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MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE SECRETARY OF COMMERCE
THE DIRECTOR OF CENTRAL INTELLIGENCE
THE CHAIRMAN, JOINT CHIEFS OF STAFF

SUBJECT: U.S. Policy Toward Iran (S)

Iran's resources and location make it strategically important for U.S. interests in the Persian Gulf, the Middle East, Central Asia and South Asia. As part of the Administration's review of key foreign policy issues, we plan to begin a thorough review of policy toward Iran. (S)

Our objective is to develop a broad and coherent strategy to guide our policy toward Iran. In preparation for a Deputies Committee meeting and a possible Principals Committee meeting, a policy paper should be provided by March 8, 1993, that addresses the best current information and assessments on the questions listed in Part I below, and an assessment of what would be required to implement the possible actions listed in Part II, including an initial analysis of the advantages and disadvantages of doing so. No presumptions should be made about limitations on policy. Possible conflicts among different policy options should of course be part of the analysis. (S)

BACKGROUND

President Clinton has publicly noted his concern about Iran's efforts to develop and acquire weapons of mass destruction and the means to deliver them. He also has expressed his intention that the issues of counter-terrorism and human rights be major concerns of the foreign policy of his Administration. Finally, he has pledged continuity and signalled his strong support for the Arab-Israeli peace process by sending Secretary Christopher on his first diplomatic mission to the Middle East. The Clinton Administration also is committed to maintaining security in the Gulf and preventing its domination by any hostile power. In all of these important areas the United States has significant and longstanding concerns about the policies of the Iranian government. (S)

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U.S. policy has been to offer to discuss these and any other outstanding issues with the government of Iran face to face through an authoritative channel. The Iranians have refused to meet with U.S. representatives directly and official communications are conducted via the Swiss Embassy. Iran has been placed on the Terrorism List and remains under sanctions. The U.S. and Iran continue to participate in the Hague Tribunal to resolve outstanding claims dating from the Iranian revolution and the hostage crisis, as well as the shootdown of an Iranian Airbus in 1988. (S)

PART I: ASSESSMENT OF THE SITUATION

1. What fundamental U.S. interests are at stake with respect to Iran? What threats does the Iranian government pose to U.S. interests and what are their relative priority? (S)
2. What is the nature and status of President Rafsanjani's regime and its hold on power? What are the dynamics of the regime's politics and the relationships between its key actors? Is there any evidence that substantial unrest is likely? From what forces? What is the status of the loyalty of the military (including the Revolutionary Guards)? (S)
3. What is the status of the Iranian economy? Are the Iranian regime's current economic policies capable of rebuilding the country from the destruction of the revolution and the Iran-Iraq war? What are the long-term economic prospects for the country? What are the implications for the government's foreign policies and military build up of Iran's growing economic debt? (S)
4. What are Iran's military capabilities and its military intentions vis-a-vis Turkey and Central Asia, Iraq, and the Gulf Arab states? To what extent is Iran a military threat to its neighbors? (S)
5. What is the status of, and projections of, Iran's development or acquisition of weapons of mass destruction arsenal, its ballistic missile force and other delivery systems? Who are the key external sources of support for these programs? Specifically, what is the current status and future prospects of Iran-Russian military acquisitions? (S)
6. What is the status of Iran's conventional capabilities and defense industrial base? Who are the key external sources of support for these capabilities? (S)
7. What is the status of the Iranian opposition, including the Mujadhedine Khalq and the various Kurdish, and other minority oppositionists? What is the status of U.S. government relations with the opposition? (S)

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8. What is the impact on Iran of our current strategic trade controls for each of the following: COCOM, nonproliferation, and terrorism control lists? What is the status of our consultations with the G7 on restricting technology transfer (including nuclear reactors) to Iran? What is the status of our consultations with Russia, China and other states on restricting destabilizing technology transfer? What new steps would bring improved results in these consultations? (S)

9. What is the extent of Iran's support for international terrorism and subversion? To what extent is the Iranian leadership directly involved in terrorist operations against dissidents and other targets? (S)

