

## Iraq:

# Prospects for an 'October Surprise'?

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### Brief Analysis

Iraqi actions of recent weeks-- renewed threats against Kuwait and Saudi Arabia, violations of Saudi air space by Iraqi combat aircraft, and a belligerent speech by President Saddam Husayn inciting OPEC against the U.S.-- have stoked concerns that Iraq may seek to foment a crisis this autumn while American attention is focused on the U.S. presidential campaign, in order to further erode sanctions and perhaps influence the outcome of the U.S. elections.

He's Back! Following Operation Desert Fox (December 1998), Saddam Husayn turned inwards, devoting his energies to ensuring stability and the survival of his regime. In recent months, however, he appears to have recovered his confidence; earlier this year he rescinded an order issued during Desert Fox that delegated authority in a crisis to four of his lieutenants, and since August, he has delivered a series of speeches excoriating his foreign enemies. In addition, Saddam has made progress in breaching the walls of the "box" that contains him, including visits by a Russian ministerial delegation and Venezuelan President Hugo Chavez in August, and Russian businessmen and French anti-sanctions activists in September (arriving via commercial flights). Indonesian President Abdurrahman Wahid is expected to visit later this year.

Saddam has taken advantage of past American presidential campaigns to launch major challenges; such concerns apparently underpinned the recent decision to alert a Patriot unit for deployment to Israel in early September (which was leaked to the press). At the same time, however, Washington reportedly told UNMOVIC executive chairman Hans Blix to delay the resumption of inspections in Iraq, since the U.S. was not ready to challenge Baghdad on this issue at the time, thereby sending mixed signals to Baghdad concerning American intentions.

Iraqi Policy Options Should Saddam return to brinkmanship-- presumably to foment a crisis that would further undermine sanctions or affect US presidential elections-- what are Baghdad's options?

Intensify Challenges to the No-Fly Zones. Since Desert Fox, Iraq has continuously challenged the no-fly zones, probably for both domestic and foreign policy reasons. These efforts have neither succeeded in downing a coalition aircraft or generating much international pressure for an end to coalition overflights. The Iraqis might try various tactics-- such as ambushes using surface-to-air missiles rapidly reintroduced into the no-fly zones-- in the hope of

capturing a coalition pilot to use as a bargaining chip. However, experience in recent years with Americans captured by Iraq and Yugoslavia cast doubts that the taking of captives would confer much leverage on Saddam.

Threaten the Autonomous North of Iraq. Baghdad could again retake parts of the autonomous northern region-- such as the city of Irbil (as it did in August-September 1996)-- which lacks natural defenses and is located only a few miles from government forces, in order to show who remains in charge. (It should, however, be kept in mind that Saddam retook Irbil in 1996 at the invitation of the Kurdish Democratic Party and left as soon as he had accomplished his main objective: rolling up Iraqi National Congress members there). Moreover, it is not clear whether the Iraqi military-- which has been greatly weakened by sanctions-- is up to more ambitious tasks (i.e., retaking Sulaymaniyah), or would be capable of securing its gains there; by moving deep into the north, Saddam might be biting off too much. Nor is it clear that Iraq feels a need to reestablish its presence in northern Iraq at this time; it is able to monitor (and if need be influence) events in the north through its agents there. Furthermore, there is no pressing need to reestablish control over the north now, since neither major Kurdish group is actively involved in efforts to overthrow Saddam at this time. Finally, the seizure of northern Iraq might spur another mass refugee flight that could unnecessarily alienate Turkey, and prompt undesired foreign intervention.

Threaten Kuwait. Iraq could threaten to retake Kuwait as in 1994, but at only at great risk. Thanks to the southern no-fly zone, the U.S. would almost certainly obtain advanced warning of an Iraqi move south. (Iraq cannot launch a standing-start attack; in 1994 it took about a week for Iraq to move two Republican Guard divisions from the north and center of the country to the Kuwaiti border.) And due to the no-enhancement zone in southern Iraq (established by UNSCR 949 in October 1994), the U.S. could justify air strikes against Iraqi units brought south to threaten Kuwait. Iraqi forces would risk taking heavy losses before they even reached the Kuwaiti border. Finally, the U.S. has dramatically beefed up its military presence in the region since 1991, and greatly enhanced its ability to rapidly reinforce its forward military presence. Thus, in 1994, the U.S. was able to field a mechanized brigade combat team capable of defeating a much larger Iraqi force (relying in large part on pre-positioned equipment) within about a week of the onset of the crisis. (By contrast, in the week following the 1990 invasion of Kuwait, the U.S. deployed a lightly-armed airborne brigade to Saudi Arabia, which would have acted as nothing more than a "speed bump" had Iraqi forces moved into the Kingdom.) Today, Iraqi attempts to retake Kuwait would not only end in a military debacle, but could succeed in resurrecting-- albeit temporarily-- the international coalition against Iraq.

Destabilize Jordan. Saddam lacks the ability to threaten U.S.-ally Jordan on the ground, because Iraq's army lacks the ability to operate so far from its main logistical and operating bases near the center of the country. However, Iraq might seek to destabilize Jordan, playing on still strong sympathies for Saddam Husayn among much of the populace, and using intelligence agents among the 100,000-200,000 Iraqis now residing in the Hashemite Kingdom. However, such a move would be counterproductive. Iraq earns millions of dollars a year from oil sales to Jordan, and a large trade in smuggled goods flows through there. A move against Jordan would jeopardize all this.

Manipulate the Oil Market. Saddam could earn hundreds of millions of dollars for his own use, outside of oil-for-food, by playing the oil market as he is believed to have done in the past. He could use options and futures to lock in a profit if the price of oil rises, and then-- after making threats that increase oil prices-- cash in. Alternatively, the combination of a tight and jittery oil market and an accumulated surplus of some \$5 billion in uncommitted funds in its UN oil-for-food escrow account in New York--which Iraq could live on for six months or more--might tempt Saddam to cut oil exports as a means of extracting concessions from the UN concerning sanctions (as he has done in the past). Such a step would be difficult to challenge; Iraq would be widely seen as within its right not to sell its oil if it so desires. It is therefore hard to believe that such an action would spur foreign military intervention. This option, therefore, offers the attraction of hurting Iraq's enemies without being aggressively provocative.

Conclusions While it would seem that a military challenge is unlikely (except as a means of driving up oil prices), it

would be imprudent to dismiss such a possibility altogether. Thus, in addition to girding for military action (most likely an escalation in the no-fly zones or a limited military incursion in the north), the US and its allies should prepare for a temporary reduction in Iraqi oil exports as winter approaches, and the demand for oil increases. Accordingly, the US should seek broad international agreement that were Iraq to halt oil exports, those countries with strategic reserves would draw on these stocks, until Saudi Arabia, Kuwait, and the UAE make up much of the shortfall by increasing production.

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