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IRAQ'S ROLE IN MIDDLE EASTERN PROBLEMS

CONCLUSIONS

A. Iraq is a factor in many Middle East problems. Geography, economics, and ideology stimulate tendencies toward activism in foreign policy, but these have been swamped in recent years by domestic concerns—notably squabbles within the Baath Party hierarchy and the simmering dispute with the Kurds in northern Iraq. In general Iraq's foreign relations have been troubled, in large part because of its extreme and unbending pan-Arab radicalism. This and preoccupation with domestic concerns have produced a degree of isolation, which continues, though in somewhat modified form, in the present atmosphere of *laissez-faire* in intra-Arab affairs.

B. Iraq and Iran see each other as major antagonists. They are in conflict over rights in the Shatt al Arab boundary river and are rivals for influence in the smaller Gulf states. Baghdad is also troubled by Iranian aid to Kurdish rebels. Hence, the arms race between Iraq and Iran will continue, though the Iraqis have a healthy respect for Iranian military superiority and are likely to refrain from escalating incidents. Moreover, the Iraqi aim of establishing political influence in the Gulf is not likely to meet with much success since Iraqi assets and capabilities are limited and are outclassed by those of Iran and Saudi Arabia.

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C. Relations between Syria and Iraq are seriously marred by the hostility of the two Baath parties. The states are also in dispute over the transit fees for Iraqi oil shipped through Syrian pipelines and the division of the Euphrates waters which are being dammed by both countries. While in time these problems are likely to be resolved on terms relatively favorable to Syria—which has the whip hand—there seems little prospect of general rapprochement between the regimes.

D. Relations with other Arab states are not particularly cordial. Although the Baath regime has publicly supported the fedayeen movement, it has not permitted it to engage in significant activities in Iraq. While Iraq would speak out against any Arab state moving to negotiate with Israel, it probably would attempt very little, if any, action against such states.

E. The Baath leaders feel the need to maintain, indeed, to expand, their oil revenue and do not appear to regard oil as a practical weapon to obtain political gain from the West. They moved to nationalize the Western owned Iraq Petroleum Company (IPC) in June 1972 only after the latter reduced oil output and, hence, income, but they did not touch its affiliates. Negotiations between IPC and Baghdad are continuing and the Iraqis seem inclined to settle for terms generally as profitable for the companies as their deals with other Gulf producers. But this would be a tricky business and would require obfuscation of the terms so Baghdad could claim victory. If this effort failed, the parties might prefer a tacit arrangement to freeze the dispute at its present stage.

F. The Soviets have had a long-time interest in Iraq and the Persian Gulf area, but the initiative for the 1972 treaty of friendship seems to have been taken by the Iraqis. The Soviets welcomed the treaty and see additional psychological benefit from it since Sadat ousted Soviet advisors from Egypt. They realize, however, that their relations with Baghdad irritate Iran, whose goodwill Moscow values highly. While Moscow in time may seek more extensive use of Iraqi ports, overflight rights, and possible use of Iraqi airfields for staging, it will probably move very gradually in this direction. The Baath leaders value Soviet military aid and are unlikely to jeopardize it by abruptly reducing the number of advisors, as Sadat did.

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G. The Baath government sees no particular benefit in significantly improving relations with the US. The US recently sent American personnel to its interests section in Baghdad, a move which had some practical advantages for Iraq and could be made without fanfare; it does not presage further progress toward restoring diplomatic ties.

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THE ESTIMATE

1. Iraq is a very different country today from what it was in 1958 when a revolutionary upheaval overturned the monarchy and set up a radical Arab nationalist regime. Despite the strong pan-Arab cast to the ideology of many of the inexperienced nationalist officers who dominated Iraq, domestic problems proved so difficult and so persistent that successive regimes were forced to turn inward.

2. It was not solely the extent of problems at home, however, that made Iraq's position so isolated in the 1960s. The period was one of intense rivalries between Arab states which Nasser's fading leadership failed to mollify. The young Iraqi republic, though its leaders varied, was through much of this period the most dogmatic and most ideologically motivated of the Arab states. The result was often irritation and hostility, even between Iraq and other radical states. Since Nasser's death, however, relations between Arab states have changed in character; indeed there is something of a spirit of *laissez-faire*.

