by Iraq's Kurds. The lack of recognized central leadership among them and the very strong Iraqi military force garrisoned in northeast Iraq militate against that. There is, however, likely to be a rise in Kurdish guerrilla activities in the next year or two that will exacerbate government fears of possible outside meddling. Recent stirrings among Kurds in Turkey's eastern provinces add to the potential for trouble; Iraq and Turkey have agreed on a program of cooperation against Kurdish dissidents. Baghdad's concern about the Kurds is reflected in the continuing disposition of its forces in a manner enabling them to move rapidly at the first signs of trouble.

17. The emergence of a Shia Islamic regime in Iran has a potentially very great effect on the 55 percent of Iraq's 13 million people who are Shia. The Iraqi Shias are poorer, less educated than their Sunni Arab counterparts (20 percent of Iraq's population) and historically have had a subordinate role in the country. Most of them are rural, but there are at least a million in Baghdad, amounting to a third of its population. The Ayatollah Khomeini, who spent 14 years as an exile at the Shia theological school in An Najaf and who left when placed under restrictions by the Iraqi authorities, has indicated that he sees himself as a religious leader whose influence should extend outside Iran, and he may try to advance the cause of an Islamic state in Iraq.

18. There have been some stirrings among Iraqi Shias, but we do not have sufficient information to judge how most of them view the activities of their Iranian coreligionists. Nor do we have any information on the size and potential effectiveness of the mosque-based organizations the Shia leaders have at their disposal. The organizations are active in directing the parades and ceremonies at Shia festivals. There was antiregime troubles at the Muharram festivals in February 1977, and a number of Shias were executed.

And there is some credibility to stories of recent pro-Khomeini displays at the Shia holy site in An Najaf that included chanting crowds and some shooting. Opposition to the Ba'hist government suffers from a lack of leadership and general disorganization, but many Shias apparently believe that discontent beneath the surface could burst forth if given the right catalyst.

19. Whatever Iraqi Shias think of the Ba'hist government, they are well positioned to cause trouble. Shia Muslims make up the bulk of the work force in key southern oil and port facilities and are heavily represented in lower military and police ranks. Internal transportation links from Iraq's two ports (on the Persian Gulf) to Baghdad run through provinces populated almost entirely by Shias. The possibilities for sabotage are many, and this will be of more concern to the Iraqi authorities than the possibility of military uprising along the lines that the Kurds pursued for many years. The tribesmen are not well organized, and the terrain is not particularly suitable for guerrilla warfare.

20. Any movement based on religion threatens the philosophical underpinning of the Ba'ih Party, which has the goal of remaking society in a modern, secular image and looks on religion as an entirely private matter. Although its leaders are primarily Sunni Muslims, the authority and control of the regime is not based on religion or sect; in fact, four of the members of the Regional Command, including two of Saddam Husayn's closest associates, are Shias. The regime has publicly criticized the Shiite religion, but—with an eye to Iran—has tried to demonstrate more concern for religion in general and for the Shia areas in particular. Saddam Husayn has just finished a trip through the southern provinces in which he engaged in such uncharacteristic acts as praying in mosques and mixing with the populace. President Bakr has recently seen fit to make the Muslim pilgrimage to Mecca.

21. The unsettled conditions in Iran and the potential for a spillover will continue to affect the Iraqi regime for the foreseeable future. Although Iraq is currently capable of contributing a significantly larger expeditionary force to the Israeli front than in 1973, internal security requirements remain a serious impediment to increasing its contribution beyond five divisions (three armor, one mechanized, and one infantry). The remaining units are required for protection of civilian and military installations, for security in Kurdistan, for watching the border with Iran, and for protecting the regime in Baghdad. However, planned increases in the size of the armed forces and the development of military facilities will allow Iraq to position air, air defense, and ground forces along the Syrian and Jordanian borders.

V. EXTERNAL AFFAIRS

22. Iraq's external relations have undergone dramatic change in recent years. Until the mid-1970s the

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regime was, at its own initiative, substantially isolated from other neighboring states. It had tolerable relations among those neighbors only with Turkey. The crushing of a coup attempt in 1973, Iraq's intervention in the October war of that year, and the successful completion of nationalization of its oil industry in 1975 seem to have expanded its self-confidence. It successfully stopped the Kurdish rebellion after making a deal with Iran in which it agreed to alter a decades-old dividing line in the Shatt al Arab in favor of Iran and to give up claims to the partly Arab-populated Iranian province of Khuzestan in return for the cessation of Iranian aid to the Kurds.

23. These events taken together seem to have persuaded the regime that its interests could be advanced by means other than confrontation. For some years it has actively pursued improved relations with the Arab states of the Persian Gulf. Although it has not stopped supporting fellow Ba'athists and small sulzerist groups there, it is encouraging them to maintain a low profile. The Gulf states themselves seem willing to respond to Iraq's less aggressive behavior, but remain extremely suspicious of the sincerity of its policies. And, most recently, events in the Arab world, particularly in the Arab-Israeli equation, have afforded the regime an opportunity to extend Iraqi influence in the Arab world.

The Region

24. The magnitude of the change in Iraq's behavior in the region is best seen after a brief statement of where Iraq's foreign policy stood at the end of 1977. It adamantly rejected Sadat's peace initiative, refusing even to participate in the Steadfastness and Confrontation Front formed by five Arab states opposed to that initiative. It continued to maintain an adversary relationship with Syria, opposing the Syrian role in Lebanon, conducting sabotage operations in Syria, assassinating Syrians, and disputing vigorously over division of the Euphrates River water. It had made some conciliatory gestures, but no concrete moves toward some of the more conservative Arab states. It relied on the USSR for arms and technical assistance, but engaged in verbal conflict over Soviet support for the Ethiopian regime's efforts to subdue Eritrean dissidents. As for the United States, there were modest commercial relationships but no political dialogue.

25. As late as midsummer 1978 Iraq was still on the outs with many of its neighbors. Bakr attacked Syrian President Assad in a July speech; relations with Jordan were soured by the execution of a Jordanian national in Baghdad on espionage charges.

26. The Camp David accords of mid-September gave Iraq an opportunity to play a more important role in Arab councils. The Iraqis played very skillfully on the fears of Saudi Arabia, other peninsular states, Syria, and Jordan that a "separate agreement" would mean the indefinite postponement of any opportunity for the Arab states to regain other land lost in 1967 and to settle the Palestinian issue on terms that would make the Palestinians less of a political liability, especially to Jordan and Syria. To make its bid for better relations credible, Baghdad toned down support for the most extreme Palestinian organizations and their demands for total rejection of any dealings with Israel.

27. Reaction in the area to the Camp David accords gave Iraq an opportunity to further improve relations with Saudi Arabia. The two states had for some time been cooperating in low-level matters such as suppression of smuggling and illegal border crossing. Saudi leaders appear to have believed that they were successfully encouraging both a spirit of moderation in Baghdad toward a comprehensive Arab-Israeli settlement and a reduction of Iraq's ties with the USSR in favor of closer ties to Western countries like France. At the meetings in Baghdad, the Iraqis applied a judicious mixture of politeness and threats, which prodded the Saudis into going along with the more hardline position. Since November, several Saudi princes have made working visits to Baghdad. The fall of the Shah has given the Saudis pause, and they have seen good relations with Iraq as a form of insurance against the uncertainties of Iran's future behavior. Concern about US policy has also encouraged the increased Saudi cooperation with Iraq. Iraq, too, is now a heavyweight in Arab circles, and Saudi Arabia must deal with it on that basis.

28. Baghdad's leaders have played their part skillfully, bringing Saudi Arabia into the Arab consensus against Egypt's action. The association of Saudi Arabia in the front the Iraqi leaders did so much to construct gives Iraq more of the legitimacy and status it seeks in the Arab world. The Ba'ath leaders no doubt look to the day when they can help a Ba'athist group take over Saudi Arabia. But such a day is far off; in the meantime, good relations with the house of Saud are important. Iraq can sustain them without great sacrifice—by consulting, by appearing moderate, by refraining from pushing revolutionary movements in the area. The Iraqi leaders will do these things as long as they need Saudi friendship and support and as long as Saudi Arabia protects its "Arab flank" by supporting the Arab majority's opposition to the peace treaty.

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29. Concurrent with the broader Arab solidarity movement, Iraq initiated a rapprochement with Syria.² The threat of a separate Egyptian-Israeli peace and the upheaval in Iran produced in Iraq an unprecedented willingness to drop its public objection to Syria's acceptance of the principle of a negotiated settlement.

30. Each side in the Syrian-Iraqi rapprochement has proceeded cautiously. A number of committees and commissions have produced agreements aimed at increasing trade, at unifying some services of common concern such as information, and at harmonizing other important-sounding but relatively inconsequential areas. The pipeline from Iraq's northern oilfields across Syria to the northern Mediterranean, closed in April 1976, has been reopened. Although the agreement obliges the Iraqis to use only a quarter of its capacity, it provides assurance of continued Iraqi oil exports in the event Turkish or Persian Gulf routes should be closed. The two states have cooperated in a joint effort to end fighting between North and South Yemen; they do not like the Marxist regime in the South. Discussion on the key issues between Iraq and Syria—such as Ba'hist party unity, military integration, and sharing of Euphrates River water—have been inconclusive so far, however.

31. With the conclusion of an Egyptian-Israeli treaty unacceptable to Baghdad and Damascus, relations between these key Arab capitals will grow closer. Selective cooperation in the military sphere has already begun, and it is likely to grow, but not to the extent of real integration of forces. A symbolic deployment of Iraqi forces to Syria is possible, however, if political relations improve significantly. Perhaps even some form of political unity will be worked out, but, if so, it is likely to be symbolic, devoid of any institutional strength, and extremely fragile. The leaderships of the two Ba'hi parties, the two governments, and the two military structures neither trust nor have much incentive to join each other. There is virtually no chance that the two leaderships could successfully merge or that one would subordinate itself to the other. It is just possible, if Iran and Syria each felt a strong enough need, that unification of the party at the national (Pan-Arab) level could be brought about, but this too would only be symbolic and would have to leave the Ba'hi regional commands in the respective countries with complete autonomy. A move of this sort would run counter to positions long held by the

²See annex C for detailed discussion of the Iraqi-Syrian rapprochement.

