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FOLLOWING FOR CHIEF OF ASSESSMENTS STAFF FROM JICREP
FCO FOR J R YOUNG ESQ, EMERGENCY UNIT

MIPT: IRAQ/KUWAIT: POLITICS AND ECONOMICS
SUMMARY

1. CIA DOUBTFUL WHETHER SANCTIONS CAN WORK IN ANY TIMESCALE ACCEPTABLE TO THE ALLIES. SADDAM CONFIDENT OF HIS INTERNAL POSITION. CIA CONCERNED ABOUT THE CONTINUED RELIABILITY OF SOME OF THE ARABS IN THE ANTI-SADDAM COALITION IF DECISIVE ACTION IS DELAYED BEYOND NEXT SPRING. BELIEVE THAT SADDAM WILL CONTINUE TO SIT TIGHT AND AVOID PROVOKING THE ALLIES. BUT IF HE THINKS WAR IMMINENT, HE WILL TAKE PREEMPTIVE ACTION - MILITARY OR A PARTIAL WITHDRAWAL.

DETAIL

2. ON THE MILITARY, CIA'S ESTIMATE IS THAT THERE ARE 27 IRAQI DIVISIONS IN THEATRE. THEIR DEPLOYMENT INDICATES THAT THE IRAQIS ARE CONCERNED ONLY ABOUT THE THREAT FROM THE ALLIED FORCES IN SAUDI ARABIA. TO MEET THAT, IRAQ HAD TAKEN 20 DIVISIONS FROM ITS BORDER WITH IRAN. IRAQ HAD NOT REINFORCED ITS BORDER WITH TURKEY, AND ONLY SENT TWO ADDITIONAL ARMoured REGIMENTS TO THE SYRIAN BORDER. MEANWHILE IN BAGHDAD THERE WERE ONLY TWO REPUBLICAN GUARD UNITS OF SOME 20,000 MEN - CLEAR EVIDENCE THAT SADDAM WAS LITTLE CONCERNED ABOUT INTERNAL UNREST.

3. ON SANCTIONS, CIA HAD SEEN SOME EVIDENCE OF IMPACT IN THE MILITARY SECTOR. MOTOR OIL WAS SHORT (BUT THIS COULD BE A DISTRIBUTION PROBLEM). SO WERE TYRES. BUT CIA'S ASSUMPTION REMAINED THAT THE IRAQIS WOULD RETAIN THEIR FIGHTING STRENGTH IN THE SOUTH FOR AT LEAST SIX MONTHS, IF ONLY BY CANIBALISING OTHER UNITS. AND ONE HAD TO ASSUME THAT OTHER KEY SUPPLIES, EG REFINED PRODUCTS, HAD BEEN STOCKPILED IN SUFFICIENT QUANTITIES.

4. MORE GENERALLY, SANCTIONS WERE HURTING THE IRAQIS. OIL EXPORTS HAD BEEN STOPPED, AS HAD MOST IMPORTS. IRAQ HAD NO ACCESS TO FOREIGN EXCHANGE, AND HAD GOT AWAY WITH LITTLE CASH (PERHAPS ONLY A BILLION) FROM KUWAIT. RATIONING HAD BEEN INTRODUCED IN THE FOOD SECTOR, AND PETROL AND OIL WOULD BE RATIONED THIS WEEK. THERE WERE SHORTAGES OF CHEMICALS AND FILTERS FOR WATER PURIFICATION, OF BALL BEARINGS, OF LUBRICATING OILS, AND OF BATTERIES. BUT ONE SHOULD NOT OVERESTIMATE THE IMPACT OF ALL THIS. IRAQ HAD SHOWN DURING THE WAR WITH IRAN THAT IT COULD PUT UP WITH SUFFERING. OVER EIGHT YEARS, SOME 2.3 PER CENT OF ITS POPULATION HAD BEEN CASUALTIES, WITHOUT SERIOUS INTERNAL UNREST.

5. CIA'S OVERALL CONCLUSION ON SANCTIONS - AND WE PRESSED THEM HARD ON THIS - WAS THAT THEY WERE UNLIKELY TO PRODUCE THE REQUIRED CHANGES IN IRAQI POLICY IN A TIMESCALE WHICH THE ALLIED COALITION COULD SUSTAIN. THERE WOULD BE ENOUGH FOOD. THERE MIGHT BE THE ODD, SUDDEN BREAKDOWN IN INDUSTRY, BUT THERE WAS NO GOLDEN PART WITHOUT WHICH IRAQI INDUSTRY WOULD COLLAPSE. IN ANY CASE, KEY SPARES WOULD BE SMUGGLED IN THROUGH IRAN. (AT THE

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HEIGHT OF THE WAR THE SMUGGLING TRADE HAD CONTINUED.)

