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MERSURVEY

Middle East Policy Survey

a bi-weekly report on Washington and the Middle East

June 26, 1987

No. 179

EXECUTIVE BRANCH

ALL ABOARD FOR THE GULF

After weeks of internal dissent and public confusion, Administration officials are now pretty well united in their efforts to proceed with the increased US Gulf role - highlighted by the reflagging of 11 Kuwaiti oil tankers. With little expectation that Congress will move to block Administration plans and none that Kuwait will withdraw its request, a new atmosphere has developed. "I think everyone realized that the train has left the station," said one State Department insider this week. "And Congress has come to the same conclusion some of us reached in the spring [that] the policy isn't neat or pretty or ideal, but it's the only one we can pursue."

Secretary of State Shultz, who has been noticeably absent from the public debate, is scheduled to appear on a Sunday interview program where he is expected to articulate the Administration's position. "Shultz' reemergence takes the burden off Weinberger and the burden of Weinberger off us," cracked one State Department insider reflecting widespread dissatisfaction among Administration officials as well as Arab diplomats over the Defense Secretary's inconsistent performance on behalf of the Gulf policy.

As Shultz prepares to take the lead, other Administration officials are working to correct apparent contradictions in Administration statements. For example, the question of whether or not the Administration welcomes assistance from the Soviet Union, is handled like this by one key Administration official. "Yes, we welcome them [the Soviets] diplomatically. No, we do not want their military assistance."

In practical terms, this means US officials expect to raise the Gulf War in talks next month with their Soviet counterparts. They will seek Moscow's support for a UN resolution calling for a cease-fire and eventual arms sanctions against either party that refuses to accept the resolution. But at the same time, the Administration will continue to press the Gulf states to keep the Soviets at arms length and avoid granting of new rights to Soviet warships.

Administration officials are also trying to counteract the impression [given added weight by Weinberger] that the Iranians are irrational and therefore capable of successfully challenging the expanded US naval presence in the Gulf. "Iran is not capable of doing to us in the Gulf what Syria did to us in Lebanon," explained one formerly skeptical analyst this week. "Our exposure is more limited and [unlike in Lebanon] we are not chasing after grandiose political accomplishments." Said another US official, "I think the Iranians are more afraid of us than the other way around. After all our frustrations there, they must wonder about our irrationality." [This line was not lost on Arab diplomats in Washington. Said one Gulf Ambassador, "Iran must be aware that there is nothing more dangerous than playing with a wounded lion."]

In addition to countering the confusing welter of arguments previously expressed, Administration officials are now attempting to focus on one convincing approach. For

some this means emphasizing the villain not the victim. "We know trying to promote Kuwait is a losing proposition," said one State Department official. "So we are emphasizing the dangers of a rampant Iran." This approach goes down well with a number of Arabs who have been sensitive to Congressional charges that the new Administration policy amounts to siding with Iraq in the Gulf war. "This should not be seen as a 'tilt' towards Iraq," explains one Gulf diplomat. "It is an effort to stop Iran from picking on one small state today and others tomorrow."

Taking this point a step further, one Administration analyst contends that the most fertile arenas for "Khomeinism" are Lebanon and the West Bank. Therefore, it is in Israel's interest [and that of its supporters] to contain it now. But perhaps the most refined version was offered by a former State Department official. "The need for friendly secure Gulf States is a fact of life for the US. You don't have to like the Kuwaitis to defend them."

THE CREDIBILITY PROBLEM

Still, the Administration's ability to present and pursue a coherent Gulf strategy is continually hampered by its own lack of credibility. As the Venice Summit demonstrated, the President's ability to project credible leadership is constantly being questioned.

Specifically, at a Heads of Government dinner, President Reagan had to be prompted by British Prime Minister Margaret Thatcher. And still, according to informed sources, he forgot his Gulf lines. As a result, the European allies were left at a loss. "First he asks for support, then he doesn't raise the issue; then he compliments us on our support," said one confused diplomat.