Iraqis—but so was giving up territorial claims in order to achieve an agreement with Iran in 1975. We do not know the limits to Iraq's flexibility and willingness to abandon positions long held to be immutable. We can only say that such changes have occurred only when the regime in Baghdad has judged that Iraq's interests would be served by them.

32. Iraq will watch closely as events unfold in Iran and would take steps to prevent civil unrest from spilling over into Iraq. This could, for example, involve attacks on Iraqi Kurds operating from northwestern Iran.

33. There are advantages as well as concerns for Iraq in the Iranian situation. The absence of strong leadership such as the Shah projected and the sharp decline in Iran's military power afford Iraq greater room for maneuver and considerable opportunity to extend its influence in the Persian Gulf. Baghdad now will be treated with a new respect by smaller Gulf states that will want to hedge a bit by adopting a more friendly attitude toward Iraq and reducing their reliance on Saudi Arabia. For its part Baghdad will be circumspect in this area. It will not abandon its goal of promoting the establishment of regimes congenial to its socialist, authoritarian political philosophy—Ba'hist ones, if possible. It will use various means available to it, including military training and perhaps the provision of weapons, to advance these interests. For the immediate future, however, when it wants the friendship and support of Saudi Arabia and Syria, Iraq would not risk being caught fomenting revolution in a minor Gulf state, for such activity would shatter the currently very good relations it has with its Arab neighbors; potential damage would outweigh hoped-for gains.

34. Such a cautious and pragmatic approach is suited to the Baghdad government. This is not a regime in a hurry. Save for Bakr, its leaders are relatively young; they believe its political, economic, and social system is more suited to the contemporary Arab world than systems of dynastic rule. Iraq will continue in various countries to build assets—as it is doing in North Yemen—against the day when it is possible and in Baghdad's interests to work for the establishment of Ba'hi socialist regimes in the Arabian Peninsula and perhaps to construct a unified state. It would, however, not hesitate to use its well-tried tactics of assassination and subversion against Arab enemies if it could do so without stimulating unwanted backlash. In a year or two, circumstances in the area might have so changed that such aggressive behavior would commend itself to Baghdad.

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35. In the same vein, Iraqi claims to Kuwait, which are currently in abeyance, are certain to resurface when the circumstances are propitious. Strategically, Iraqis are concerned over the islands that control the entrance to Iraq's ports. But politically, Iraq's aspirations go much further. First advanced in the 1930s, repeated in the last months of the monarchy, and advanced forcefully by Qasim in 1961 and again by the current regime in 1974, Iraq's claims to Kuwait continue to lie beneath the surface of Baghdad's refusal to demarcate its border with Kuwait, something it was willing to do with Iran. This refusal is a subtle reminder to Kuwait that Iraqis, not just Ba'athists, consider the establishment (and continued existence) of a separate state of Kuwait to have torn out a natural part of Iraq.

The USSR

36. There continue to be mutually beneficial elements in Soviet-Iraqi relations, most importantly the arms supply relationship and Soviet contributions to Iraq's economic development. However, political relations remain strained by Iraq's concern about perceived Soviet advances in the region and by Soviet anxiety about the repression of the Iraqi Communist Party.

37. The Soviets have been trying to exploit shared opposition to the Egyptian-Israeli treaty to improve relations with Iraq. They have praised Iraq's efforts to maintain the solidarity of Arab opposition to the treaty and are probably pleased that Iraq has publicly muted its objections to a negotiated settlement of the Arab-Israeli dispute. Although they have in the past urged Iraqi-Syrian rapprochement, the Soviets are clearly concerned that the reconciliation may work to their disadvantage, for, to the extent that the reconciliation strengthens the partners, they need pay less heed to the USSR.

38. The USSR is Iraq's major provider of arms and military equipment, for which it is paid in hard currency and through which it has the potential for access to the military establishment that is a fundamental prop for the regime. In 1972 Iraq and the USSR signed a Treaty of Friendship and Cooperation, which gives some additional legality to their relationship. It does not permit the Soviets to station military forces in Iraq; the Iraqis allow Soviet naval units only to make occasional port calls; and Soviet military advisers are closely watched by the Iraqi security forces. Soviet air supply flights to South Yemen and to Ethiopia make regular use of Iraqi airfields for refueling, although this arrangement was strained in 1978

because the Iraqis objected to Soviet support for Ethiopian efforts to crush the Eritreans.

39. The USSR and certain East European nations are deeply involved in Iraq's development program, and these countries also extend technical assistance, but Iraq seeks external aid of this sort more and more on the basis of the contractor's capability and his price.

The USSR is maintaining its large share of water control and power projects, but firms from the industrial democracies working in Iraq are more in evidence as time passes. In the oil area, the state petroleum organizations continue to employ Soviet technicians, but in recent years have turned more to the markedly more experienced and competent Western oil industry for the contractual oil services that Iraq needs. Through 1977, Iraq sent approximately 10 percent of its oil production to the USSR and East European countries; the volume remains about the same, but it accounts for a smaller percentage of the 2.5 million b/d that Iraq produced in 1978. Some of Iraq's foreign exchange reserves are held in Eastern Europe.

40. Since 1973, the Ba'ath regime has permitted the local Communist Party (cp) to function, to participate in a powerless National Progressive and Popular Front (npnf), and to be represented in the Cabinet. However, the party's activities have long been limited and the regime has rigorously prohibited proselytizing or other political action by non-Ba'athists in the armed forces. During the past year, Ba'ath tolerance of cp activities has been eroding. The government has executed a number of military personnel on charges of proselytizing within the military for the cp; in the spring of 1979 the two remaining Communist members were ousted from the Cabinet; and the cp may be about to withdraw or be pushed out of the npnf. These measures serve to warn Iraq's own populace against antiregime action as well as to convey a signal to Moscow.

41. Soviet actions in the region still concern the Ba'athist regime. Iraq continues to oppose Soviet support for Ethiopia against both Somalia and Eritrea, which it considers Arab states. The coups in Afghanistan and South Yemen during 1978 further increased Iraq's concerns that the Soviets intend to create client states in the region, and both Iraq and Syria supported North Yemen in the recent border war with Soviet-supported South Yemen. Baghdad's relations with Moscow would take a sharp downturn if the Soviets were drawn far enough into the Afghan situation to provide combat troops to help suppress dissidence. Iraq will be alert to—and will resent—any signs of

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Soviet meddling in the confused situation in Iran. There are, however, limits to how far Iraq would go, given its heavy reliance on Soviet military equipment.

42. The regime's consistent view has been that relations with the Soviets exist to be exploited for Iraq's benefit, and there is every reason to believe that this view will continue to guide Iraqi policy. For the foreseeable future, the limits on Soviet-Iraqi relations will hold. Iraq will continue to insist on treatment as an equal and not as a client state. It will associate itself with Soviet foreign policy goals only where those support its own interests. It will continue to talk tough and to seek alternative sources of arms, technology, and political support, but it will not allow relations to become so strained that Moscow would halt arms shipments or call its advisers home. The USSR will remain Iraq's principal arms supplier, despite Iraqi diversification efforts.

The West

43. In an ideal world, Iraq's rulers would opt for a balance of relations with major states. The European countries can provide highly valued technology and other skills. And they will sell arms; sales by France are a useful reminder to the USSR that it is not indispensable. Of the major West European states, France is closest to Iraq; in the 18 years since the Algerian war ended, France has distanced itself from the petroleum policies and attitudes toward the Arab-Israeli issue that shape Baghdad's attitude toward Britain and especially the United States. But the West European powers, allies of the United States, are not strong enough, nor do they wield enough political influence, to make them attractive as substitutes for the USSR.

44. For the period of this Estimate, then, relations between the Ba'ath regime in Iraq and the West European states will be comfortable on the whole, but not particularly close. And there will be upsets. Baghdad has used economic pressure on states, including good European trading partners, that have displeased it. For example, it continues a partial boycott of British goods in retaliation for Britain's expulsion of several Iraqi diplomats—which, in turn, was a retaliation for the assassination by Iraqi gunmen of a former Iraqi Prime Minister on a London street. The tactic will continue: Even France may suffer if the Baghdad regime comes to believe that Paris connived in a recent "accident" to components of the reactor the French are building for Iraq—an incident that would allow them to postpone the shipment of highly enriched uranium fuel for it.

45. The Iraqi nuclear program depends on West European support. In addition to the highly enriched uranium and the 70-megawatt reactor being provided by France, a small radiochemical laboratory, which may give Iraq a capability to reprocess uranium, is being built by Italy. These two states, therefore, have vital roles in Iraq's nuclear plans. Thus, although Iraq has signed the Nuclear Nonproliferation Treaty and although there are safeguards on all nuclear materials and facilities, it could have all the facilities for building a device in operation before 1985. In view of Iraq's demonstrated ability to go its own way, there is reason to be concerned that, if it felt the need, Iraq would build a nuclear weapon.⁶

Iraq and OPEC

46. In the period covered by this Estimate, Iraq will remain an influential member of the Organization of Petroleum Exporting Countries. Its principal goals are maintaining control of the oil industry in Iraq from exploration to marketing of crude, attaining maximum flexibility in oil export facilities, achieving the highest practicable price for oil, and extending the time during which oil will be produced far into the future. Iraq has long urged its OPEC associates to demand steep increases in crude oil prices. But when Saudi Arabia and Iran were able to work together, Iraq's influence in this area was limited. With Iran exporting far less than its prerevolution quantity and asking for high prices, Iraq will have less opposition to its own aim of achieving high prices. Its own economic interests are not likely to persuade it to moderate its price demands, nor are the arguments of Western oil consumers that high prices are injuring the industrial economies.

47. The future level of oil exports from Iraq is uncertain. Oil export facilities—pipelines and loading terminals—are sufficient to ship 4.9 million barrels a day, far in excess of the country's sustainable productive capacity of 3.1 million b/d. We do not know what level of productive capacity the Iraqis plan to reach in the mid-1980s; plans for 4 million b/d seem to have been scaled down, perhaps to 2.4 million b/d. A tightening of the world supply/demand balance in the 1980s should allow Iraq to export all the oil it chooses to produce. It will, assuming that prices rise somewhat faster than world inflation rates, be able to generate sufficient funds to run its government, buy planned arms, and finance its development programs through the period of this Estimate.