10. What is Iran's policy toward the Arab-Israeli peace process and how does Tehran manifest this policy in practice? What is the status and likely direction of Iran's relations with Hezbollah and Hamas and the other Palestinian fundamentalist groups? (S)

11. What is Iran's policy toward Iraq and the United Nations Security Council resolutions pertaining to Iraq? To what extent is Iran enforcing sanctions? What is Iran's policy toward the Saddam Hussein regime? Toward the Iraqi opposition? What is the state of relations with Iraqi Shia groups particularly in southern Iraq? (S)

12. What would be the impact on Iran's position in the Gulf of a significant weakening of Iraq or its disintegration? (S)

13. What is Iran's policy toward the newly emergent states of Central Asia and the Caucasus, particularly Azerbaijan? How is it seeking to maximize its own influence? What is the status of its competition with Turkey for influence in this region? (S)

14. What is Iran's policy in South Asia, especially toward Afghanistan and Pakistan? (S)

15. What is Iran's policy toward Turkey? Does it seek to destabilize Turkey? (S)

16. What are Iranian policies and actions regarding the conflicts in the Balkans? (S)

17. To what extent is Iran actively supporting extremist Muslim organizations in the Islamic world, including the Gulf, North Africa, Central Asia, South Asia, Turkey, the Balkans and elsewhere? What is the nature of this support? How effective is this support? (S)

18. What is the nature of Iran's human rights policy toward its own citizens, especially toward minority elements such as the Bahai? (S)

19. What are Iran's policy objectives toward the United States? To what degree are they the subject of debate with the Iranian regime? (S)

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In addressing these questions, please note where there are significant intelligence gaps in our information. (S)

PART II: POSSIBLE OPTIONS

Iran threatens U.S. interests in the following areas: Gulf security, non-proliferation, international terrorism, the Arab-Israeli peace process, Islamic extremism in the Muslim world, and human rights abuses. What are the options for U.S. strategy if our objective were to be:

- a) confrontation with and containment of Iranian threats, or
- b) moderation of Iranian behavior. (S)

These options should be developed by providing answers to questions such as these for each option as well as assessments of potential Iranian reactions: (S)

1. What kind of a dialogue, if any, would we seek with Iran, and under what preconditions to further our objectives? What would U.S. declaratory policy be toward the regime in Iran? What would be the level of U.S. policy interaction with the Iranian opposition? (S)
2. Under the various options, how would the U.S. inhibit Iran's development of weapons of mass destruction and the missiles and other systems with which to deliver WMD? (S)
3. How would the U.S. deal with Iran's conventional military buildup? How would we ensure the security of our Gulf allies? (S)
4. How would the U.S. discourage Iranian support for terrorism, violent opposition to the peace process and active sponsorship of extremist Muslim organizations? What would be our policy on the Iranian "fatwa" on Salman Rushdie? (S)
5. What would we do about the policies toward Iran of our allies in Europe and Japan? What steps could be taken to improve the international consensus that Iran is a threat to our collective interests? How could we improve effectiveness of the multilateral commitment to strategic trade controls on Iran? (S)
6. How would we harmonize and coordinate our policy toward Iran with our goal of securing full Iraqi compliance with all relevant UNSCRs? (S)
7. What, if any, changes would we make in our positions in the Hague claims process, including in our position on humanitarian compensation for the IranAir tragedy? (S)
8. What would U.S. policy be toward encouraging or discouraging trade, loans and capital investment in Iran. (S)

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9. What actions would we take to support the efforts of Turkey, Saudi Arabia and others to compete effectively with Iran for influence in the region? (S)

PART III: TASKING

The Assistant Secretary of State for Near East Affairs shall convene an Interagency Working Group, task specific drafting responsibilities, and set deadlines for drafts. Should there be differences of opinion, they shall be clearly stated rather than compromised for the sake of an agreed product. (S)

A final decision paper is due to the NSC Executive Secretary not later than March 8, 1993. (S)



Anthony Lake
Assistant to the President for
National Security Affairs

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