I. IRAQ SINCE THE REVOLUTION

3. Iraq has never been an easy country to govern, with its large Kurdish minority living in the hills in the north and the Arab majority divided between the Shiite and Sunni branches of Islam. Sunni Arabs, who number only about a quarter of the total population, have consistently dominated the government. By breaking down central authority the revolution compounded the problem of administering the diverse groups. The former ruling clique—wealthy, often foreign educated, and accustomed to look to the West for support—has either emigrated or lost its positions of power. Republican regimes have had to rebuild the governing apparatus almost from scratch, a process hampered by recurrent shifts of regime.

4. Confronted with these difficulties and lacking wide acceptance of their legitimacy, governments since 1958 have generally adopted harsh repressive tactics against all opponents. Rivals have been jailed, exiled, or even murdered. Regimes have encouraged and manipulated mob violence against their en-

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emies. And the cumulative weight of these violent tactics has engendered a general fear of informers that pervades Iraqi life. Nonetheless, the effectiveness of government controls is mitigated by administrative inefficiency, and the regime has allowed some emigres to pay brief visits to their homeland.

5. Successive revolutionary regimes have had only modest success in improving living conditions of the populace. While the economy has grown at an average annual rate of about five percent in recent years, the rewards have not been evenly distributed. Initial efforts to improve the lot of the peasants by confiscating large private landholdings caused extensive disruption. Some of the ill effects have been overcome, but much land remains in government hands and agricultural output has failed to keep pace with population growth. Industrial and commercial activity, mostly in government hands, has lagged, but over the past 15 years a substantial amount of economic infrastructure in the form of communications, public utilities, and public housing has been built. And the governments have had large inflows of foreign cash from oil to bolster the economy and avoid major crises.

6. Nationalization of the Iraq Petroleum Company (IPC) in June 1972, however, curtailed oil output, causing Iraq a loss of some \$130 million in revenues in the following six months. Thus far, Iraq has received somewhere between \$50 and \$90 million in loans principally from Libya and Kuwait to help make up the loss. To conserve foreign exchange, the government cut imports sharply, including those for development projects. Although by late 1972 Iraq was again receiving oil revenues roughly equal to the average receipts of the previous year, the government has refused to relax the austerity measures that are causing hardships in the domestic economy. Government workers are subjected to forced savings; cuts in imports have resulted

in shortages of consumer and capital goods. Most important for the long run, the development program, which was just beginning to show some real progress in such fields as irrigation projects and industrial development, has been sharply reduced.

II. MAJOR DOMESTIC PREOCCUPATIONS

7. The Baath¹ Party of Iraq—in power since July 1968—is part of a pan-Arab ideological movement founded over a quarter century ago in Syria. The leaders of the Iraqi party are more wedded to pan-Arabism and since 1966 have had apparently irreconcilable personal differences with those at the head of the Syrian party. Indeed, personality has often been more important than ideology in setting specific policies of the Baghdad regime. Military support was essential to the Baath's success in seizing power in Baghdad and remains a key element. But the Iraqi armed forces, unlike those in Syria, have been reduced in importance in the equation of power. The Iraqi civilian leaders have purged the officer corps, while raising its pay. They have also brought a number of dedicated party members into the military. There remains, however, a military faction in the Baath and probably a non-Baath or anti-Baath faction in the military forces.

8. Committed to monopolizing power, the present Baath leadership, during its four years of rule, has managed to curb or destroy political dissidents except for the Kurdish nationalists in the northern mountain fastness. In this situation, strife among the Baath leaders appears to be the primary threat to continued stable rule. Within the Baath Party, the civilian faction under Saddam Husayn al Takriti, Deputy Chairman of the Revolu-

¹ Baath means resurrection or rebirth in Arabic.