⁶ An Interagency Intelligence Memorandum examining the Iraqi nuclear program in detail is in preparation.

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The Nonaligned Movement

48. Iraq will probably be selected at this September's summit gathering in Havana to host the 1982 summit of the nonaligned movement (NAM). At the same time, Baghdad will likely win a seat on the NAM's influential Coordinating Bureau—a role that would serve as a training ground for its assumption of the chair three years hence.

49. Predicting the direction in which Iraq will attempt to lead the NAM is problematical. As summit host, Baghdad would become titular leader of the movement for the ensuing three years. This would afford Iraq an important opportunity to provide ideological and political direction to the movement. Such a leadership position would probably affect both Iraq's international behavior and possibly the stance taken by the NAM on important international issues. Iraq frequently would be pushed in contrary directions. An effective leadership role within the NAM structure would require that Baghdad be fairly evenhanded, or risk creating harmful divisions in, or even defections from, the movement. On the other hand, Iraq would want to use its position to exert a radicalizing influence on the NAM through diplomatic tactics, well-placed financial assistance, and, on occasion, a helping hand to nonaligned states in need of oil supplies.

50. We cannot precisely forecast how Iraq will lead the NAM in 1982, but Baghdad takes pride in an independent approach to foreign affairs and control of its natural resources. Iraq seems unlikely to be as pro-Soviet as Cuba, although many times there will be a congruence of Iraqi and Soviet interests. Baghdad regards the NAM as a shield to protect members from Western "imperialism" and Soviet expansionism—and is concerned that conflicts between member states will weaken the NAM. Profession of these idealistic standards, however, will not inhibit Iraq from trying to use the NAM to advance its own favorite themes, including those on the Arab-Israeli issues.

VI. IMPLICATIONS FOR THE UNITED STATES

51. The implications for US interests of the likely course of events in Iraq and of that country's policies are not promising. The political framework in which Baghdad's rulers operate is largely hostile to US goals

in the region. Iraq will not change its opposition to the US approach toward the Arab-Israeli problem unless it sees convincing evidence that a Palestinian state is going to appear in the West Bank and Gaza, that Syria is retrieving Golan, and that Lebanese Maronite factions are no longer being supported by Israel. It will rather use the opposition of other states to US efforts with respect to a settlement to try to reduce US influence in the area as a whole.

52. In the international energy field, Iraq's pursuit of high oil revenues and its measured development of productive capacity will contribute to the general tightness of oil supply in the next several years. The regime's rigidly defined self-interest militates against mutually cooperative relations with major oil-consuming states, and Iraq's importance as a petroleum source will put substantial pressure on states that rely on Iraq for important quantities of oil to accommodate Iraqi desires. In the case of France and Italy, Iraq's biggest oil customers, the pressure from Baghdad on those countries to live up to commitments on supply of nuclear components will be considerable, and this has implications for the US policy of preventing the proliferation of facilities and technology applicable to the development of nuclear weapons.

53. Despite Iraq's cooperation with the USSR, the regime is not anxious to see it or the United States either very active or very successful in the region. Baghdad's rulers have long made known their concern about Soviet actions in the area. In foreseeable circumstances, Baghdad will work to limit Soviet influence in the Middle East. The emergence—or perhaps only the threat of such emergence—of a leftist and Moscow-oriented regime out of the turbulent conditions in Iran would profoundly upset the Ba'ath leaders. Such a development would cause them to assess their external relations and could, if other conditions were right, lead to a major change—on the scale of that in 1975 with Iran—in relations with the United States. Such a development looks impossible from today's perspective, but the Ba'ath regime is, within the bounds of its goals and requirements, flexible. Such flexibility is not to be confused with moderation; this is a regime led by extremists and chauvinists, determined to make the Iraq they run as self-reliant and independent as possible.

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ANNEX A

~~PARTY, GOVERNMENT, AND PEOPLE~~

1. Iraq's 13 million people are ruled by a handful of men who dominate the Ba'th Party apparatus and the state bureaucracy. The regime is centralized, highly authoritarian, and is prepared to brook no opposition to its will. Its security forces are widespread; its use of arbitrary arrest, imprisonment, torture, and assassination are amply documented. Each of its leaders has spent up to half his politically active years in opposition to the governments that preceded the present one.

2. The Arab Socialist Resurrection (Ba'th) Party, founded in 1947, had as its basic aims the achievement of independence for all Arabs, a unified Arab state, and a socialist form of society. The first has for some years been a reality—not that the Ba'th was involved in gaining it, except in one or two states. The second has been tried (the United Arab Republic, 1958-61) and the experiment failed, but Iraq's leaders continue to profess a belief in Pan-Arabism and back up their belief with assistance for fellow Ba'thists in a number of other Arab states. As for the third, the mild, social-justice philosophy of the party's founders has been changed over the years by Iraqi Ba'thists into a political system under which the state dominates all sectors of the economy. The latent tension in early Ba'th ideology between a government responsive to the electorate and an elitist party which should lead the people has long since been resolved in favor of the latter. The Iraqi Ba'th arrogates to itself all essential power in the state.

3. The party and the national government interlock at many levels. The top level of the government consists of the Revolutionary Command Council (rcc), which has a membership identical, except for one retired military officer, with the party's ruling body in Iraq, the Regional Command. A third of these men are also government ministers. Party members occupy key positions in the administration, police and security services, and the military. Provincial governors and important officials are selected from party ranks. Such assignments serve as training grounds for higher responsibility.

4. The state apparatus is authoritarian, and the government applies its authority rigorously. The rcc, dominated by its Chairman and Vice Chairman, Ahmad Hasan al-Bakr and Saddam Husayn, is the source of legislation (by decree) and is the executive power as well. Its members frequently sit on special courts to try persons charged with offenses against the state. Cabinet officers, directors of state enterprises, and other officials are executors of the rcc's will. Special committees staffed by key rcc members exist to coordinate policy formulation and execution on key issues, such as oil affairs and agriculture. In its years in power, the regime has carried forward a policy of having the country's bureaucracy staffed by, at the very least, loyal Iraqis, if possible by Ba'thists, and—lastly—by the substantively competent. After a decade, it has gone some way toward achieving the goal of having a loyal, competent Ba'thist in each key assignment.

5. The Iraqi oil industry illustrates the process. Various of its components are grouped under the Ministry of Oil. The Iraq National Oil Company (inoc) searches for, produces, markets, and transports petroleum. Other state organizations deal with refining, internal distribution, and new projects. Information on the personnel who direct these components is sparse, but what there is suggests that the oil industry is staffed at the top with Ba'th Party members of some importance. Thus, of seven major components responsible to the Minister of Oil, three of the five incumbent chiefs we can identify are known to be Ba'thists. The heads of the oil and gas production organizations for northern and southern Iraq (essentially the successors to the Iraq Petroleum Company and the British Petroleum Company) have been members of the Ba'th Party commands in their respective province. Fragmentary information also indicates that older men who started careers in oil affairs before the Ba'thists came to power are being eased out of management positions. The evidence thus indicates an industry tightly controlled by, and directly responsive to, the political rulers in Baghdad.

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6. The party apparatus parallels that of the state. The original Ba'ith Party split in 1966; there is a party centered in Damascus, ruling Syria, in addition to that ruling Iraq. Each has a National Command (that is, a Pan-Arab one, inasmuch as Ba'ithists have always considered the Arab world one nation; they call its separate states regions). The National Command in Iraq has only nominal authority over the Regional Command, which dominates the country. The Regional Command directs the work of subordinate branches in each province, and they in turn direct lower units. The party also has bureaus, headed by Regional Command members, which are used to rally support for government decisions, to guide "people's" organizations, and to control the populace. Two are especially important:

The Military Bureau monitors the armed forces; approves all major promotions, awards, and assignments, and watches for signs of political unreliability. Headed by ncc and Regional Command member Izzat Ibrahim al-Duri, its members include Defense Minister Adnan Khayrallah Talfah and Intelligence Director Sadun Shakir. Ensuring the political reliability of key military units, especially in the Baghdad area, is essential to regime security.

The Intelligence Bureau is a powerful and secret organization concerned primarily with internal security, foreign political subversion, assassination, and information gathering. It makes arrests, conducts interrogations—in which torture and mistreatment are, in the belief of the populace, common—and carries out assassinations at home and abroad.

7. The People's Army, while not a bureau of the party, is a potentially important party arm. Headed by ncc and Regional Command member Taha Yasin Ramadhan, the People's Army was set up in 1970 to replace an earlier party militia organization. Its purpose is to protect the party and the government and to assist the police and armed forces "in carrying out their national and Pan-Arab duties." The language suggests that it may be intended for external as well as internal use. However, the primary purpose of the organization—whose conventional military capabilities are marginal at best—is as much to protect the regime from the military as it is to cooperate with it. The force—which probably numbers about 125,000 and is scheduled to grow to 200,000—has units at the provincial and local level; many of its members par-

ticipate on a part-time basis. Units of 600 have been stationed at all major garrisons and airbases.

8. Within the small group of men who run the government and party, a handful are of prime importance. Ahmad Hasan al-Bakr is President, Regional Secretary of the Ba'ith Party, Chairman of the Revolutionary Command Council, and Commander in Chief of the Armed Forces. Saddam Husayn is his deputy in the party and the ncc. These two men firmly control the government through their domination of the party and the security apparatus, their adroit manipulation of rivals for power, and the acquiescence of the military. They appear to have a close working relationship, sharing close family ties and a common perception of the direction Iraq's policies should take. Their differences are more generational than political at this point, a contrast of styles and skills marked by the differences in their ages, temperaments, and backgrounds.