At a lower level, the problem of credibility, is, if anything, more acute. A case in point is a recent meeting between Undersecretary of State Michael Armacost and diplomats from the Peoples Republic of China. The Chinese had been summoned to receive a tongue-lashing for their provision of Silkworm anti-ship missiles to Iran.

The US, according to informed sources, has photographic evidence of the missiles being loaded onto Chinese ships, at sea, and being off-loaded at the Iranian port of Bandar Abbas. The Chinese have routinely denied the allegations, and not surprisingly, the Chinese Ambassador reiterated his government's contention to Armacost. But Armacost persisted. "We have evidence of Chinese arms going to Iran," he said. The Ambassador then responded, "I have seen no evidence of Chinese arms going to Iran, but I have seen evidence of American arms going to Iran."

With this the confrontation dissolved into laughter. But at last one official who had heard of the encounter was not amused. "It shows that no one takes us seriously," was his conclusion. [For their part, the Chinese have been indiscriminate in arms supply to the Gulf war protagonists. Administration officials estimate China has sold approximately \$1.5 billion in arms to Iran and \$1 billion to Iraq. Their motivation, say these officials, is purely financial. Since 1984, when the government began cutting back the military budget, China's military leaders have tried to make up the shortfall in part with foreign military sales. "Since 1984, despite a 'full-court press,' we have been unable to stop China's arms shipments. They just deny them," says one State Department official. "They have no shame at all."]

MIDDLE EAST

THE GLASS KIDNAPPING - HOW DOES IT FIT?

At first, the kidnapping of American journalist Charles Glass was seen by some observers as Iran's opening salvo in its war against US assistance to Kuwait.

It seemed to fit into the pattern of "unconventional acts" which US officials are expecting from Iran. But most US analysts as well as regional observers are now viewing the kidnapping more as part of the continuing struggle between Syria and radical Shia elements with ties to Teheran. "When the Syrians first went into Beirut, they talked and in one instance [the attack on a Hezbollah barracks] acted tough," noted one US analyst. "Now it doesn't look like it's working."

Apparently Glass and other western journalists had been told they would be under Syrian protection if they visited Beirut. But Glass was kidnapped within 150 yards of a Syrian checkpoint. "With the Glass kidnapping, Hezbollah has thrown down the gauntlet," said one US official this week. This official says the Syrians have two days [other observers say up to two weeks] to arrange for Glass' release or risk losing a great deal of influence. Already the Syrians have moved troops into position around the southern suburbs of Beirut. "We may be about to witness a major showdown," says one observer.

What perplexes some US analysts is that Syria and the radical Shias have not been able to work out a compromise solution. One analyst argues that the West German decision not to extradite Mohammed Ali Hamadi to the US was the ideal "hook" for the Shias "to declare a victory" and free Glass. [The West German decision received mixed reviews within the Administration as well as in the press. Justice Department officials were reportedly outraged - "They tend to be somewhat narrow in their approach," observed one State Department insider. "I think they would have been willing to break diplomatic relations to get their man." But a number of specialists believe that trying Hamadi in a West German court sets an important precedent in the fight against international terrorism. They note that recent agreements signed by the US and its allies require Germany to try Hamadi even though his crime took place in another country and did not involve West German nationals. "It's a positive development that a country other than the US is forced to take a hard line against terrorism," says one US official.]

But some US analysts have long predicted a Syrian-Shia confrontation. This expectation helped propel a decision to offer to send a special US envoy to Damascus [first reported in the Survey, April 17, 1987]. Recent moves by Damascus against the Abu Nidal organization, including closure of its offices and expulsion of most of its operatives were, however, key to the decision. Now, the Survey has learned that if Syria accepts the offer, President Reagan will dispatch UN Ambassador Vernon Walters to Damascus.

Israeli analysts, taking perhaps a more short-term view, expressed amazement at the Syrian-Shia confrontation. They had thought they were witnessing a trend toward Hezbollah-Syrian cooperation and that recent evidence, they say, showed a joint determination by Teheran and Damascus to cool Hezbollah hostility to Syrian forces. Now they conclude the kidnapping and the confrontation may be the result of another twist in Syrian-Iranian relations - one related to recent moves by Syria toward Iraq.

