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INTERAGENCY INTELLIGENCE ASSESSMENT

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IMPLICATIONS OF ISRAELI ATTACK ON IRAQ

Summary

Israel's raid on Iraq's nuclear facility on 7 June could be a watershed event in the Middle East, creating new military and political realities. The US-Israeli relationship once more is a central issue in regional politics, and new strains have been added to US-Arab relations. Washington's ability to promote Arab cooperation against a Soviet threat or to bring the Arabs and Israelis to the bargaining table has been struck a hard blow. Arab leaders far from the frontlines in the Levant have been shown that their military and economic facilities are not beyond the reach of Israel's striking power. Rather than drawing them into a negotiating process, Israel's demonstrated prowess will only speed the arms race. Tel Aviv has made the point that it will not allow an Arab state to develop a nuclear weapons capability. In the absence of US restraint on Israel, Arab leaders will intensify their search for alternative ways to boost their security and protect their interests; this presents opportunities for the USSR. ~~(S NF)~~

This assessment was prepared under the auspices of the National Intelligence Officer for Near East and South Asia by the Central Intelligence Agency's Office of Political Analysis. The assessment responds to a request from NFIB principals. It was coordinated informally at the working level with the Bureau of Intelligence and Research of the Department of State, the Defense Intelligence Agency, the National Security Agency, the Department of Energy, and the intelligence organizations of the military services. ~~(C)~~

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The nuclear issue alone has far-reaching implications. Development of a nuclear weapons option is now part of the public debate in the Middle East. Former Defense Minister Dayan has dispelled the ambiguity that surrounded Israel's nuclear program by acknowledging Israel's capability to produce nuclear weapons, and the raid on Iraq has laid Tel Aviv's challenge before the Arab world in clear terms. (S NF)

Iraq's President Saddam Hussein responded by suggesting that wo.'d governments provide the Arabs with a nuclear deterrent to I. el's formidable nuclear capabilities. His message to other Ar s is that they can have no security as long as Israel alone co. . nds the nuclear threat. (C)

Saddam Hussein will find sympathy for his position throughout much of the Third World. [redacted] the recent OAU meeting in Nairobi noted that the destroyed Iraqi reactor is now viewed by many conferees as a symbol of Third World aspirations. Anger over its destruction taints general attitudes toward the United States and Egypt, as well as toward Israel. (S NF)

Arab reaction will indicate if Israel's raid was a turning point or simply another example of the region's instability. On the popular level, Arab anger will be directed at the United States for being responsible for Israel's ascendancy and at Arab leaders for having failed to protect Arab interests. Under such pressures Arab leaders will seek protection in the always nebulous Arab unity, intensify their conventional arms buildup, look for new ways to restrain Israeli power, and, in some cases, might reevaluate their relations with Washington and alter their view of the role the United States should play in the Middle East. (S NF)

Arab Reactions So Far

Neither deep-seated anger nor widespread conviction within the Arab world that the United States was somehow involved has been translated into action. Calls for retaliation have come from some Arab radicals and Arab media, but Iraq's agreement to the compromise resolution at the United Nations Security Council undercut demands for the use of the oil weapon. Use of oil or financial leverage would in any case probably require an Arab consensus similar to that reached in Baghdad following Egypt's signing of the Camp David accords. An Arab summit meeting for late summer to discuss the raid is being considered in some circles. (C)

Immediate Repercussions

The immediate political consequences of the raid have been along predictable lines. Iraqi President Saddam Hussein has suffered a blow to his prestige and to his ambitions to be leader of the Arab world and the nonaligned movement. It will take Iraq several years to rebuild its nuclear facilities, even if Baghdad finds cooperative suppliers of nuclear technology. (S NF)

A related consequence of the raid is damage to the Non-Proliferation Treaty (NPT) and to the IAEA safeguards system. The full scope of the damage is not yet clear. The Israelis have precipitated a debate over the effectiveness of the safeguards system by justifying their raid on the grounds that the IAEA safeguards system is a sham. This debate probably will have a detrimental impact. The safeguards system--though unable to prevent a nation from developing a nuclear weapon--has long been assumed to have a deterrent value because it raises the political costs of a weapons development decision. (S NF)

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The Iraqis have had the support of most IAEA members because of general acceptance that international and bilateral safeguards over Iraq's program were sufficient to guard against the diversion of fissile material for a nuclear device. Saddam's statements about the need for an Arab weapons capability, however, probably will inhibit future transfers of nuclear technology to Iraq from many IAEA members. (S NF)

The raid has damaged the rationale for a US Middle East policy based on cooperation against threats from the USSR. Arab leaders will claim even more forcefully than before that Israeli aggression and frustrated Palestinian aspirations are the central issues causing instability and that the United States holds the key to both. US requests for cooperation in countering the Soviet threat are now more likely to be met with counterdemands than with sympathy. (S NF)