9. A respected military officer, an Arab nationalist, and a party moderate, the 66-year-old Bakr had extensive experience in military and government affairs before the revolution which brought the Ba'ith Party to power in 1968. He continues to hold the support and loyalty of senior military officers. By contrast, the prerevolutionary experiences of Saddam Husayn, 41, were those of the party conspirator and enforcer. A man who apparently trusts no one, he earned a reputation for courage, ruthlessness, and shrewdness early in life. Saddam has placed supporters at all levels in the party apparatus. His closest associates in the Regional Command and ncc are Izzat Ibrahim al-Duri, Adnan Khayrallah Talfah, Hasan Ali al-Amiri, Adnan Husayn, and Na'im Haddad.

10. The actual transition of power from Bakr to Saddam has been under way for several years. Aging and in ill health

Bakr has relinquished much of the conduct of governmental and party affairs to the younger and healthier Saddam. Bakr remains, however, the important symbol of continuity and consensus in a system which has yet to experience its first major transition of power. He also represents the Iraqi military in an otherwise civilian power structure. Minister of Communications Sadun Ghaydan, though a member of the ncc and a former military officer, is not a Ba'ithist and has depended on Bakr's patronage to stay in office.

11. Saddam Husayn's position has been strengthened considerably in the past four years.

He has orchestrated a major reorganization in the

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government and the party—expanding the Revolutionary Command Council and the party's Regional Command. He also has restructured the National Command so that he, Bakr, and their supporters dominate it. Through loyalists installed in a majority of positions in the Cabinet and the intelligence apparatuses as well, Saddam keeps the government responsive to himself.

12. There are few potential successors or rivals to Saddam Husayn. No other personality has been allowed to acquire the support necessary to challenge the Bakr-Saddam duo or serve as focus for internal dissent. The one possible exception to this is Taha Yasin Ramadhani, 40, member of the ncc and leader of the People's Army. Ramadhani has a strong enough political base in the party to permit him, if favorable opportunities should arise, to use party dissatisfaction with government policies to challenge Saddam.

13. The appointment two years ago of Adnan Khayrallah Talfah—Bakr's son-in-law and Saddam's brother-in-law—as Defense Minister and to positions on the ncc, the Regional Command, and the party's Military Bureau may have been meant to ensure a smooth succession for Saddam, who was given lieutenant general's rank in 1974. Talfah, although a career military officer with impeccable family and party ties, is relatively junior and not highly respected in the Army; whether he will be able to provide Saddam with military support to serve the latter's needs without offending the military is questionable.

14. The nationalist philosophy of the Ba'th is secular, officially neutral toward religion. As it happens, the bulk of Iraq's Ba'th leaders are Sunni Muslim Arabs; in this they are continuing an old tradition of dominance in Iraq by members of that group, which amounts to 20 percent of the population. This contemporary dominance by Sunnis is largely a consequence of greater opportunity and resulting higher educational achievement by members of that group over past decades. It does not exclude others; four of 21 Regional Command ncc members—two of whom are especially close to Saddam—are Shia and two are from other minorities. Non-Sunnis achieved this level in the party because they accepted its secular philosophy—and because they were successful in party infighting—not because they represent their communities.

15. The Ba'th Party is making efforts to recruit members among the Shias (55 percent of the population), Kurds (20 percent), and other minorities. There is a branch in each of the 18 provinces. The party has

grown tremendously in the past 10 years. We do not have anything like precise figures, and the membership total of a million reported by two US journalists and half a million in a recent *Atlantic Monthly* article are suspiciously large; a total size of some tens of thousands of members is more consistent with the party leadership's emphasis on control and loyalty. But even that size suggests a change toward a mass party and away from the small clandestine organization that seized power in 1968.

16. Iraq is a Shia center of great importance, because several of the Shia Muslim sect's shrine cities are within its borders. Shias live primarily in the nine provinces between Baghdad and the Persian Gulf, where they constitute almost 100 percent of the population. The Shia majority (now about 6.7-7.0 million) has historically occupied in Iraqi society a position inferior to the Sunni Arab and in some respects even the Sunni Kurdish components. Sunni and Shia Muslims tend to be intolerant of one another; this attitude has helped condition the Shias to be wary of the Sunni-dominated central government. Under these governments, the Shia community has stayed the poorest and least developed in the state. With limited access to education, most Shias who left the countryside gravitated to the less skilled job areas—enlisted men in military and police forces and casual labor. Many have been drawn to the cities. The combination of jobs in an expanding economy and government efforts to improve education, transport, and housing have made the lot of those clustered in shantytowns better than that of their cousins who stayed in the countryside.

17. The Shia sense of separateness manifests itself in various ways. Like its brother community in Iran, with which it has close ties, the community in Iraq clings to the special cycle of Shia religious festivals, which are potentially troublesome because they include anathemas hurled at Sunni heroes. The Shia area tends to resist government regulation. Most Shias recall that it was a part of their community that achieved the one serious Arab rising in Iraq against British rule. And its very sectarianism is at odds with the Ba'th's secular philosophy.

18. The effort by Iraq's Kurds to carve out an autonomous status collapsed when Iraq signed an agreement with the Shah of Iran in 1975 by which he stopped aiding the Kurds. Since then the central government has clamped vigorous control on the area. A 20-kilometer strip along the border has been cleared of inhabitants—the southern part includes some fertile and well-populated valleys—and 60,000 troops back

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up police and border guards to keep the peace. There is some antigovernment activity, but for the most part the population is cowed. The forcible resettling of tens of thousands of inhabitants, memories of the war itself, and resentment of Baghdad's efforts to impose Arabization are certain to breed discontent and eventually, when opportunity permits, new risings against the government in Baghdad.

19. Demographically, Iraq is growing at about an average pace for a less developed country. Its 13 million people are about double the number of 20 years ago. Half are under 15. Two-thirds are designated as urban dwellers in a census of 1977. The ratio of

rural population to area of cultivated land is the same as it was 20 years ago. In effect, the entire population increase has come to the cities.

20. Concentration of population in the cities makes it easier for the regime to mobilize it in mass organizations. It also makes opportunity for mob violence easier. The scale of the regime's effort at indoctrination through schools, "people's" organizations, and the party itself is bringing about a situation in which much of the populace will have shared a common formative experience. Whether it will accept or reject that experience is a question that the second decade of Ba'th rule will answer.

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ANNEX B

IRAQI PETROLEUM

1. Potential recoverable oil in Iraq is commonly estimated at 100 billion barrels, though only 36 billion barrels of Iraqi oil are in the proven and probable categories—an amount about half the size of Iran's. Whatever the reserves, current production of a billion barrels a year can be maintained through the turn of the century. Almost all of the increment in Iraqi petroleum productive capacity between now and the mid-1980s will come from fields where oil reservoirs already have been largely delineated and reserves are defined as proven or probable.

2. To date, development of the Iraqi oil sector has been slower than anticipated, with output plans having been scaled down several times since 1973. The Iraqi Government recently had planned to expand its sustainable crude oil productive capacity from 3 million barrels per day in 1978 to 4 million b/d by the mid-1980s. The leading oilfields—Kirkuk and Rumaila—have reached their peak production potentials and are experiencing reservoir problems. Although these problems are consistent with fields entering a mature stage of development, the Iraqis apparently did not expect them to occur at this time, when the overall Iraqi capacity expansion targets were drawn up. These fields will require large-scale remedial work, and even then it will be difficult to sustain output.

3. An expected tightening of the world supply/demand balance in the 1980s should provide markets, enabling Iraq to produce at close to whatever productive capacity level is achieved. The volumes of oil actually produced will be influenced by two key considerations: (1) a growing preference to optimize ultimate oil recovery and the limitations that path imposes on oil production rates, and (2) the revenue stream obtained at different levels of oil output. With sharply higher world oil prices, Iraq's requirement to expand oil production to finance national development programs will be reduced. In that context, conservationist views on petroleum production are likely to become increasingly attractive to the government. By the mid-1980s, Iraqi oil output could be substantially below its productive capacity, even in a tight world oil supply situation.

4. The Kirkuk oilfield, in northern Iraq, along with its satellite oilfields, Jambur and Bai Hassan, has averaged production as high as 1.5 million b/d. Kirkuk's principal limestone reservoir is heavily fractured and faulted. The enhanced recovery program now under development calls for massive reinjection of natural gas both to maintain existing oil production rates and to maximize ultimate recovery.

5. Development of a major project to capture and transport associated gas from the northern oilfields for domestic use is in the final design phase. But Iraqi planners expect deliveries from Kirkuk to drop significantly after 1984, as gas injection into the oilfields is increased significantly and probably as oil production rates decline. This may cause the project to be scrapped.

6. The Iraqis are encountering sharply increased saltwater content in the crude produced at Kirkuk. As a result, they have had to shut producing wells where surface water separation facilities (desalters) are not available. Crude production at Kirkuk is being reduced accordingly. The Iraqis have begun to place orders for desalting units, but this equipment probably will not be on line for at least two years.

7. The southern oilfields have a sustainable productive capacity of 1.5 million b/d; Rumaila accounts for 80 percent of this capacity. The Iraqi National Oil Company (INOC) has turned to water injection to improve crude recovery there, but the program has not been successful. Consequently, INOC now is evaluating the possibility of large-scale injection of associated gas. A gas utilization plan for the southern oilfields is now being developed. Increased saltwater content at Rumaila, as at Kirkuk, has led INOC to order desalting units for wells there as well.

8. Iraq, like other Middle East oil-producing countries, relies extensively on foreign technical support for engineering, design, drilling, and construction in the oil industry. For example, Braspetro, the foreign subsidiary of the Brazilian state oil monopoly, and Elf-Erap of France, both operating under service

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contracts with Baghdad, have announced important oil discoveries since 1974.

9. The Brazilians are involved in two promising oil prospects—the Majnoon and East of Baghdad oilfields. The productive potential of Majnoon is variously estimated by the Brazilians at between 250,000 and 600,000 b/d, which the Brazilians hope to put on line by the early-to-middle 1980s. East of Baghdad reportedly has a potential of 150,000 b/d. Braspetco has not completed enough drilling to substantiate this productive potential, and its development timetable appears overly optimistic. Should the Iraqis become impatient with the pace of development at these fields, they probably will insist that some of the work be subcontracted to non-Brazilian firms.

