

JIC Assessment, 23 November 2000

IRAQ: REGIONAL RAPPROCHEMENT

Key Judgements

- I. Saddam is **exploiting the crisis in Israel and the Occupied Territories to improve Iraq's relations with the Arab and Islamic world**. Although this process was already under way, many Arab leaders now see revived relations with Iraq as a justified response to **perceived bias by Washington towards Israel and double standards on UN resolutions**. (Paras 1-3)
- II. Most Arab countries now believe that **economic sanctions against Iraq should be lifted**. But the Gulf States in particular are afraid of Saddam's ambitions and will want military sanctions to continue while he remains in power. (Para 4)
- III. Commercial ties between **Syria** and Iraq have gathered pace this year. **Oil smuggling and illegal trade is likely to increase further**. The crisis in Israel raised the prospect of military co-operation between Damascus and Baghdad. But Bashar will **remain cautious about forging closer political and military ties with Saddam**. (Paras 5-6)
- IV. **Jordan and Egypt** believe that Iraq's isolation in the Arab world is at an end, and do not want to be left behind. Both are **likely to increase contacts and trade with Iraq**. (Paras 7-8)
- V. **Kuwait** will not revive its relations with Baghdad while Saddam remains in power. **Saudi Arabia** will still be reluctant to make concessions but will be reticent about standing up politically to Iraq while violence in Israel undermines the peace process and dominates Arab opinion. The other Gulf states already have diplomatic contacts and trade with Iraq. With the exception of Kuwait, all Gulf states are likely to face **pressure for a further warming of relations with Baghdad**, especially if the crisis in Israel continues and other Arab states forge ahead. (Paras 9-11)
- VI. Relations between Iraq and **Iran** are **unlikely to change dramatically**. There is too much distrust between them and they are rivals for pre-eminence in the region. **Saddam has little interest in Iran as a strategic partner**, and currently views it mainly as an outlet for sanctions-busting trade. He will seek to maintain the Gulf channel for **oil smuggling** and open land routes for other trade. (Paras 12-14)

Implications: Pressure on Iraq to comply with UN resolutions continues to fall. This is likely to harden Saddam's attitudes. But Arab rapprochement with Iraq is being driven by trade and political factors over which the UK has little or no control.

IRAQ: REGIONAL RAPPROACHMENT

At the request of No. 10 we assess developments in Iraq's regional relations, especially with Syria and Iran.

Saddam takes advantage of the crisis in Israel

1. The crisis in Israel and the Occupied Territories has given Saddam an unprecedented opportunity to **demonstrate his solidarity with the Arab and Islamic world**. He was quick to act. Within days he withdrew a demonstration on the Kuwaiti border, which would have sent the wrong message. Instead, he denounced Israel in the strongest terms, offered Iraqi military forces to the Arab cause and, during October, deployed more than three ground force divisions to western Iraq as a show of support for Syria. By adopting a hard-line position, Saddam revived his popularity on the Arab street. His primary goal was to put **pressure on other Arab governments to increase co-operation with Baghdad and weaken their support for UN sanctions**.

But the trend towards better relations was already under way

2. For years Saddam has sought to rebuild relations with his neighbours and persuade them to break or oppose UN sanctions, with only limited success. But over the last year there has been steady progress:

- many countries in the region and elsewhere have **increased diplomatic contacts and representation**;
- there is growing complicity or acquiescence in **illegal trade**;
- in October, after years in the political wilderness, **Iraq attended the Arab summit in Egypt**;
- at this month's Islamic summit in Doha, despite Kuwaiti opposition, the final resolution **omitted reference to Iraqi aggression against Kuwait** for the first time since 1990;
- **unscheduled international civil air flights to Iraq**, previously few and far between, jumped to 39 in October. Flights arrived **from 13 Arab countries**.

3. Most Arab governments face pressure to improve relations with Iraq. The main reasons are:

- popular sympathy for the Iraqi people, and a risk of demonstrations in support;
- commercial opportunities for trade – no one wants to be left behind; and

- growing scepticism about US policies towards Iraq and the Middle East

The boost given by the Palestinian crisis was not simply that of sympathetic Arab brotherhood. We judge that **revived relations** with Baghdad are a **response to perceived bias by Washington towards the Israelis and double standards on UN resolutions**. This is likely, in particular, to apply to Syria and Egypt. Previously both had been cautious about undermining UN resolutions on Iraq and antagonising the US, Saudi Arabia and Kuwait.

4. [...] most Arab countries believe that **economic sanctions on Iraq should now be lifted**. We judge however that the Gulf States, in particular, are still afraid of Saddam's ambitions and would want **military sanctions to continue** so long as he remains in power.

Syria

5. Despite long antipathy between the regimes, especially between Saddam and the late President Asad, links between Iraq and Syria have improved since 1997, when border crossings were re-opened. In 1999, Syria allowed oil imports from Iraq by road, outside the oil-for-goods programme. **Rapprochement has gathered pace this year**. In January, Iraq opened an interests section in Damascus for the first time in 20 years. Iraqi officials started using Damascus rather than Amman as a route to the outside world. Further progress in bilateral relations was made after Bashar's succession in Syria. [...]:

- [...];
- [...];
- [...].