SYRIA AND IRAQ

This move, midwived by Jordan, reached a peak in April in a high level meeting in Jordan between Syrian and Iraqi leaders. Some US analysts have downplayed the significance, one saying, "The Syrians always play footsie with Iraq in the spring during oil negotiations [for subsidized and free Iranian oil to Syria]."

But others, closer to the scene, purport to see a different, more positive trend. They say Syrian President Hafez Assad and Iraqi President Saddam Hussein have narrowed their differences on proposed future relations between the two Baathist Party states [an important ideological point]. And these US officials foresee the possibility of another high-level Syrian-Iraqi meeting in July.

The Jordanians are the most enthusiastic backers of an Iraqi-Syrian rapprochement. US officials believe Amman's aim is the convening of an Arab summit. This summit, the Jordanians hope, would take a unified position on the Gulf war and endorse Jordan's approach to an international peace conference on the Arab-Israeli issue.

JORDAN'S FRIEND SHIMON PERES AND THE INTERNATIONAL CONFERENCE

While the Jordanians promote an international peace conference in the Arab world, Israeli Foreign Minister Shimon Peres is off in Europe doing likewise ["Sort of preaching to the choir, if you pardon the expression," said one Administration official this week]. But to hear it from US officials, Peres hasn't forgotten to promote his putative negotiating partner, King Hussein.

Peres, the Survey has learned, told State Department Assistant Secretary Morton Abromowitz, on a recent visit to Israel, that the US was making a mistake in not investing the same "quantity and quality" of assistance in Jordan as it had in Egypt. This rather unusual lobbying by an Israeli leader on behalf of an Arab state technically at war with Israel shocked some Administration officials. They were particularly taken aback by what they saw as support for Jordanian military requests. Other US officials who have met with Peres, however, doubt the Israeli Foreign Minister was offering support for the Jordanian military. But they admit that requests for increased US economic assistance to Jordan has been a constant refrain of Peres and his top advisers.

POOR PROSPECTS FOR A CONFERENCE

Both Peres and Hussein have been "depressed" about the prospects for an international conference, say State Department insiders. Peres has told US officials that if no progress is made before the autumn, the US will have effectively ruled itself out of the process until a new Administration takes office in 1989. And Peres warns, this vacuum could be filled by the new aggressive Soviet leadership.

These warnings fall on fertile ground at the State Department and the US embassy in Tel Aviv. Some Near East Affairs bureau specialists as well as the US Ambassador to Israel Thomas Pickering are pressing for what one insider calls "another run" at Israeli Prime Minister Yitzhak Shamir. This effort, some argue, would be a last attempt to convince Shamir of the merits of a conference before urging Secretary of State Shultz to declare full backing for Peres.

However, senior US officials show little inclination to adopt this approach. Presently the only specific plans regarding the international conference are for the issue to be raised in next month's meetings with Soviet officials. And the expectation there is for an ambiguous Soviet reply.

But should the Soviets again surprise the US, as they did on arms control, by accepting an American offer, Administration officials say they are prepared. To begin with, they will demand that Moscow reestablish diplomatic ties with Israel and allow large-scale Jewish emigration. In addition, the Administration will require "tests" of Soviet good intentions. These include an end to hostile propaganda aimed at Israel, both domestically and internationally. Moscow would also have to show "good faith" in requiring a less than total Israeli withdrawal from occupied territories and demonstrate a willingness to "pay a price" for its changed positions in the Arab world. As one observer concludes, "All the Administration is asking is for the Soviets to turn themselves into Denmark."

MEPS SURVEY

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July 10, 1987
No. 180

MIDDLE EAST

GULF POLICY: ADJUSTING TO CRITICISM

Amid the continuing barrage of Congressional and press criticism, Administration officials are pressing ahead with plans for an increased US military role in the Persian Gulf. But key Administration officials admit that the criticism is affecting, and in some cases, shaping US actions.