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tionary Command Council, has been in the ascendant, but there are continuing signs of friction between this clique and that of President Hasan al Bakr who has had closer ties with the military wing of the Party. Saddam Takriti is being criticized for problems stemming from increasing friction with the Kurds, the nationalization of the IPC, failures to secure late-model arms from the USSR, and intrigue over plans to form a National Front. President Bakr seems to be infiltrating personnel loyal to him into sensitive positions in the regime. It is hard to judge how this factional infighting will turn out. But sooner or later this conflict seems likely to come to a head, producing a major reshuffle in the government.

9. Should these internal disputes lead to the ouster of Saddam Takriti and his supporters by Bakr's clique, the armed forces would undoubtedly again play a greater role in the political process. But the policies of the regime might not change greatly. Such a break in the revolutionary ranks, however, would weaken central authority and might promote additional military plotting. This might even raise the chances of a coup by a non-Baath group in the military, although the regime's principal intelligence arm—the so-called Public Relations Bureau—is said to have "watchdogs" in military units. Despite these and other efforts over the past few years to turn the military establishment into a Baath preserve, it seems likely that especially among lower and middle ranking officers a number of non-party members remain. Lacking information on the loyalty and outlook of these officers as we do, it is not possible to suggest with confidence what changes a non-Baath regime would make. But it is virtually certain that in this case military officers would be dominant and that they would govern in the authoritarian manner of previous regimes.

The Kurdish Stalemate

10. Like their predecessors, the Baath leaders have found the Kurdish problem difficult. Most of the Kurdish districts of northern Iraq have been outside of effective control by the central authorities for a decade. Extensively supported by Iran—and Israel—the charismatic Mulla Mustafa Barzani has successfully overcome traditional tribal rivalries to weld disparate Kurdish groups into a more or less homogeneous movement capable of standing off Baghdad's thrusts. After repeated failures to reimpose its authority by force of arms, the Baath government in March 1970—with Saddam Takriti reputed to be the chief architect—reluctantly brought itself to offer Barzani and his Kurdish Democratic Party (KDP) a generous settlement, providing for a wide measure of autonomy for the Kurds in their areas.² This ended open warfare, but has not provided genuine peace.

11. Tension is again rising in relations between Baghdad and the Kurds. The Baath government has never fully lived up to the terms agreed in 1970. There is little prospect that it will. In fact, the Baath government still would like to bring the Kurdish areas under its direct control. To this end, it continues to intrigue against Barzani in hopes of splitting the Kurds. Recently there have been renewed clashes between Baghdad's forces and the Kurds.³ But although the government is losing patience with Barzani, it has not succumbed

² The most important provisions of the agreement call for delimitation of the Kurdish area, a Kurdish Vice President, a national census to determine Kurdish representation in any future legislature, and Kurdish control of security forces in the designated Kurdish area.

³ Serious fighting is impossible in winter when heavy snowfall makes the Kurdish area impassable. Only in the period May through October is weather suitable for major military ground action in the Kurdish region.

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to the temptation to reopen full-scale hostilities. The Baghdad leaders apparently recognize their present inability to carry military action to a successful conclusion against Barzani. They may also hope that time will increase the strains within the Kurdish movement, providing better opportunities to end the autonomy of the north at some later date. Further, the Soviets are no doubt counseling forbearance.

12. For his part, Barzani bitterly mistrusts the Baath government which has made several attempts on his life. He continues to search for outside support and would like direct assistance from the US to complement the weapons, money, and military instructors received from Israel and Iran. Barzani is dissatisfied with the present stalemate, but on the whole finds it less onerous than open warfare. His Kurdish defense forces, equipped only with light arms, lack the capability for sustained warfare outside of their mountain sanctuaries. They can exploit rugged terrain of the north to push back attacks, but cannot carry the war to Baghdad. Moreover, renewed hostilities would not be popular with the Kurds who suffered especially from air attacks in previous campaigns.

13. While the present stalemate may well hold for some time, it is inherently fragile. Given present tensions, small-scale clashes of the sort that have taken place in past months seem inevitable, especially after the end of the enforced immobility of the winter season. This will pose a continuing challenge to the Baath regime and form a ready pretext for broader hostilities.