Israel's raid on Iraq gives the USSR an opportunity to improve its position in the Middle East and to further discredit the Camp David process. The Soviets have encouraged the view that the United States was involved in the attack in an attempt to unify the Arabs against Washington and Tel Aviv. Moscow will also try to exploit the added strains in relations between the United States and the conservative Arab states, such as Jordan and Saudi Arabia, to promote its own relations with those countries. (S NF)

Although the Soviets are disappointed with US-Iraqi cooperation at the UN in the wake of the Israeli attack, they are using the raid to demonstrate Soviet support of Baghdad and to try to reverse Iraq's shift toward the West.

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Iraq probably will pursue its opening to the West, despite the Soviet efforts. (S NF NC OC)

The USSR is unlikely radically to change its cautious policy toward providing nuclear technology to other countries. Moscow's perceptions of the dangers of nuclear weapons proliferation coincide in many respects with US concerns. Soviet nuclear exports generally carry controls at least as stringent as those applied to US nuclear transfers. The Israeli attack on Iraq will reinforce these Soviet concerns about the problems inherent in nuclear proliferation, especially in a region as volatile as the Middle East. (S NF)

Longer Term Problems

Israel's raid will produce in the Arab world a deepened skepticism that the United States can, or intends to, play an unbiased peacemaking role in the Middle East. In Arab eyes, Washington has transformed Israel into a major military power that threatens Arab security and then refused to restrain Tel Aviv's use of that power. The Soviets will exploit this sentiment. (S NF)

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At the same time, the raid demonstrates--to moderate Arab leaders at least--that they have few, if any, immediate ways themselves to check Israel's power and few alternatives to continued US involvement in the peace process. The raid, then, will cause them to redouble their efforts to influence the Middle East policy of the Reagan administration, especially if they believe that policy is in its formative stage. (S NF)

Danger of New Shocks

Dramatic Arab action against US interests does not seem likely in the near term, but Arab policymakers and public opinion will be highly sensitive to new shocks for several months. The greatest danger is that some new Israeli action or US position which the Arabs regard as inimical will develop before the anger over the raid on Iraq has subsided. If such actions occur, risks to US interests increase substantially. Terrorist actions are, of course, an always present danger. (S)

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Events such as these could make the pressures on Arab governments to retaliate against the United States irresistible. Domestic opinion would be an important

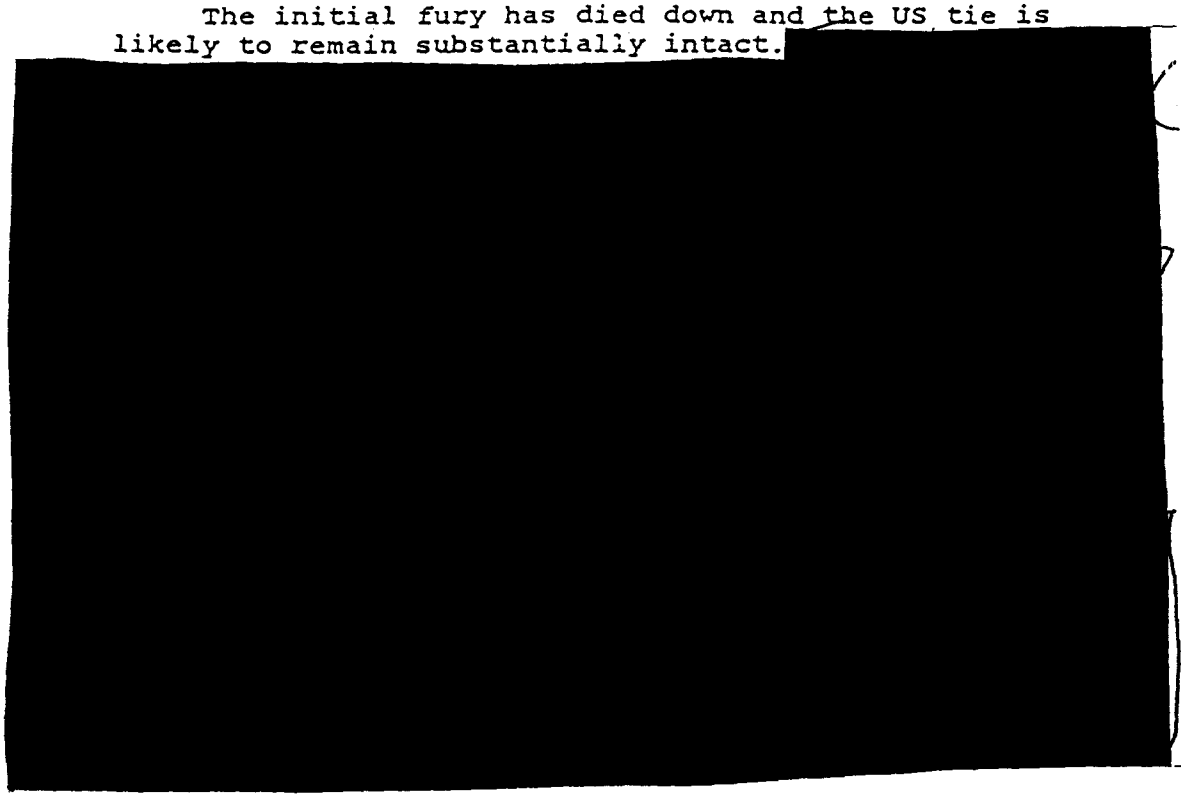
factor. It is virtually impossible to predict when Arab leaders, either individually or collectively, will judge that their political survival depends on more forceful action to placate popular sentiments. It is likely, however, that Israel's raid on Iraq has moved some Arab leaders closer to that theoretical point. (S NF)