6. MEANWHILE, SADDAM DID NOT SEEM UNDULY CONCERNED ABOUT THE IMPACT OF SANCTIONS. CIA HAD A LIST OF INDICATORS TO SHOW WHETHER SADDAM WAS CONCERNED ABOUT HIS SITUATION (SEE MY THIRD IFT). SO FAR - OTHER THAN HAVING CUT DOWN HIS PUBLIC APPEARANCES - THERE WAS LITTLE TO INDICATE SUCH CONCERN. THE CIA'S CONCLUSION WAS THAT THE REGIME WERE CONFIDENT THAT THEY COULD COPE WITH THE HARDSHIPS LIKELY TO BE CAUSED BY SANCTIONS.

7. IF SADDAM DID, HOWEVER, CONCLUDE THAT SANCTIONS WERE HURTING AND THAT HE HAD TO COMPROMISE, CIA THOUGHT HIS MOST LIKELY MOVE WOULD BE TO PULL BACK TO THE NEW INTERNAL BORDER BETWEEN KUWAIT AND BASRA PROVINCES. AS YET, THERE WERE NO SIGNS THAT THE IRAQIS WERE FORTIFYING THIS LINE, WHICH WOULD BE A KEY INDICATOR. ON THE CONTRARY, THEY CONTINUED TO STRENGTHEN THE SOUTHERN BORDER WITH SAUDI. CIA'S VIEW THEREFORE WAS THAT SADDAM THOUGHT HE COULD OUTLAST THE WESTERN COALITION AND THAT HE STILL HAD DIPLOMATIC/HOSTAGE OPTIONS. HE MIGHT ALSO BE COUNTING ON FUTURE UNEXPECTED DEVELOPMENTS IN THE MIDDLE EAST (EG TEMPLE MOUNT) PLAYING IN HIS FAVOUR, AS WELL AS THE DEVELOPMENT OF NEW WEAPONS (SEE MIFT). MEANWHILE, HE WOULD SIT TIGHT AND AVOID PROVOCATIONS.

8. AS TO THE MOOD OF THE ARAB COALITION PARTNERS, CIA THOUGHT THE SAUDIS, THE GCC, EGYPT AND SYRIA REMAINED FULLY RESOLVED - AT REGIME LEVEL - TO SEE A DECISIVE OUTCOME, WITH THE STRONG PREFERENCE FOR MILITARY ACTION. BUT THERE APPEARED TO BE GAPS BETWEEN THE REGIME AND THEIR CIVILIAN POPULATIONS. THAT SAID, THE WAVE OF POPULAR SUPPORT FOR SADDAM IN THE ARAB WORLD SEEMED TO HAVE PEAKED. THE PRO-SADDAM SENTIMENT NO LONGER HAD ITS EARLIER FOCUS OR IMMEDIACY. THE NORTH AFRICANS AND THE PLO SEEMED TO BE RECONSIDERING WHETHER THEY WERE BACKING A LOSER. IN JORDAN, THERE WERE SIGNS THAT SECULAR PARTIES HAD BEEN GALVANISED TO REACT TO THE POPULAR MOOD, AND SOME HOPE THAT THE PENDULUM MIGHT SWING BACK FROM THE RADICALS. IN EGYPT, POPULAR OPINION REMAINED FIRM, DESPITE THE ASSASSINATION OF THE SPEAKER.

9. WE ASKED HOW LONG WE COULD EXPECT THE ANTI-SADDAM OPPOSITION TO REMAIN STRONG AT REGIME LEVEL. CIA SAID THAT IN SAUDI THE REGIME REGARDED THE CRISIS AS A LIFE AND DEATH ISSUE: THERE WAS NO CHANCE OF COMPROMISE. OTHER ARAB COUNTRIES MIGHT CHANGE, BUT THE SAUDIS WOULD BE THE LAST TO DO SO. THE TOP RELIGIOUS LEADERS WERE NERVOUS BUT SUPPORTIVE OF THE GOVERNMENT. THERE WAS SOME CONCERN LOWER DOWN IN THE CLERICAL HIERARCHY BUT THE REGIME COULD KEEP IT IN CHECK. MORE GENERALLY, THE EXPULSION OF JORDANIAN AND PALESTINIAN WORKERS AND THEIR REPLACEMENT BY EGYPTIANS WOULD HELP. THAT SAID, THE IRAQIS WERE CLEARLY TRYING TO INFILTRATE SAUDI AND THERE MUST BE A GOOD CHANCE OF A MAJOR TERRORIST INCIDENT - PERHAPS DURING NEXT YEAR'S HAJ. THAT COULD EFFECT THE PUBLIC MOOD. AS TO THE CONTINUED RESOLVE OF THE OTHER ARAB PARTNERS, IT WOULD BE DANGEROUS TO PREDICT MUCH BEYOND NEXT SPRING: THE ARABS TENDED TO PROMISE CONTINUED FIRMNESS OF RESOLVE IN TWO MONTH INCREMENTS ONLY.