14. Baghdad feels other grievances against the Kurds as well. Barzani has proved unresponsive to Soviet urging to join the Communist Party of Iraq as a second junior member of a National Front dominated by the Baath. (There is little chance that the Kurds will

agree to participate as long as Baghdad does not meet the terms of the 1970 agreement.) This undoubtedly irritates the Baath leadership and may also be weakening the interest of the Kremlin in providing diplomatic support to the Kurds. Any diminution of Soviet concern about the fate of the Kurds would also encourage the Baath regime to revive the war. In any event, there is only miniscule prospect that relations between Barzani and the Baath will improve. And the Kurdish problem will almost certainly remain a constraint on the freedom of action at home and abroad of any Iraqi regime.

15. The chances for a resumption of full-scale fighting would increase sharply with the departure of Barzani. Now about 70, Barzani seems in relatively good health. Suspicious as he is of Baghdad's good faith—with reason—he is not likely to put himself within reach of the Baath Party regime. But when he leaves the scene, there is no one in the Kurdish camp who could play his unifying role. Without Barzani, the effectiveness of the KDP would be questionable. It would probably be challenged by Jelial Talabani, once the second ranking figure in the KDP. Expelled from the party in 1964, he heads a younger, more radical group whose progressive social views are antipathetic to the traditional Kurdish tribal order. Moreover, without Barzani's commanding presence, tribal rivalries would be likely to come to the fore again. Such disunity among the Kurds would powerfully tempt almost any regime in Baghdad to attempt to reimpose its authority. And under these circumstances, an early resumption of warfare would become likely.

III. RELATIONS WITH NEIGHBORING STATES

16. More than preceding Iraqi regimes, the Baath government in Baghdad has ideological—as well as national—aspirations in the Arab world. Believing deeply in their version

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of pan-Arab socialism, some Baath leaders would like to export their "progressive" approach to their fellow Arabs. But the Baath in Baghdad has encountered both resistance and apathy in its endeavors abroad. The Arab world appears to be going through a cycle of fragmentation—each country emphasizing national concerns and giving diminished attention to matters of larger Arab interest. Even the Iraqi Baath Party seems to be losing some of its resolve to promote pan-Arab designs.

17. In part, the Baghdad regime is constrained by the weakness of its armed forces. Intense political involvements and extensive purges have lowered the quality and training of Iraqi military personnel. This, more than the amount and characteristics of equipment, severely limits military effectiveness. The Iraqi Armed Forces have little offensive capability. They are overshadowed by the Iranian military establishment on the ground, at sea, and especially in the air. Iraq could defeat Kuwait militarily as long as the latter did not receive external help, from say the Iranians. Logistical considerations would make it difficult for Iraq to carry out military action against the relatively defenseless states of the Gulf coast. The Baghdad government probably recognizes something of its weakness and seems unlikely to attempt major military action to accomplish its regional designs.

Dispute with Iran

18. Iraq and Iran see one another as major antagonists. Relations between the two were poisoned following the overthrow of the Iraqi monarchy. Each side is now convinced of the malevolence and untrustworthiness of the other. This mistrust has been fanned by simmering dispute over sovereignty in the Shatt al Arab waterway. (See map.) The Shah has denounced the 1937 agreement which accorded Iraq complete control of this important boundary river; and Iran has taken

military measures to enforce its claims to navigational rights. Another source of trouble has been Iranian assistance to Barzani, of which the Baath leaders are well aware. Both Baghdad and Tehran have undertaken to sponsor subversion against the other—e.g., Tehran's abortive coup attempt in January 1970 and Baghdad's assistance to Iranian terrorists. And the two countries are also rivals for influence in the smaller states on the Gulf.

19. There is little prospect for early improvement in relations between Iraq and Iran. The Shah's ambitions for a dominant role in the area and his plans to modernize and expand his armed forces will cause concern in the Baath leadership. These plans, which he justifies partly as a response to what he perceives as the threat from Iraq, will further stimulate Baghdad to seek equipment in the USSR. Likewise, continuing Soviet assistance to the Iraqi Armed Forces will only boost the Shah's determination to maintain regional military superiority. The Iraqi leaders have a healthy respect for the Shah's military edge and have backed down from military confrontation whenever large-scale action seemed likely. This caution is likely to persist even in the face of provocations by the Shah. We do not think Iran is likely to initiate major military action against Iraq.