For example, the carrier task group being deployed in the Indian Ocean was not scheduled to be there this time of year. The battleship Missouri, now on its way to the Indian Ocean, was slated to conduct routine exercises there, but not be stationed near the Strait of Hormuz. In fact, the Navy is confident that the task of escorting the 11 reflagged Kuwaiti tankers can be handled with only a modest increase in US forces. Air cover is superfluous, as is the added firepower of a battleship.

Pentagon officials explain the Navy already escorts 3 to 4 Military Sealift Command ships per month through the Strait of Hormuz. These ships routinely resupply US naval forces on duty in the Gulf. [Occasionally, a US-registered cargo ship delivering US arms to friendly Gulf states is also escorted, but since American maritime rates are exorbitant, Arab arms purchasers usually charter less expensive foreign-flagged vessels.] Once final agreement is negotiated with Kuwait, these officials expect, at most, 5 more trips per month.

CONGRESSIONAL PROBLEMS

And despite some confusion generated by last week's trip to the region by a dozen members of Congress, led by House Armed Services Committee Chairman Les Aspin ["Aspin went out there with one idea in mind, scuttle or delay reflagging," said one angry Administration official this week], US officials deny there is any intention to expand the US reflagging effort. Of the 11 Kuwaiti tankers to be reflagged, most will be used for long hauls to Europe, Turkey and Japan. Only 1 - renamed the Bridgeton - will be employed on the more frequent "shuttle run" from Kuwait to Khor Fakkan, just outside the Strait of Hormuz.

The Kuwaitis, who instituted the shuttle at the beginning of the war in order to allow customers to offload crude oil away from the war zone, are expected to use chartered British ships for the bulk of the shuttle. [The British have, in contrast to the US, very quietly increased their Gulf activities. Without changing their rules of engagement, they are employing nearly 20% of the Royal Navy in direct or indirect support of Gulf activities, according to informed sources.] US officials believe that the Kuwaitis, by limiting the exposure of the reflagged US ships, are attempting to test Iranian intentions. "I think it's another clever move by Kuwait," says one Administration planner. "They want to see if Iran continues to target them, goes after us or singles out the Brits." A further "test" now anticipated by Administration officials is a Kuwaiti request to directly charter 2 American tankers.

This maneuvering by Kuwait clearly left some of the Congressional delegation, including Aspin, uneasy. And despite the public denials that a change in plans is immi-

ment, privately Administration officials acknowledge the final arrangements are not set [or as one Pentagon official puts it, "The shuttle is on hold due to contingency implementation").

But in any event, say Administration officials, the Navy is instituting a convoy system that will insure the escort service is kept to a minimum. Any reflagged or directly leased US tanker arriving at Khar Fakkan will have to wait some time after off-loading for a sizeable flotilla to be organized for the return trip.

Also in response to public concerns, the US has enlisted the support of Saudi AWACS early warning aircraft to oversee convoy passage through the Strait. Since the beginning of the year, Saudi Arabia has received 5 AWACS planes in addition to the 4 US-owned AWACS already in operation. The new AWACS will also be jointly manned by US personnel and, like the original 4, will be provided with air cover by Saudi-piloted F-15 aircraft. [However, the Saudis have yet to receive overflight rights from the United Arab Emirates. US officials say the infringement of UAE airspace will be minimal, and understand the Emirates' reluctance to become directly involved - thus risking the wrath of Iran. Still, US officials and Gulf diplomats expect eventual UAE approval. As one Arab diplomat puts it, "It's rather difficult to say no."]

RATING THE THREAT

US officials rate the conventional threat to the convoys as "low to moderate." At the moderate end are Iran's now well-known Chinese-made Silkworm radar guided missiles. But, say Pentagon officials, the Silkworms are the product of 1960s technology and they are confident the Silkworms can be easily neutralized by on-board defenses [somewhat more problematical, say these officials, is the tankers' defense against the Silkworms. So, Navy planners in arranging the convoys, are working to minimize the tankers' exposure by using US naval ships to provide direct cover.]