10. The role of the major Western oil companies has been systematically reduced in the last two decades in favor of assistance from the USSR and independent Western contracting firms. Soviet technicians and engineers have participated in the review of development plans for most major petroleum projects; they have also assisted substantially in the development of Rumalla. Nevertheless, because of shortcomings in Soviet equipment and a lack of Soviet experience in enhanced recovery at fields typical of those in Iraq, the Iraqis continue to be willing to deal with Western petroleum companies capable of providing needed expertise. Indeed, Soviet limitations in expertise will probably lead to a reduction in Soviet influence in the years ahead.

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ANNEX C

ECONOMY

1. Oil is the lifeblood of Iraq's economy, as it has been for years. With Iranian production down because of political turmoil, Iraq has for several months been exporting oil at a rate of 3 million barrels per day. With recent price rises, it stands to earn \$14 billion in 1979, up from some \$11 billion in 1978. This money—amounting to 95 percent of export earnings and 85 percent of government revenues—fuels a rigidly controlled, centrally directed economy in which the public sector accounts for about 75 percent of total production. The private sector's share lies mainly in agriculture, some services, minor industry, and construction. The state, through semiautonomous "general organizations" runs the oil sector, almost all industry, and transport; it also provides health, education, and other public services.

2. During most of its years in office, the regime has been preoccupied essentially with the mechanics of retaining power; economic considerations have had second priority. Oil revenues have been used, for investment, to import capital goods for the development programs, military equipment, and consumer goods and foodstuffs—the last named particularly important to maintain an acceptable attitude toward the regime on the part of the 85 percent of Iraq's people who, according to the 1975 census, are town and city dwellers. These revenues have also been used to enlarge and improve the oil sector to a very great degree. Iraq has a productive capacity of 3.1 million b/d; it has built export pipelines and terminals with a total export capacity of 4.9 million b/d. The government thus can export by alternative routes and is not restricted to a single outlet. Military and security requirements have had top priority along with oil; the ordinary budget next. Development has tended to make do with the residual—often a not inconsiderable amount.

3. Iraq has reaped substantial benefits from the 1973-74 oil price rises, achieving a 10-percent average rate of growth in real gross national product, without suffering inflation and other pains on the scale of most other members of the Organization of Petroleum Exporting Countries. Projects contracted for in the

post-1973 period—including steel, fertilizer, and petrochemical plants—drove government spending up. The increase in domestic spending associated with the development projects exerted a substantial expansionary effect on the economy. The resultant rise in demand, coupled with emerging supply constraints, built up inflationary pressures. Although the government found it necessary to permit price increases greater than in the previous few years, it kept them in check through an extensive system of retail price controls and subsidies that cover virtually the entire economy. Food subsidies in 1976, for instance, cost the government \$460 million. The rate of inflation, which clearly did not reflect underlying inflationary pressures, peaked at 10 percent in 1976. Nevertheless, this rate compared very favorably with increases of more than 30 percent in Saudi Arabia that year and an Iranian high of 24 percent in 1977.

4. The Ba'athist regime learned quickly that overexerting the absorptive capacity of the economy would lead to economic problems. The government's rigid control gave it the ability to restrain expansionary pressures quickly, something the other OPEC countries found hard to do. Iraq now enjoys continued balance-of-payment surpluses, hefty exchange reserves, low, albeit controlled, inflation, growing literacy, and a rising standard of living. Social improvement must be seen, however, as being relative to the very low level of income most Iraqis earned at the beginning of the 1970s.

5. In following a path of economic restraint, the Iraqis are also making a virtue out of political necessity. The regime has wanted politically reliable officials in major government departments. There are not enough Iraqis with the expertise to design, supervise, and implement a development program ranging from a 70-megawatt nuclear reactor, through heavy industry, light manufacturing, and building, to irrigation. Adding loyalty to minimal competence further reduced the number available. During the 1970s successive Cabinet changes involving a number of the economic ministries have helped to render a relatively weak—or inefficient—administration even weaker.

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and to destroy continuity of policy. One measure of effectiveness in planning and implementation is that development expenditures reached only 58 percent of allocations for 1976 and 1977—the most recent figures we have.

6. The Iraqi Government began in its 1976-80 development plan to shift toward projects for infrastructure, agriculture, and social service. Construction of roads, railroads, and other transportation facilities, of vocational training schools, and of construction material plants was to receive the lion's share of spending, while the portion assigned to industry was slated to decline.

7. In the first two years of the period covered by the 1976-80 plan, however, industry—including oil—continued to receive some 43 percent of the total budget funds. An emphasis on removing bottlenecks relieved port congestion, expanded inland warehouse capacity, and pushed the building of transportation and communications facilities. The 1978 development allocations reflected a shift in emphasis to agriculture and social service. By far the largest part of the resources for agricultural development have gone to major water storage, flood control, and irrigation schemes which have not been adequately tied to local needs. (See table.) Outside of these large projects, rural improvement consists almost exclusively of isolated projects, representing pockets of high technology in a desert of primitive agriculture.

8. Agriculture is the weak area in Iraq's economy. Arable land is extensive, but far less than half is utilized. Poor government attention to the real needs of the agricultural community has caused farming activities to be underfinanced and starved of much-needed extension and credit facilities. At the same time, it is a common observation that government preoccupation with engineering projects on a massive scale has led to a neglect of other important needs of the small farmers, including feeder roads, improved marketing opportunities and the availability of cheap, effective inputs such as improved seeds and chemical fertilizers. Rural-to-urban population drift has accentuated labor problems in the sector, and labor shortages have impeded progress at peak seasons and particularly at harvest time.

9. Although agriculture production fluctuates widely because of its vulnerability to adverse weather conditions, there has been a general declining trend in production since 1970. Wheat production, for example, plummeted from 1.3 million metric tons in 1976, a favorable weather year, to 700,000 tons in 1977, an

adverse year. This is the lowest production in years. It will inevitably be a good many years before the transformation of agriculture by means of irrigation, drainage, and land reclamation projects begins to show substantial results. With rising demand for food, heavy migration to cities, and a stagnant rural population, Iraq has little choice but to mechanize and modernize agriculture if it hopes to return to the self-sufficiency of 20 years ago. The importation of farmers from other Arab countries is unlikely to help much. Iraqi food imports have been growing and may have reached \$750 million in 1978; a food-rationing system is also being tested in one province.

10. Iraq's current account has been in surplus throughout the 1970s, and, for the foreseeable future, Iraqi leaders will pursue conservative spending policies designed to keep the payments position in the black. Official foreign exchange holdings have risen from \$780 million in 1972 to \$7 billion at the end of 1977, and about \$8.5 billion by end of 1978. Iraqi leaders have expressed concern over allowing foreign assets to reach what they consider to be an "unhealthy level." Concurrent concern with the country's absorption capacity has led them to seek a middle ground between spending oil revenues and building foreign assets. Increased prices for crude oil could push Iraqi foreign exchange holdings to levels higher than the regime wants. Such a development would reinforce Iraq's strong instinct for conservation of oil resources.

11. Despite a policy of accepting non-Iraqi Arabs without restriction, manpower shortages, particularly at the skilled and expert level, have hampered development efforts. Records are apparently not maintained on the non-Iraqi-Arab labor force, although officials recently stated that it runs into the "hundreds of thousands" and that it will continue to increase. Egyptians have been encouraged to come, particularly in the farm sector, and currently number about 150,000.

12. The leadership has pursued trade policy goals largely on a basis of economic benefit. Trade patterns have shifted increasingly away from the Communist countries to the industrialized countries of the West and Japan, because the latter produce the products that Iraq wants. A hardline Arab boycott policy, however, will continue to affect how and where Iraq spends its oil revenues. Exceptions to boycott regulations are granted to US firms, for example, only for products or technology not available from other sources. Baghdad's previous willingness to work out accommodations on boycott matters has declined in recent months, and the US role in effecting an Egypt-

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Iraq: Central Government Development Allocations and Expenditures

	FY 1974-75		Transitional Period (April-December 1975)		1976		1977		1978	
	Allocations	Expenditures	Allocations	Expenditures	Allocations	Expenditures	Allocations	Expenditures	Allocations	Expenditures
SECRET Agriculture	643.4	261.1	702.6	344.4	907.5	646.1	1,320.3	686.4	1,690.1	1,690.1
Industry	701.9	623.4	1,517.0	1,014.2	2,400.8	1,746.6	3,271.1	1,784.5	2,715.1	2,715.1
Transport and communications	406.3	357.6	562.1	556.4	821.2	543.5	1,190.6	655.2	1,464.5	1,464.5
Buildings, housing, and social services	592.6	306.8	636.6	354.5	721.9	399.9	1,246.1	430.4	1,657.5	1,657.5
Other	1,154.0	399.6	225.2	976.2	307.5	169.3	953.6	496.9	1,951.2	1,951.2
Total	3,558.5	1,951.5	3,643.5	3,245.7	5,156.9	3,505.4	7,961.7	4,043.4	9,481.4	9,481.4

* Converted at \$3,3962 per dinar.

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tian-Israeli peace treaty will hurt chances of increasing the US share of the Iraqi market.

13. The Iraqis have tried to use their economic clout in recent years as a means of expressing their political or economic displeasure. A trade boycott against West Germany, now eased, was instituted in

order to show Iraqi displeasure at the Germans for not importing enough Iraqi oil. A similar partial boycott against the United Kingdom, apparently still in effect, followed the expulsion of some Iraqi diplomats after a shooting incident in London. The tactic has become a standard Iraqi policy.

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ANNEX D

MILITARY FORCES

1. Since the Middle East War of October 1973, Iraq has expanded and improved its armed forces more than any other Arab state. The growing military strength of two potential military opponents—Iran and Israel—provided a major impetus for this buildup.

2. Despite significantly improved relations as a result of the Iranian-Iraqi accords of 1975, Iraq, at least until the overthrow of the Shah, continued to regard Iran as a major potential military opponent. Consequently, major Iraqi forces not deployed to control the Kurds are stationed along key routes leading from Iran, while other forces are garrisoned near population and industrial centers in eastern Iraq. (See map.)