Ambitions in the Gulf

20. Iraqi regimes have long nourished designs to play a larger role in the Gulf. Abdul Karim Qasim, leader of the 1958 revolution, advanced claims to Kuwait, precipitating fears that he was preparing for military action to enforce his demands. After his overthrow, however, the short-lived 1963 Baath regime in Baghdad renounced these claims and succeeding governments have not revived them. While the present Baath government has been attempting to establish a commercial as well as a political influence in the area, it clearly

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is not willing to commit a large share of its resources to that end. The Iraqis appear to be making Bahrain their center of operations. The Baath regime is also in contact with dissident groups, such as the Popular Front for the Liberation of the Occupied Arab Gulf, which are seeking to overthrow the traditionalist governments of the smaller Gulf states.

21. Thus far, Iraqi subversive activity has not met great success. The Baghdad regime's desire to establish formal relations with the emerging Gulf states has kept it from openly pursuing propaganda attacks on these conservative regimes. Moreover, in the quest for influence Iraq is far outclassed by the wealth and proximity of Iran and Saudi Arabia. Despite these problems, Baghdad is wedded to its image as a revolutionary power. Hence, it seems almost certain to continue to support subversion in low key with money and arms. But under the circumstances Baghdad is not likely to score much success.

Syrian-Iraqi Relations

22. There is little love lost between the ruling Baath parties in Iraq and Syria. Baghdad has harbored Syrian dissidents and has pressed the more pragmatic Syrian party to acknowledge Iraqi primacy. At the same time, under Soviet prodding, the Iraqi regime has made tentative overtures to Damascus to compose their general differences. But Baghdad's terms are not acceptable to the Syrian leaders, who have little to gain by closer ties with Iraq.

23. Relations are further ruffled by a dispute over transit fees for oil shipped through the Syrian segment of the now nationalized IPC pipeline. Iraq is resisting Syrian demands for sharply higher fees, which could significantly reduce its profit on oil from the northern fields. Meetings on this issue between Damascus and Baghdad have been unavailing. Meanwhile, Syria is letting the oil flow

in hopes eventually of receiving a better settlement. While Damascus is not being paid pending agreement, it probably has the whip hand as there is no other outlet for oil from the northern fields. And eventually economic pressures will probably lead the parties to a resolution of this dispute in which Syria would receive higher fees than IPC paid.

24. There seems little likelihood, however, of general rapprochement between Syria and Iraq as long as the present leaders remain in power in either country. The Syrians are tilting toward Cairo these days. Not only does this decrease their interest in improving relations with Baghdad; it poses difficulties for the Iraqis who are usually suspicious of Cairo. The chances for reconciliation are further dimmed by other contentious issues, such as the use of Euphrates waters. This matter will become particularly urgent when the large Syrian dam now under construction is finished. The USSR, which gives considerable economic aid to dam and reclamation projects in both countries, has urged better cooperation on river development. While in the end the parties will no doubt reach some agreement, the process is not apt to be smooth and there will probably be mutual recriminations for some time to come.

Other Arab Regimes

25. Iraqi relations with other Arab states are not as frigid as they have been at times past, but neither are they particularly cordial. Baghdad and King Husayn have no special bone to pick since the Iraqi forces withdrew from their forward bases in Jordan near the ceasefire line with Israel. These forces had complicated the King's efforts to bring the fedayeen under control, and Husayn is still suspicious of Iraq. Despite general antipathy to monarchies, the Baath leaders seem to have come to something of a modus vivendi with the Saudi Arabian Government. But this could

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be vitiated if the Iraqis became more active in the Gulf, for Riyadh is extremely suspicious of Iraqi intentions in this area. The Baath leaders are happy that Nasser is gone from Egypt, and they are especially pleased at Sadat's preoccupation with Egyptian affairs. Yet Egypt still looms for them as a rival, and no warmth is likely to develop in their relations.