Protests From US Friends

The most heated Arab reactions to the raid have come from governments in the Middle East generally supportive of the United States. Each presumably believes its US ties make it especially vulnerable to critics. (C)

Jordan. Jordan's reaction was highly emotional and strongly anti-US. Many prominent Jordanians have called for review of the regime's ties to the United States. They argue that Washington must have known about the raid in advance and that Jordan's close link to the United States is an embarrassment and a liability. (C)

The initial fury has died down and the US tie is likely to remain substantially intact.



Nonetheless, Sadat seems resigned to Begin's reelection and he probably is prepared to resume the stalled autonomy negotiations. The Egyptian leader does not want to give Tel Aviv any excuse for refusing to return the eastern Sinai on schedule in April 1982. (S)

The raid probably has increased the chances, however, that after April Egypt will look for new alternatives to the autonomy talks and seek to reestablish its position in the Arab world by substantially cutting back its ties to Israel. Egypt will not abrogate the peace treaty, but Sadat may be prepared to halt the normalization process if provoked further. (S)

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Saudi Arabia. The impact of the raid on US-Saudi relations will not be fully felt until Saudi leaders can more completely assess attitudes within the royal family, among the Saudi public, and in Arab councils. Saudi leaders have been able to use US support for the UN resolution condemning Israel to deflect questions about the value of close ties to the United States. (S)

[redacted] Saudi Arabia, however, has publicly rejected the notion of US complicity. [redacted]

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Iraq and Libya. Saddam Hussein's reaction to the raid has been governed largely by his concern over the war with Iran. He is trying to use the heightened anti-Israeli sentiment to improve Iraq's ties with Syria and Libya, Iran's principal Arab backers. He would like to end Libyan and Syrian military aid to Iran, to create a solid Arab front against Tehran, and to put pressure on Tehran to negotiate an end to the war. He also hopes to unify the Arabs against Israel. A more realistic objective is simply to gain greater sympathy for Iraq's struggle against Iran, and to embarrass the Syrians and Libyans for their continuing support for Tehran. (S)

Saddam Hussein's temperate behavior has probably strengthened his ties with moderate Arab states, which have supported his moves away from Moscow and his war effort against Iran. It also has drawn favor from West European and Third World states, which are accustomed to more extreme Iraqi reactions. Saddam Hussein has permitted criticism of the United States for its role in arming Israel, but he did not repeat even standard criticisms of the United States in his first public speech after the raid. This restraint may reflect his continuing determination to balance his relations with the superpowers. Israel's raid, however, plus deep suspicion that the United States was an accomplice, have bolstered the hand of hardline Ba'thist's who oppose Saddam Hussein's recent tilt toward the West. (S NF)

It is too early to judge how seriously Saddam Hussein's domestic position has been damaged by the raid. His decision to accept a compromise resolution at the UN was opposed by some Iraqi officials. The raid also intensified dissatisfaction over the war with Iran. (S NF)

Libyan President Qadhafi quickly saw in the raid an opportunity to refurbish his regional credentials and to regain entry into Arab councils. Playing upon the theme of Arab unity in the face of Israeli and US aggression, Libya is moving aggressively to reestablish relations with a number of Arab states, including Morocco, Jordan, Iraq, and Saudi Arabia. Underlying motives for his actions may be fear of US intentions as well as of an Israeli attack on Libya. To facilitate his reentry into the Arab mainstream, and establish a greater degree of regional respectability, it is possible, although by no means certain, that Qadhafi will temporarily moderate his support for subversion of his Arab neighbors. ~~(C)~~

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