3. The fighting in the 1973 Arab-Israeli war created an additional incentive for Baghdad's efforts, by highlighting Iraq's lack of modern military equipment, its inadequate logistic capabilities, and its poor leadership and tactics. After the October war, the military began correcting the deficiencies exposed in the fighting. Iraq has purchased almost \$6 billion worth of weapons since 1973, and strenuous efforts are under way to improve armored capabilities, to install a countrywide air defense system, and to strengthen the Air Force.

4. Although Iraq's relations with Syria and Kuwait have frequently been tense, neither of these neighboring countries is of prime military danger to Iraq. Kuwait's military force is too small to pose a threat, and Syria, fully occupied with Israel and Lebanon, would not in foreseeable circumstances wage full-scale war against Iraq. The few Kurdish rebels staging raids are an irritant rather than a threat to the large forces maintaining government control in northeastern Iraq. This could change if unsettled conditions in Iran continue to allow Iran's Kurds a large measure of autonomy.

Ground Forces

5. Since the 1973 war, Iraq's ground forces have more than doubled to 200,000 men; they are second in size only to Egypt's in the Arab world. The Iraqi

ground forces consist of four armored, two mechanized, and five mountain divisions and several independent brigades. In addition to the regular units, Iraq maintains police and border guard paramilitary forces, numbering approximately 50,000 men, and the People's Army, a Ba'th Party militia of about 125,000.

6. Army efforts have centered on creating a formidable armored force with approximately 2,000 tanks and 1,700 armored personnel carriers in combat units. The force has doubled in size since 1973 and now is slightly larger than those of either Syria or Egypt.¹ The number of tank transporters has increased from 200 in 1973 to more than 1,000 and will likely reach 1,200 by the end of 1979. Iraq will then be able to transport the tanks of at least three of the four armored divisions simultaneously. Baghdad is also capable of transporting the tanks of a mechanized division by rail; lines run south to north in Iraq; the main rail line ties into the Syrian rail system.

7. Iraq is continuing to expand and mechanize its ground forces. Additional armored units and one new mountain division are being formed. Two existing mountain divisions may be mechanized. If these plans are carried out, the Army would number about 250,000 men, and have about 2,600 tanks and 2,500 armored personnel carriers in combat units, by 1983. Because of demands for military-age manpower, most of the Army's projected growth will probably occur through upgrading existing paramilitary units such as police and border guard units.

Air and Air Defense Forces

8. Since the 1973 war, Iraq's Air Force has increased by almost 65 percent to about 480 fighter and bomber aircraft. Iraq is acquiring large numbers of modern aircraft and now has more MIG-23s and SU-20/22s than Egypt and Syria combined.

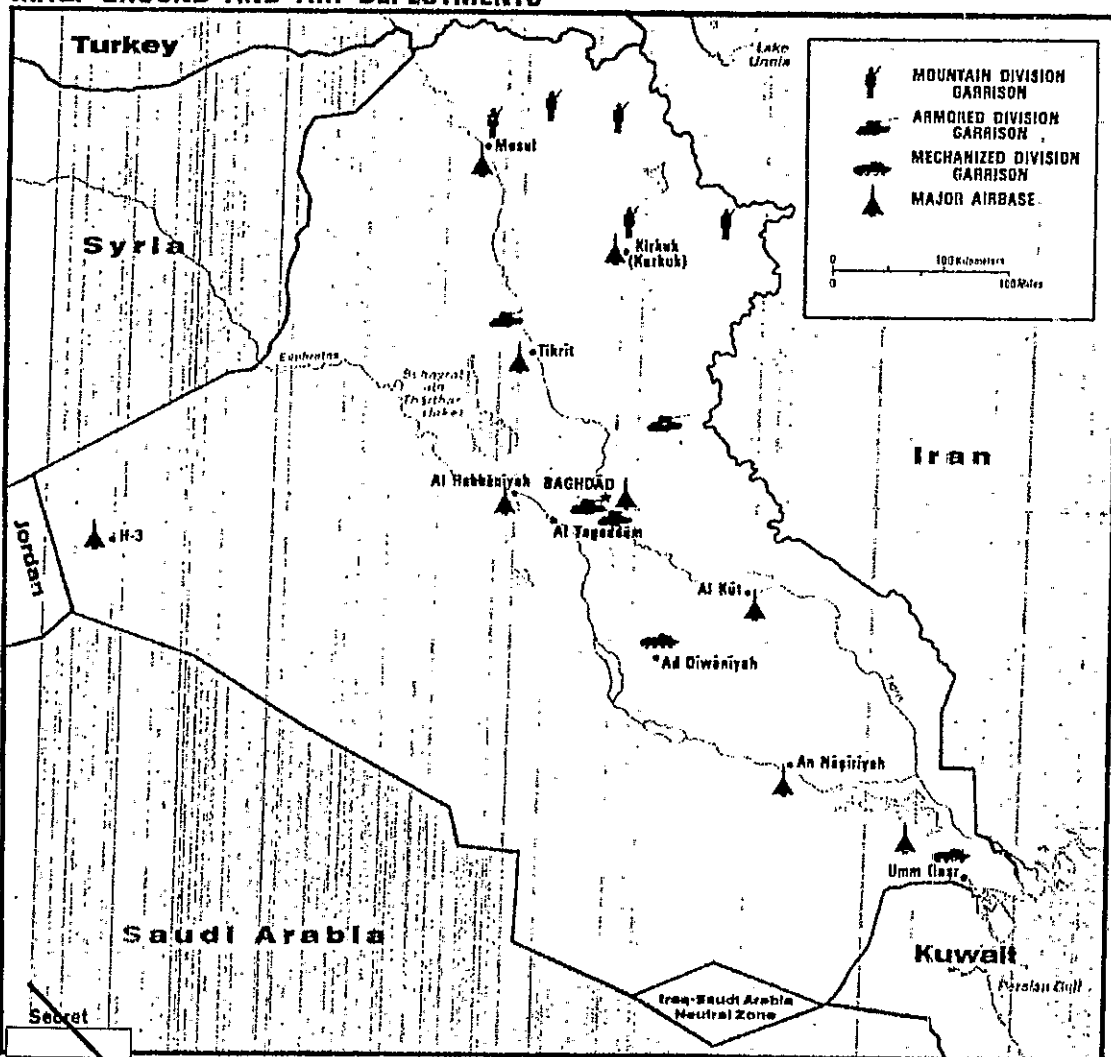
9. The Air Force has vastly improved its strike capabilities. From bases in Iraq, the Air Force has the

¹ Syria possesses more armored vehicles than Iraq, but Iraq has a higher number assigned to combat units than either Syria or Egypt.

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IRAQI GROUND AND AIR DEPLOYMENTS



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potential of striking either Israel or many Iranian military targets while flying at low level to avoid radar detection. Because Iranian or Israeli aircraft can strike Iraq, moreover, the Baghdad regime has sought to bolster its defenses. As a result, interceptors—MIG-23s and late-model MIG-21s—now make up almost 50 percent of the combat aircraft inventory, as compared with 40 percent five years ago.

10. Despite the new equipment, Air Force capabilities are still limited. The Iraqi fighter inventory includes about 60 obsolescent MIG-15/17/19 and Hawker Hunter aircraft. The Air Force has no modern precision-guided munitions. Air Force capabilities are also constrained by pilot deficiencies. Pilots only rarely practice aerial combat, and are not as competent as their Israeli counterparts.

11. The Air Force should continue improving during the 1980s. Its overall size, however, is likely to increase only modestly because of the need to replace obsolescent aircraft. Baghdad has purchased 36 French Mirage F-1 interceptors (though the delivery date is uncertain) and has an option for 36 more. Iraq also will continue receiving modern Soviet aircraft, probably including the MIG-25, during the next several years. In addition, it will acquire sophisticated air-to-air and air-to-ground munitions as part of the Mirage deal, and the Italians reportedly will supply Iraq with ECM (electronic countermeasures) pods. The missiles and ECM pods are far superior to anything now in the Iraqi inventory and may well spur the Soviets into providing similar equipment.

12. Iraq's Air Defense Command has also expanded rapidly and now consists of 295 surface-to-air missile launchers and almost 2,000 antiaircraft guns. About 60 percent of the SAM launchers are operationally deployed, mainly around important military and civilian installations throughout the country and as mobile protection for armored units. Sophisticated French computers and radars are being incorporated into the Soviet-supplied system with the goal of forming a nationwide air defense system.

13. While air defense capabilities are improving, they are still limited relative to those of Syria or Egypt. Many key units and facilities remain without SAM protection, and most radar and SAM operators have no combat experience. The air defense system also appears vulnerable to low-level penetration, at least in western Iraq. Iraq probably will attempt to correct these deficiencies during the next few years. Iraq reportedly is negotiating with France for the mobile Crotale SAM and has purchased air defense equip-

ment from Italy. To meet this competition, the Soviets may well sell Iraq new SAM systems such as the mobile SA-8.

Navy

14. The Navy is a small force consisting of a dozen missile boats, three Polnocny-class landing ships, French naval helicopters armed with the Exocet anti-ship missile, and numerous patrol and auxiliary craft. Iraqi naval forces continue to be inferior to those of Iran. Iraq's short coastline and its two naval bases are vulnerable to attack. There is no evidence to indicate whether developments in Iran will impel Iraq to invest in a larger naval arm. Nonetheless, Iraq may acquire a frigate from Yugoslavia and a despatch or several escorts from Western Europe. Such ships would add to Iraq's capabilities to exert influence in the Persian Gulf.

Operational Effectiveness

15. Iraqi forces, as evidenced by their poor showing in 1973, have been much less effective than most other major Arab armies. This resulted from their poor training (the first division-level training exercise in 14 years was held in 1972); from extensive and repeated changes over the years in the senior officer corps, with appointments being made on political grounds rather than on military competence; and from inexperience in conventional warfare.

16. During the last five years, however, Baghdad has made progress in increasing the effectiveness of its forces. The Army exhibited definite improvement during the 1974-75 Kurdish campaign and in subsequent anti-Kurdish operations. Since 1975 the military has embarked on a regular training program culminating annually in division-level exercises with Air Force participation. Air Force pilots are logging 30 flight hours per month, two to three times the flight time of Egyptian and Syrian pilots. In addition, after some years in power, the regime is more confident of the political reliability of the officer corps and is making efforts to promote more competent commanders. If these programs continue, Iraqi units will probably be as combat effective as their Syrian or Egyptian counterparts by the early 1980s.