The Arab-Israeli Dispute

26. Iraq has always talked tough on the question of Israel, but is far from the battle lines and has managed to be relatively little involved in actual fighting. From the end of the 1967 war until 1971, Baghdad did station a force of about 20,000 men—one-fifth of its armed forces—in Jordan and a few thousand in Syria to show solidarity with the Arab cause. These gestures, however, represented small sacrifice for the Baath regime, which used such assignments in part as a form of dignified exile for officers of suspected loyalty. And once King Husayn had broken the power of the fedayeen in Jordan in September 1970, the Iraqis, after initial indecision, began to withdraw their forces. Indeed, while paying lip service to the fedayeen cause, Baghdad has avoided being drawn into a leading role in this issue. Although the Baath regime has publicly supported the fedayeen movement, it has not permitted it to engage in significant activities in Iraq.

27. Baghdad's hard line against Israel is certain to continue. The Iraqis reject UN resolution 242 and adamantly oppose concessions to Israel as part of a settlement. Baghdad would clearly speak out—as it has in the past—against any moves toward Egyptian and Jordanian negotiations with Israel. But it probably would attempt very little, if any, concrete action against these states if they decided to try to reach a settle-

ment with Israel, and, in any case, probably has few assets to employ against them.

Turkey

28. Except for a short interval under Qasim, Iraqi governments have traditionally maintained good relations with Turkey. Both states have a common interest in keeping the lid on Kurdish dissidence. They also share interest in arriving at equitable arrangements for the use of the Euphrates waters. Bilateral talks have been held on this matter over the past few years, though final resolution of this problem is not likely for some time. A recent exchange of high-level visits has confirmed the good relationship between the states, and there is no reason to expect significant change in the near future.

IV. OIL

29. Iraq's stature and international role are very much bound up with the development of its large oil resources. Management of this critical resource, which generates more than a third of Iraq's gross national product and more than three-fourths of all government revenues, has been a major challenge to the Baath Party regime. In its approach to this problem, the party is generally governed more by its appreciation of market factors and the laws of supply and demand than by the imperatives of its socialist ideology. The Baath leaders recognize the need to preserve, indeed, to expand, the flow of oil revenue which is an all-important prop of the regime. No Iraqi Government of any stripe has yet shut down oil production, although Iraq briefly boycotted sales to some Western nations immediately after the 1967 Arab-Israeli conflict. The Baath regime does not appear to regard oil as a practical weapon for obtaining gain from the West.

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30. Iraq's nationalization of the IPC, which operated the large producing fields in the north, came only after more than a decade of running dispute over concession rights, beginning with Iraqi seizure of 99 percent of the concession area in 1961. These differences had curtailed investment in new facilities, slowing the rate of increase in oil output to half that for the Middle East as a whole over the past decade. In fact, most of the growth in oil production in Iraq in recent years has come from maximizing the use of facilities that existed before 1961. Moreover, given prevailing tanker costs, shipment through the pipeline to the Mediterranean had become more expensive than through the Persian Gulf. These factors had induced IPC to cut back production, an action which in June 1972 provoked nationalization of the IPC Kirkuk fields in northern Iraq. The government did not touch the Basra Petroleum Company's sizable field in the south, nor even the small Mosul field in the north, though both were operated by affiliates of IPC.

31. Oil production was sharply curtailed immediately following nationalization, but Iraqi efforts to arrange alternative supply contracts have been relatively successful. IPC itself contributed to the easing of the crisis by agreeing to suspend legal action against purchasers of oil produced from its Kirkuk concession until there had been time to negotiate a compromise solution. The original time limit for these talks has been extended until the end of 1972. Meanwhile, Baghdad has concluded provisional arrangements to sell oil to the Compagnie Francaise de Petroles (CFP), a major shareholder of IPC. Iraq has also concluded deals to supply Greece, Italy, the USSR, and East European states with oil from the nationalized fields. Iraq is now shipping about 800,000 barrels a day to the Mediterranean through a pipeline system which has a capacity of about 1.2 million.