6. [...] We judge that Bashar will remain cautious about forging closer political and especially military ties with Saddam. **But the improvement in relations is unlikely to be reversed**. Saddam gains politically and Syria's economy badly needs the potential trade. Damascus recently signalled an intention to **move towards full diplomatic relations**. The **Iraq-Syria oil pipeline**, closed for 20 years, **has just re-opened**. This is a breach of UN sanctions. We do not know whether Syria will seek UN approval. [...].

Jordan

7. Iraq/Jordan relations different to others between Iraq and the Arab world. Its borders with Iraq have long been open and it feels less inhibited about commercial and political contact. In large part, this is due to the long-standing **oil and trade protocols** between them: Jordan receives all of its oil from Iraq at a discount and Jordan supplies goods in exchange. This activity is widely accepted as an exception to UN sanctions. Commercial necessity rather than political sympathy marks the relationship. As other countries beat a path to Baghdad, **Amman will try to keep ahead**. In early November, the Jordanian Prime Minister visited Baghdad for the first time since 1990, personally leading the annual protocol negotiations. Jordan has also allowed a number of flights between the two capitals and wants to begin a regular service.

Egypt

8. Promoted by Syrian moves towards Iraq, and the Palestinian crisis, **Egypt moved quickly to catch up**. In October, four civilian aircraft flew from Cairo to Baghdad. [...] In early November, Egypt's Foreign Minister told our ambassador that **Iraq's isolation in the Arab world was at an end**; although President Mubarak's dislike of Saddam remained undiminished, sanctions were being rapidly eroded and could not now continue. We judge that **Egypt will take steps towards full diplomatic relations**.

The Gulf States

9. With the crisis in Israel, **Saudi Arabia became more reticent about Iraq**. [...] Meanwhile, Iraqi propaganda against Saudis and Kuwait remains at a high level. Nevertheless, Saudi Arabia has opened a border post with Iraq to facilitate exports, within UN regulations, to ensure their share of a growing market.

10. We judge that **Riyadh's policy towards Baghdad will for now remain unchanged**, in support of UN sanctions and the US. It will be **reluctant to make any concessions to Saddam**. But it sees a friendly post-Saddam Iraq as a key Arab counterweight to Iran. Saudi reticence on Iraq is likely to persist while violence in Israel undermines the peace process and dominates Arab opinion. It will also watch how far other Arab countries such as Syria and Egypt are prepared to go.

11. **Kuwait is unlikely to improve its relations** with Iraq while Saddam remains in power. But it feels increasingly isolated, especially after the Doha summit made concessions to Iraq. **Bahrain, Qatar and the UAE have during the past year all increased contacts with and representation in Iraq**. [...] Saddam was becoming stronger economically and politically. Kuwait apart, we judge that **Gulf Arab attitudes towards Iraq are warming**. Illegal trade in the Gulf, particularly from the UAE, will continue and expand. Renewed crises in Israel or further movement by some Arab states would make it harder for the others not to follow suit.

Not much progress with Iran

12. Shia Iran and Sunni-led Iraq **are strategic for pre-eminence in the region**. Fuelled by the Iran/Iraq War of the 1980s, their mutual mistrust endures. Each hosts and supports opposition groups (see box) to put pressure on other. This "proxy war" is characterised by cycles of tit-for-tat violence, mostly initiated by Iraq. Saddam could moderate the level of activity. But he does not, in part because he uses the MEK for internal security against Iraq's Shias and Kurds. It also **allows him to deal with Tehran from a position of strength**.

Iraq/Iran: Proxy Wars

*Iraq provides a home and military support to the **Mujahedeen e-Khalk (MEK)**, an Iranian opposition group which seeks to overthrow the clerical regime in Tehran. The MEK mounts cross-border attacks into Iran as well as assassination, sabotage and mortar attacks in Iranian cities.*

*Iran provides military support to the **Badr Corps**, a Shia insurgent group which is the military wing of the Supreme Council for the Islamic Revolution in Iraq (**SCIRI**). The **Badr Corps** operate mainly in southern Iraq, attacking Iraqi military and Baath Party targets. [...].*

13. During early October, Syria's offer to mediate between Iraq and Iran, its talk of a trilateral strategic alliance, and a visit to Baghdad by Iran's Foreign Minister offered the **prospect of a significant improvement in relations** between Iraq and Iran. This **now seems likely**. Iranian foreign minister Kharrazi met Saddam on 13 October. [...] A week afterwards the MEK fired mortars at targets in Tehran. Optimistic Iranians hoped that Saddam had yet to rein in the MEK. We judge this unlikely. The MEK launched rockets across the Iranian border on 9 and 11 November, and again on 15 and 19 November. Iran retaliated on the 20th.

14. In any event, Saddam shows little interest in addressing the fundamental differences between Iran and Iraq and is **unlikely to seek a strategic alliance with Tehran**. He exploits internally the Persian and Shia threat, and externally seeks to portray Iraq as the enduring bulwark protecting the Arab world from Iran. At the same time, he seeks to expand cross-border trade with Iran and maintain the Gulf as a channel for illicit exports. But this is tactical and opportunistic, and would only be critical if other routes for trade were tightened. In the absence of this, Saddam shows no inclination to seek a political settlement with Tehran. Strategically, **his preference will be to develop relations with Arab countries**.