Effectiveness Relative to Iran

17. In size and quantities of comparable equipment, Iran and Iraq are about equal on the ground. In numbers and capability of aircraft, Iran now outweighs Iraq. However, the collapse of the Iranian

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military establishment means that Iraq has a substantial advantage in the size and capability of the forces it could deploy against Iran. This situation will prevail for some time, especially because Iran has canceled orders for much equipment while Iraq's military inventory will grow. Change will depend more on the Iraqis than on the Iranians. Iran will have to decide how large a force it wants, and will have to reconstitute a military command structure, institute discipline, start training, and arrange for maintenance of highly sophisticated equipment. It will take time, measured in years, before the armed forces of the new Iranian regime will, realistically, be able to entertain the idea of large-scale combat with Iraqi forces.

Effectiveness Relative to Israel⁴

18. Iraq could assume a more prominent role in any new Arab-Israeli conflict as a result of its military improvements. At present, without pre-positioning, Baghdad could, in seven to 10 days, dispatch five divisions to Syria, consisting of some 70,000 troops, 1,350 tanks, and 130 combat aircraft, more than double its 1973 contribution. If current trends continue, the expeditionary force could be more than a third larger in 1983. Even more forces could be sent if troops were pre-positioned or the fighting were prolonged.

19. The combination of Syrian forces and those that Iraq can deploy to southwestern Syria will remain inferior to those Israel has and will have available, at least through 1984. Baghdad's support, however, is of great importance to Damascus, particularly since Egypt has signed a peace treaty with Israel. Without Iraq, Syria would present only a minimal threat to Israel.

20. Baghdad and Damascus are aware of Israel's military superiority and have embarked on more gradual forms of cooperation. Such steps include joint military planning and coordination, coordination of air defense networks, efforts to include Jordan and Saudi Arabia in air defense planning, and Iraqi financing of increased Syrian and Jordanian military purchases. Such efforts would facilitate any Iraqi move into Syria and improve the military effectiveness of the eastern front, but would not necessarily provoke an Israeli military response. There are political factors that will cause Syria to hesitate before agreeing to have anything more than a symbolic Iraqi force stationed on its soil.

⁴See NIE 85,36-1-78, *The Arab-Israeli Military Balance*, 7/1978-83.

Acquisition of Military Equipment

Arms Supply

21. The Soviet Union is Iraq's main arms supplier, having provided over 60 percent of the \$4.3 billion in arms delivered since the mid of 1973. The Soviets and East Europeans supply all major combat gear such as tanks, combat aircraft, ships, and surface-to-air and surface-to-surface missile systems, although West European countries, particularly France, will be supplying a small but increasing number of weapon systems in the next few years. Some 70 percent of the 1,500 foreign military advisers estimated to be in Iraq are Soviets, divided almost equally between the Army and the Air Force.

22. Despite their heavy reliance on Moscow, the Iraqis began to diversify their arms suppliers in 1973. France has been the major beneficiary of Iraq's efforts to diversify arms purchases. Since early 1974, France has sold Iraq some \$2.2 billion worth of arms, an amount nearly equal to Iraq's Soviet purchases during the same period. Most of the equipment is yet to be delivered. France now is supplying helicopters, armored cars, air defense equipment, and antitank missiles.

Domestic Arms Industry

23. In addition to diversifying its purchases, Baghdad also is attempting to expand its domestic arms industry, which currently produces only small arms, ammunition, and quartermaster supplies. Yugoslavia concluded a \$450 million agreement with Iraq in 1976 for the construction of arms factories capable of producing the SA-7 shoulder-launched SAM, the Sagger antitank missile, and artillery. Weapons are slated to be in coming off the line by early 1980.

24. The military's ability to absorb sophisticated weaponry will be a growing problem. Already one out of every seven males between the ages of 15 and 49 belongs to a regular or paramilitary unit. If the manpower pool is restricted to males estimated fit for military duty, the ratio rises to one in four. In addition, 20 percent of the population is composed of Kurds, many of whom are politically unreliable, further limiting available manpower.

25. Skilled personnel are in even shorter supply. Approximately 60 percent of the population is illiterate, although increasing numbers enter school each year and the government has begun a mass adult literacy program. There are about half a million intermediate and secondary school students; vocational

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schools and universities, have some 100,000 students. Of the yearly graduates from these institutions, many will be claimed by the civilian economy, others excused for health reasons, and some will attempt to avoid the draft altogether. Many of those remaining ~~simply will not have skills applicable to the military.~~

While the number of available skilled personnel has been increasing slowly, military requirements for skilled personnel have been increasing much more rapidly, especially in such specialties as mechanics, radio and radar operators, drivers, and supply managers.

26. The demand for skilled personnel is likely to grow even more rapidly during the next five years, as the quantity and sophistication of equipment grow. Iraq is already taking a number of steps to deal with the problem. Much of the projected increase of 50,000 Army personnel during the next five years will be met by upgrading some 30,000 paramilitary police and border guards into regular units. The term of service for regular Army enlisted personnel has been lengthened from two to three years, and skilled technicians

are being retained for years beyond their discharge dates. Skilled reservists are being called up frequently to support active units, often disrupting the civilian economy. Draft laws are being tightened and Iraqis abroad are being recruited for service. Campaigns also ~~are under way to improve the level of education and~~ training in both the military and civilian populations. Finally, the medical services were recently opened to women, and consideration is being given to opening all the support services to them.

27. Nonetheless, Iraq is likely to need increased numbers of foreign advisers and technicians during the next five years. Baghdad is reluctant to depend too much on foreigners, however, and the military, faced with a choice between a lower level of operational effectiveness or increased dependence on foreigners, is likely to favor the former.

Force Comparisons

28. The table on page D-6 provides selected force comparisons for Iraq and other Middle East states.

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Selected 1978/1983 Force Comparisons Among Middle East States

	Lebanon	Syria	Jordan	Egypt	Saudi Arabia	Israel
Army						
Personnel (thousands)	200/250	170/200	58/60	320/320*	32/55	185*/150*
Tanks	2,500/3,000	2,850/2,850	675/675	2,150/1,850	415/440	3,400/3,900
APCs	2,600/3,500	1,200/1,500	1,065/1,250	2,620/3,050	1,340/1,485	8,400/9,700
Artillery (over 100 mm)	1,065/1,200	1,485/1,300	330/340	1,260/1,400	260/290	745/965
Navy						
Personnel (thousands)	4/6	3/5	0.2/0.2	20/20*	2/4	7/8
Destroyers	0/0	0/0	0/0	5/3	0/0	0/0
Frigates	0/2	2/2	0/0	2/4	0/0	0/0
Submarines	0/0	0/0	0/0	12/10	0/0	3/6
Missile Combatants	12/16	14/18	0/0	12/25	0/0	22/22
Air Force						
Personnel (thousands)	30/40	50/60	7.5/10	107/107*	14/25	32/35
Fighters	450/500	505/470	80/135	485/435*	135/130	600/650
Bombers	30/30	0/0	0/0	31/10	0/0	0/0
Transports	41/47	11/15	10/13	57/60	0/0	60/60
Attack Helicopters	75/120	17/50	0/24	24/40	0/0	6/60
SAM Launchers	SA-2 80/110 SA-3 78/100 SA-6 105/140 SA-7 (numerous) SA-9 30/50	SA-2 198/210 SA-3 92/120 SA-6 104/160 SA-7 (numerous) SA-9 8/8	HAWK 48/84 Redeye 260/260	SA-2 400/200 SA-3 240/120 SA-6 60/40 SA-7 numerous HAWK 0/72	HAWK 60/115 Crotale 3/12	HAWK 102/103 Chapparral 48/60 Redeye 1,100/1,100

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* Egyptian personnel strength could be substantially lower if Egypt implements its plans to reduce the size of its armed forces as a result of peace with Israel.
 * Mobilized personnel strength is about 450,000 troops.
 * Does not include some 100 Alpha Jet combat-capable trainers for which financing is uncertain. If purchased they could be used in a combat role.

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ANNEX E

IRAQI-SYRIAN RAPPROCHEMENT

1. The eight-month-old Iraqi-Syrian rapprochement lacks deep political roots, but is continuing under the impetus provided by the Egyptian peace initiative and instability in Iran. Additional selective cooperation, including military, is likely. Should the Egyptian-Israeli negotiations on the future of the West Bank and Gaza achieve a settlement acceptable to most significant Palestinian elements and should Israel satisfy Syrian demands regarding the return of the Golan Heights, motivation of both parties for pursuing unity would fade away. Some of the noncontroversial aspects of reconciliation, especially in the economic area, could prove more lasting if both sides wish to share the benefits of a normal relationship rather than return to the status quo ante.

2. The Camp David accords shocked the Iraqis into action to end their bitter feud with Syria. Since the Sadat visit to Jerusalem, the Iraqis have worried that the Egyptian initiative would ultimately produce a comprehensive peace, leaving a rejectionist Iraq isolated and without significant allies. The strong Arab backlash to the accords gave Baghdad an opportunity to end its own hardline position on a Middle East peace settlement. The Arab center moved toward Iraq, while Iraqi Ba'athists made only minor concessions toward former Arab moderates.

3. The Iraqi strategy began with an effort to organize an Arab consensus against the peace terms negotiated by President Sadat. A necessary first step was to end the open hostility between Iraq and its longtime rival, Syria. To achieve this, Baghdad was willing—for the first time—to drop public objections to Syria's acceptance of the principle of negotiations as a permissible way to recover Arab territory. Rejectionist rhetoric, however, continues to permeate Iraqi pronouncements, suggesting that this accommodation represents nothing more than a temporary tactical adjustment of Iraq's views on a Middle East peace.