32. Iraqi's success in disposing of these quantities of oil has depended in part on the cooperation of IPC. Its prospects for sharp increases in sales—with concomitant increases in revenue—appear to hinge on reaching some agreement with IPC. While the USSR and East Europe are presently assisting Iraq to develop its North Rumaila field, they are neither prepared nor able to dispose of large quantities of oil.⁴ In the short run, Soviet ports and distribution facilities are not oriented toward receiving or trans-shipping oil from abroad. Also, both Moscow and East Europe suffer from foreign exchange constraints that would complicate such deals. Principally, however, it would be the difficulty for the Communist countries to arrange for the marketing of Iraqi oil that would discourage them from a major attempt to supplant IPC. They are probably also concerned about the possible decrease of their own oil revenues and damage to their reputation as reliable members of the international commercial community.

33. Iraq's dependence on the Western oil companies is all the greater because it has not received wholehearted support from its Persian Gulf neighbors in the Organization of Petroleum Exporting Countries. These countries are making arrangements with the international oil companies that promise an uninterrupted supply of oil to world customers at terms tolerable to both producers and sellers. Though over the long run, international demand for oil will make increased production from Iraqi reserves of pressing importance, these arrangements remove for some years much of the urgency for the Western companies to purchase larger quantities of Iraqi oil.

⁴ A more comprehensive discussion of this issue will be forthcoming in NIE 3-73, "International Petroleum Prospects", to be issued early in 1973.

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34. The Baath leaders apparently recognize that their position has weaknesses, and do not feel great confidence in their ability to dispense entirely with the international oil companies. The Baghdad regime seems inclined to settle for participation in the operations of the Basra and Mosul companies on something like the formula generally accepted by other Persian Gulf producers. For reasons of prestige, the Baath regime will not renounce nationalization of IPC. But there are signs that the party would be amenable to some settlement in effect providing similar benefits to IPC. This would be a tricky business and the terms would have to be sufficiently obfuscated to permit Baghdad to claim victory. It would also require considerable cooperation by the companies.

35. A formal settlement which in the case of IPC allowed the companies a level of profitability similar to that from handling Persian Gulf crude would represent the optimum solution for all parties and would be a tribute to their devotion to economic interest over principle. If this effort failed, a freezing of the dispute at its present stage would be likely. Both Baghdad and the companies would probably prefer a tacit arrangement on something like present terms—i.e., with CFP in fact acting for its IPC partners—to a formal settlement that appeared to be an undesirable precedent for the future. For a few years at least neither Iraqi need for money nor the oil companies' need for crude will be so extreme as to force either side into what it considers a bad bargain.

V. IRAQ AND THE GREAT POWERS

36. The Baath regime wants to maintain its independence of both the Soviet Union and the West. But because of experience with European mandates, suspicion of the role of Western governments in oil matters, and abid-

ing antipathy for all whom they see as Israel's supporters, the Baghdad leaders regard the West in general and the US in particular as malevolent imperialists, whereas they are more confident of the friendly intent of the USSR. This attitude has been shared by all governments since the revolution, but the tone has varied from the somewhat more cordial approach to the West by Abd al-Rahman Arif before the 1967 war to the present deep suspicion by the Baath Party. The present regime also appears to wish a notably closer relationship with the USSR than some of its immediate predecessors had thought desirable.

The USSR

37. The Soviets have had a long-time interest in Iraq and the Persian Gulf area. But the initiative for the 1972 treaty seems to have been taken by the Iraqis. The Baghdad leadership evidently reckoned that it would enhance the regime's domestic prestige and its reputation in the Arab world—at least among the radical Arabs. Moreover, the Baath must have hoped that a treaty might lead to an increase in Soviet military and economic aid, and assistance in increasing Iraqi production and marketing of oil. Equally, the Iraqis probably calculated that the conclusion of an accord might transform the USSR's benevolent neutrality in the simmering Iraq-Iran dispute into a much more benevolent and less neutral stand. The treaty was concluded in April and ratifications were exchanged in Moscow by Foreign Minister al Baki on 20 July 1972—in the midst of Sadat's expulsion of Soviet military advisors from Egypt. Baghdad has subsequently applied to the Soviet trading bloc, CEMA, for observer status.