The greater threat is an unconventional attack by Iran. Such attacks, say US planners, include the possibility of sabotage of US ships while in Persian Gulf ports, terrorist strikes on US diplomatic and military installations; and suicidal forays by Iranian Revolutionary Guards. These possibilities are all rated in the "moderate" category and clearly have US officials, including the military, concerned. As one veteran official said last week, "Given the armed forces' experience with casualties during the Reagan Administration, it's not surprising that the Pentagon raises few objections to more and more firepower."

GETTING THE POLICY STRAIGHT

Given the contrast between disquiet expressed in the press and on Capitol Hill and the public determination to press ahead by the Administration, it is not surprising that some Gulf Arabs complain about receiving mixed messages from the US. In the Gulf, the view is that neither they nor the US has any other choice but to work together.

Pointing out that it isn't easy for the Arabs to accept a public US embrace, one Gulf Arab diplomat says, "Our preference has always been for US help to be 'over the horizon.'" But Gulf Arabs say that after the fall of the Shah and the Lebanon debacle, US credibility is at stake. Most important, the Iran affair, say these Arab diplomats, forced the Administration's hand. Says one Gulf diplomat, "[The Iran affair] scared everybody to death. It looked to us like the US was ready to abandon us to the Iranians." And says this diplomat, no state was more frightened than Kuwait, whose territory adjoins the area of the most recent Iranian military successes, the southern front around Basra. This diplomat, voicing the concerns of a number of his colleagues argues that for its own interests, the Congress should be assisting the President in retrieving his position as well as that of friendly Gulf States.

But Congressional critics respond there is no way for the US to help Kuwait to defend itself without being perceived as taking on Iran. And in confronting Iran, there is the

nagging suspicion as one member of Congress puts it, "In the end, the Iranians will probably make asses of us again." Moreover, members of Congress resent the attitude, as one puts it, "The Arabs want Iran to be taught a lesson without endangering themselves. The Kuwaitis in particular need to realize we are not asking them to protect our ships." Finally, as even the most supportive US officials admit, there is no end in sight to the Iran-Iraq war. Just this week, the Algerians, the most tireless mediators, told US officials they have abandoned their efforts. "The Algerians have finally concluded there is no way of getting around [the Iranians'] crazy demands," explains one State Department official.

EXECUTIVE BRANCH

A NIGHTMARE FOR ISRAEL?

US officials were unpleasantly surprised this week by reports from Israel that the Cabinet may yet approve production of Israel's new jet fighter, the Lavi. "We thought that turkey was grounded," said one shocked State Department official. "My feeling was we had stopped it," echoed a dismayed Pentagon insider.

The reason for the surprise was that just a week ago, US officials thought they had been negotiating the demise of the Lavi with Israel's Defense Minister Yitzhak Rabin. Rabin, in fact, had come to Washington to learn what assistance the Administration was prepared to offer for scrapping the Lavi. Rabin, like nearly all senior military officials in Israel, actively opposes continuation of the program. They all see it consuming an ever-increasing portion of the military budget as a result of escalating costs and continued delays.

Not surprisingly Rabin found a receptive audience in Washington. The US was prepared to allow Israel to use its military assistance for termination costs. The Pentagon was also willing to continue to allow a guaranteed sale of \$150 million in Israeli military equipment to the US [a so-called "offset" agreement that only Israel, among US allies, is granted]. A third enticement was Administration support for continued Israeli purchases - with US aid - of goods and services from other than US suppliers. Finally, the Pentagon and the General Dynamics Corporation guaranteed delivery of the advanced F-16C aircraft (as a substitute for the Lavi) within 36 months. The only refusal Rabin encountered was for his request for additional military assistance - above the \$1.8 billion Israel already receives annually. And as one Administration official put it this week, "Additional money would only encourage those in Israel who may still believe we're going to bail them out on the Lavi."