4. There are economic and military inducements for the Syrians to proceed with a normalization of

relations with Iraq. With Egypt neutralized and a large part of the Syrian Army in Lebanon, Syria's military position vis-a-vis Israel is untenable. The combined weight of the Syrian and Iraqi military establishments would provide Damascus with some negotiating leverage and enhanced military credibility. From the economic standpoint, Syria has begun to benefit from a resumption of normal commercial contacts. Rapprochement also encourages prompt payment to Syria of the Iraqi portion of the Baghdad summit financial pledge; Iraqi payments to date have amounted to about \$180 million.

5. Baghdad's motivation to make up with Syria goes beyond Pan-Arab aspirations. Iraqi Ba'athists were anxiously eyeing Iran during the last half of 1978. Continued confrontation with Syria was dangerous, given the potential that the unfolding unrest in Iran could spill across the 1,400-kilometer border with Iran and infect Iraqi Shi'as and Kurds. The Iraqis were also concerned about growing Soviet influence in the Middle East. Although the Soviets in the past have urged Syrian-Iraqi rapprochement, Moscow is clearly concerned that the reconciliation may work to its disadvantage, for, to the extent that reconciliation strengthens the partners, they need pay less heed to the USSR.

6. The renewed efforts toward an Iraqi-Syrian rapprochement began during President Assad's trip to Baghdad last October. Assad and Iraqi President Bakr signed a Charter for Joint National Action setting up machinery to coordinate movement toward unity. The charter established a Higher Political Committee composed of Assad, Bakr, Saddam Husayn, and several other senior Syrian and Iraqi officials. This committee, which is supposed to meet about every three months, oversees the work of four subcommittees on military cooperation, economic relations, political and information affairs, and education and scientific matters.

7. Unlike previous state-to-state marriages in the Arab world, the Iraqis and Syrians seem prepared to carry on a long courtship before taking the final vows. Both sides have taken a gradual approach to the negotiations and have avoided unrealistic declarations of unity. Damascus and Baghdad, however, probably

* As of 21 June 1979 (see 21 May date of information for the rest of this Estimate).

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prefer a cautious approach for different reasons: Iraq, the more enthusiastic of the would-be partners, is confident that Iraq's natural strengths would eventually allow it to become the dominant partner in any union with Syria. Syrian leaders, for their part, remain deeply distrustful of Iraqi Ba'athists and view drawn-out negotiations as an opportunity to enjoy some of the fruits of normal relations with Baghdad without having to get too involved with the Iraqis. This kind of negotiating game has its limits, however, although they are not likely to be reached as long as the external forces that started the rapprochement prevail. In time, Baghdad may run out of patience with Syria's stalling tactics, or Damascus, unable to overcome its basic mistrust, may have to break off with its ardent suitor.

8. The only meetings of the Higher Political Committee took place last January in Damascus and in June in Baghdad; neither made any notable progress.* In the meantime, the subcommittees have met frequently and produced some tangible common benefits. In the area of foreign affairs, the two countries have effectively coordinated the drive to punish President Sadat for signing the peace treaty with Israel. The skillful Iraqi management of the Arab ministerial meeting in Baghdad last March achieved a surprisingly tough set of sanctions against Egypt. Since then the Iraqis and Syrians have worked vigorously to ensure there is full Arab compliance with the Baghdad conference resolutions.

9. Iraq and Syria also played a key role in ending the fighting in Yemen last February. They not only helped calm a peripheral Arab squabble that threatened to detract from their own goal of organizing a united stand against Egypt, but also enhanced Syrian-Iraqi influence in the Arabian Peninsula at the expense of Saudi Arabia.

Military Cooperation

10. Syria and Iraq appear to have made some progress in military cooperation, particularly in the areas of planning and procurement. The two have exchanged high-level staff, air force, and air defense delegations. Senior Iraqi Army officers have toured possible deployment areas in the Golan, and others have examined possible routes to the Golan for an Iraqi expeditionary force. The two countries reportedly have drawn up joint lists of their weapons and planned procurement in order to establish a joint fund for procurement.

* This sentence reflects information received since the 21 May 1979 information cutoff date.

11. In view of the antagonisms between the Syrian and Iraqi leaderships, only a strong belief that military support was needed would lead Damascus to allow substantial numbers of Iraqi troops on its soil. There is no concrete evidence that Damascus has made such a decision. Tenuous evidence suggests that Iraq may be pre-positioning some spare parts and ammunition in Syria. There has been, however, a considerable strengthening of Iraqi air defenses along the borders with Syria and Jordan, a move that would enhance Baghdad's ability to undertake closer military cooperation quickly if the political atmosphere should improve.

12. For the future, Damascus must weigh the military advantages that collaboration with Iraq would give it vis-a-vis Israel against the political disadvantages of having rival Ba'athists potentially active in Syria.

- Joint planning would facilitate the movement of Iraqi forces to the Golan and, more importantly, increase their effectiveness once they arrived.
- Pre-positioning spare parts and ammunition would greatly lessen the logistic requirements for Iraqi forces moving to the Golan. Any materiel already moved would not be subject to Israeli interdiction. Moreover, Syria would have possession of the materiel no matter what happens to political relations with Baghdad.
- Joint exercises would improve Syrian and Iraqi air and ground forces' ability to cooperate in wartime.
- The greatest military advantage to both countries in the event of war with Israel would come from the pre-positioning of large numbers of Iraqi combat forces in Syria. As mentioned above, the stationing of Iraqi forces in Syria would have political implications for Damascus. The stationing of forces would raise tensions in the area and be viewed with alarm by Israel—such that Israel might preempt such an attempt to station significant Iraqi forces in Syria.

Economic Aspects

13. The unity talks between Iraq and Syria have also produced visible results in the economic area.

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Trade and commercial contacts have increased. The two countries have agreed to reopen the oil pipeline that runs from northern Iraq across Syria to the Mediterranean. Although the agreement to reopen the line, closed since April 1976, calls for operation at only about one-fourth of capacity, Syria still stands to gain about \$21 million annually in transit fees. Baghdad, ~~desirous of maintaining flexible and secure routes for~~ exporting its oil, has gained a direct outlet to the Mediterranean other than the one through Turkey.

Barriers to Unity

14. The obstacles to an Iraqi-Syrian political union seem insurmountable over the long term. The two sides have been rivals in the Fertile Crescent for centuries. Political competition since the Ba'th Party split in 1966 has bred deep-seated distrust and jealousies. Opposing National Commands—the highest party authority—have existed in Baghdad and Damascus for more than a decade. Each side claims to be the legitimate representative of Pan-Arab Ba'thism and, in pursuit of these claims, each has sponsored coup plots and assassinations that are not easily forgotten. Indeed, it is unlikely that either side has completely abandoned its subversive contacts and operations against the other in case the impetus for cooperation wanes.

15. Damascus does not share the general perception that it is the junior partner in the relationship with Baghdad. President Assad probably regards the Charter for Joint National Action with Iraq as a marriage of convenience dictated by external conditions that can easily be dissolved. Assad has always wanted to enjoy the military, economic, and political benefits of a normal relationship with Baghdad, but he remains deeply suspicious of Iraq's intentions and will avoid too tight an embrace.

16. Damascus and Baghdad are each convinced of their own importance in the region, and each is determined not to surrender what it perceives as its leading role. This fundamental difference in perception acts as a barrier to real unity because neither side wants to give up its aspirations to Arab leadership.

17. Ba'th Party unity appears to be the main stumblingblock in the negotiations. The Iraqis have pushed hard on party unity, despite Syrian reluctance to discuss the topic. The cautious Assad is probably worried that party consolidation would upset his control of the Syrian Ba'th, whose military and security branches are dominated by members of his minority Alawite Muslim sect. The Syrian leadership reportedly fears that the strong, well-disciplined, and civilian-

dominated Iraqi Ba'th would gain the upper hand in a reunited party.

18. Religious sectarianism also works against unity; an Iraqi-Syrian combination would produce an insoluble mix of Islamic divisions. A Sunni Muslim minority rules in Baghdad, while a Shia offshoot, Alawite sect ~~governs in Damascus. Many of the minority Syrian~~ Alawites probably fear that the Iraqi Ba'thists would support a bid for power by Syria's majority Sunni population. For their part, Iraq's majority Shia Arabs would probably resent having their potential influence diminished. The Sunni-dominated Baghdad leadership has used a carrot-and-stick policy to keep local Shias in line. Now, given the possibility of spillover from Iran, the Ba'thists might be prepared to be especially solicitous in order to win Shia loyalty to the secular regime and damp down any possible thoughts Iraqi Shias might have of following the example of their rebellious Iranian coreligionists.

19. Syrian and Iraqi attitudes toward the peace process also continue to divide the two states. While both reject the Camp David accords, Syria has not retracted its support for UN Resolutions 242 and 338. Assad has publicly reiterated Syrian backing for a comprehensive Middle East peace agreement on several occasions since the conclusion of the Egyptian-Israeli peace treaty. The Syrians have ruled out participation in the Camp David process but continue to support the principle of a negotiated settlement with Israel in a UN context. Baghdad, for its part, continues to adhere to a strict rejectionist policy and has not accepted Resolution 242.

20. These differences are muted for the moment because of common opposition to the Camp David accords. If the emphasis of the peace process were to shift to another context, however, Syrian-Iraqi differences might well reemerge and cause a disruption in the rapprochement.

21. Another point of dispute between Syria and Iraq is use of Euphrates River water resources. This geopolitical problem has defied solution for decades because of uncoordinated, unilateral development by the three riparian states—Syria, Iraq, and Turkey. Long-term competition for this scarce resource seems chronic, and neither of the upper Euphrates countries—Syria and Turkey—in planning its own river development projects, has demonstrated much consideration for downstream user needs.

22. Although these problems almost certainly preclude establishment of an enduring political union

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between Iraq and Syria, they do not prohibit significant cooperation on selected issues for the near term. The degree of cooperation already achieved has had a major impact on the Arab reaction to the Egyptian-Israeli treaty and is likely to continue to play a negative role in the peace process. Continued Iraq

Syrian rapprochement could also contribute to additional cooperation among eastern Arabs. Jordan, the Palestine Liberation Organization, and Saudi Arabia, for example, are exploring closer political and military coordination among themselves and with Syria and Iraq.

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