38. The Soviets have a considerable investment in Iraq. Economic assistance has amounted to over half a billion dollars and military assistance more than a billion since 1956. This makes Iraq the recipient of more

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aid than any other country in the region except Egypt. Most Iraqi military equipment is of Soviet origin, and Iraq is heavily dependent on the USSR for spare parts, replacements, and military expertise. Yet the Soviets find relations with Iraq a thorny issue. Having signed friendship treaties with Egypt and India, Moscow could scarcely turn down Iraq without risk of damage to its relationship. Besides, the Soviets were attracted by the chance to formalize their dealings with one more Arab state. Now that Soviet forces have been ousted from Egypt, the psychological benefit from formal ties with Iraq has become higher. But an Iraqi treaty irritates Iran with whom Moscow has been bent on improving relations over the past decade. Indeed, the USSR appears to value highly the growing network of economic deals growing out of the agreement to purchase sizable quantities of Iranian natural gas. No doubt also the Kremlin recognizes that Iran is likely to play a far more important role in the region than is Iraq.

39. The Iraqi treaty had little effect on Soviet-Arab relations as a whole. Not only did Sadat soon break the spirit if not the letter of Egypt's treaty by expelling Soviet forces, but other radical Arab regimes expressed dissatisfaction with the Iraqi treaty itself. Libya even withdrew its Ambassador from Baghdad for a time in protest. The Asad government in Syria clearly feels no obligation to emulate Iraq in making a formal arrangement with Moscow.

40. Within Iraq, Soviet military arrangements are not a significant source of irritation. The USSR has about 400 military personnel in Iraq, serving mostly as advisors. They have not been as obtrusive as were those in Egypt. Soviet naval vessels operating in the Indian Ocean frequently call at the port of Umm Qasr for provisions, supplies, and to show the flag. There have even been some joint exercises with the small Iraqi Navy, but these activities have

been intermittent and small scale. Particularly in view of the risk of damaging their relations with Iran, the Soviets do not seem to be pressing for the development of major facilities in Iraq. While Moscow in time may seek more extensive use of Iraqi ports, overflight rights, and possibly use of Iraqi airfields for staging, it will probably move very gradually in this direction and will be prepared to draw back if either the Iraqi price is too high or the Iranian protests are too loud.

41. Soviet-Iraqi relations will probably remain close for some years to come. The Baath Party is not searching for spectacular gestures to enhance its prestige and seems unlikely to twist the Kremlin's tail by sending home Soviet advisors as Sadat has done. Even if the Baghdad regime were to decide to improve relations with the West in general and with the US in particular, it would not do so at the expense of its links with Moscow which provide much economic and political benefit. For their part, the Soviets have no reason to wish to disturb the relationship. They will no doubt maintain their present support to the Baghdad government. The Soviet military aid program will continue, though Moscow will be very conscious of its effect on the Shah.

The United States

42. The Baath government sees no particular benefit in significantly improving relations with the US. American "imperialism", particularly in terms of US support for Israel and the activities of the US oil companies, remains the regime's favorite whipping boy and scapegoat. When Iraq broke diplomatic relations with the US after the Arab-Israeli conflict in 1967, it agreed to permit interests sections in Baghdad and Washington. Iraq kept personnel assigned to the Indian embassy in Washington, but the US did not send American personnel to Bagh-

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dad until September 1972. This move did relieve some practical difficulties and could be carried out without fanfare. It does not, however, presage further progress toward restoring diplomatic ties. Indeed, the Baath regime would be likely to remain far behind other "progressive" Arab governments in dealing with the US. For example, if Sadat were to restore diplomatic relations with the US, Baghdad might well denounce Egyptian action. It would almost certainly feel little compulsion to follow suit.

43. There is not much chance of early change in this prognosis. Factional and personal rivalries within the Baath Party, however they come out, do not revolve around relations with the US. Any Baath regime would be likely to continue the policy of reserve toward restoring diplomatic ties. Even a non-Baath government would not be likely to move rapidly to repair relations with the US. Suspicion of Washington runs deep in Iraq, and there is no internal faction which seems willing to risk running against this tide.

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