THE REASON WHY

But, if anything, Israeli attitudes hardened as they began to come to terms with the costs of developing their own aircraft. Both Likud Prime Minister Yitzhak Shamir and Labor Foreign Minister Shimon Peres see the Lavi as a source of national pride, with Peres in particular arguing that the fighter aircraft is Israel's entree into the international high tech arena. Dutifully supportive, one well-connected Israeli explained, "If France can have its [uneconomical] new fighter and so can Sweden, why not Israel. [A point effectively countered by one observer who called in the "Lemming philosophy." He also joked that when the French are knee deep in the water, the Israelis will be six feet under.]

But in citing national pride or high tech concerns, the Israelis are being more than a little disingenuous, say US officials. Pentagon officials, for example, cite Israeli participation in the Administration's Strategic Defense Initiative as a much better route to high tech. Instead, the Administration is convinced that only crass political calculations motivate both Peres' and Shamir's support for the Lavi.

Even pro-Israel activists acknowledge the paramountcy of political calculations. One jokingly calls the Lavi, "the world's only 6 seater fighter aircraft" - a reference to the

number of parliamentary seats that could be affected if thousands of workers lose their jobs as a result of a shut-down of the Lavi program.

After recovering from the shock, some US officials tried to talk tough. "I hear it's time to play hard ball with the Israelis," said one State Department insider this week. But then he added, "Could you tell me what that means?" Meanwhile, over at the Pentagon, officials were bracing themselves for an Israeli request to be allowed to exceed the \$500 million per year they now spend in US aid on the Lavi. As one official explained, "The Israelis will have to start spending more money. They can't afford to stretch out production or costs will really skyrocket."

Some Israelis tried to be philosophical. Still estimating a go-ahead for the Lavi at "50-50," one well-connected Israeli said, "It's a program based on hopes. Hopes that the next Administration will allow us to sell the Lavi abroad. Hopes that somehow we will find the money." Then he added without much conviction, "After all, we are a country built on hope."

A DREAM FOR EGYPT?

Hope seems also to be fueling Egyptian plans for a new tank. But to hear it from a wide range of US and Egyptian officials, their recently disclosed plan to produce the American-built M1 tank is being developed in such a way as to prevent a repetition of the Lavi debacle. "A more appropriate analogy," says one source close to the Egyptians, "is Israel's Merkava tank." The Merkava, say a number of experts, is a successful application of homegrown expertise, US aid and technology.

More important, say Administration officials, US control over the planned development of an Egyptian-built tank insures that the Egyptians will not suffer even if they fall far short of being able to fully develop their own model. These officials say the Egyptian program is being divided into 12 phases, each one capable of being justified on its own. The first phase, for example, involves construction of a facility to repair and rebuild the older US-supplied M-60 tanks now in the Egyptian inventory. And this phase will take 4 years to complete. Only then could the facility be converted into a manufacturing facility for M-1 parts.

"While the Egyptians are saying that they are going to build a tank, I'm saying not in my lifetime," asserts one well-connected US official - a view widely shared at the State Department and the Pentagon. "I think, despite what the Egyptians say, their realistic goal is an assembly plant," explains a State Department official. And even this the Egyptians admit is years away.

But still the justification from Cairo sounds remarkably like the words about the Lavi emanating from Jerusalem. As one well-connected Egyptian explained, "The tank is not just a matter of economics. It is a symbol of national achievement. Every country needs to get into 'high tech.'"

Such sentiments brought a tide of protest from Congress. Some senators, citing the possible loss of American jobs and the danger of compromising US technological secrets, threatened to pass legislation blocking any potential Egyptian tank production. But Administration officials, reacting quickly, presented evidence of their long-term schedule and were able to calm Congressional concerns. "Emotion ran pretty high last week," admitted one State Department official. "If they had a chance, they probably would have voted some prohibition. Now I think they understand."

What is more difficult to explain is why members of Congress had to learn about Egyptian plans from press accounts. "The issue was really premature," explained a Pentagon official. "It's hard to gauge when to bring Congress in. There never seems to be a good time. We are either too early, so they're bored or too late, so they're outraged. It's our constant dilemma."