10. WE ASKED HOW A POSSIBLE IRAQI PREEMPTIVE PARTIAL WITHDRAWAL WOULD AFFECT THE ARAB COALITION. CIA THOUGHT THAT THE SAUDIS AND THE GULF STATES WOULD NOT ACCEPT IT: THE KUWAITIS CERTAINLY WOULD NOT. BUT SUCH A MOVE WOULD PUT THE REST OF THE ARAB WORLD UNDER ENORMOUS PRESSURE - PARTICULARLY IF THERE WERE MORE TROUBLE OVER THE PALESTINIAN ISSUE. STAN MOSKOWITZ COMMENTED THAT SUCH A MOVE WOULD PLAY IN THE US: IT WOULD BE HARD TO JUSTIFY A WAR ON THE BASIS OF TWO ISLANDS AND THE OIL FIELDS.

11. WE ASKED HOW SADDAM WAS LIKELY TO REACT IF HE FELT AN ATTACK INEVITABLE OR IMMINENT. CIA SAID THAT HE PROBABLY ALREADY THOUGHT WAR INEVITABLE: THE KEY WAS WHETHER HE THOUGHT IT IMMINENT. IF HE DID, CIA THOUGHT HE WOULD LOOK FOR A LOW RISK WAY OF DISRUPTING SUCH AN ATTACK - SHORT OF TOTAL WITHDRAWAL OR A MAJOR PREEMPTIVE ATTACK OF HIS OWN AGAINST THE US OR ISRAEL. CIA THOUGHT A MOVE INTO JORDAN A POSSIBILITY, PERHAPS ON THE TRUMPED-UP PRETEXT OF PREEMPTING AN ISRAELI MOVE THERE. THIS

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WOULD SHIFT THE FOCUS AWAY FROM IRAQ/US TO ARAB/ISRAEL. ADMITTEDLY THERE WAS A RISK OF ISRAELI RETALIATION. BUT THAT RISK WAS CONSIDERABLY LESS THAN THE CERTAINTY OF US RETALIATION IN THE EVENT OF A PREEMPTIVE STRIKE TO THE SOUTH. MOREOVER, ISRAELI RED LINES HAD GOT PROGRESSIVELY PINKER.

12. BUT A PREEMPTIVE MOVE BY SADDAM NEED NOT BE MILITARY. HE MIGHT BE TEMPTED TO SEIZE THE INITIATIVE BY PARTIALLY WITHDRAWING FROM KUWAIT. EITHER WAY, HE WOULD NOT SIT BACK AND LET THE ALLIES TAKE THE INITIATIVE.

13. WE ASKED WHETHER ISRAEL COULD BE KEPT OUT OF ANY CONFLICT. CIA THOUGHT THAT, IF WAR BEGAN, IRAQ WOULD ATTACK ISRAEL. IT WAS UNLIKELY THAT THE ALLIED AIR CAMPAIGN WOULD BE ABLE TO PREVENT HIM FROM DOING SO. SUCH A CAMPAIGN WOULD CONVINCED SADDAM THAT THE US WERE OUT TO KILL HIM - A LA DUGGAN. HE WOULD BRING DOWN THE TEMPLE WITH HIM.

14. FINALLY, WE DISCUSSED WHETHER THERE WERE ANY INTERMEDIARIES WHO COULD GET THROUGH TO SADDAM THE HOPELESSNESS OF HIS POSITION. HIS OWN ADVISERS CLEARLY DID NOT DARE SPEAK OUT. WE QUICKLY AGREED THAT THERE WERE NO ARAB INTERMEDIARIES, CERTAINLY NOT KING HUSSEIN. PRIMAKOV HAD APPARENTLY SOUGHT TO MAKE CLEAR THE FACTS OF LIFE BUT HAD PROBABLY PULLED HIS PUNCHES. IN ANY CASE, BY SHOWING THEIR CONCERN TO AVOID WAR, THE SOVIETS HAD WEAKENED THEIR HAND AS INTERMEDIARIES. SADDAM, HOWEVER, STILL SEEMED TO PUT STORE BY THE FRENCH. BUT THE PROBLEM WAS LESS A LACK OF INTERMEDIARIES MORE THAT SADDAM MIGHT NOT SURVIVE A CLIMB DOWN. HE HAD SOLD OUT HIS MEAGRE GAINS FROM EIGHT YEARS WAR WITH IRAN ON THE PRETEXT OF KUWAIT. HE WOULD HAVE LITTLE TO JUSTIFY A FORCED PULL-OUT FROM KUWAIT. MORE IMPORTANT, IF HE PULLED OUT BOTH HE AND HIS ARMY COULD LIVE TO FIGHT ANOTHER DAY. JUDGE WEBSTER WONDERED WHETHER THIS WAS REALLY THE DESIRED OUTCOME.

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