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**Near East and South Asia Review**



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18 December 1987

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**Articles**

**Egyptian Democracy: Liberalization and Its Limits**



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Political liberalization is a priority of the Egyptian Government, and President Mubarak's critics admit that the political climate in Egypt is freer today than at any time since the revolution in 1952. Nonetheless, multiple safeguards almost certainly will be retained to protect executive power—<sup>^</sup>raising questions about how far Mubarak will go with political reform.



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**Islamic Fundamentalism in the Egyptian Military: Limits to Accommodation?**



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Cairo has adopted a policy of accommodating religious devotion in the armed forces and even promoted Islamic ideology to ensure the military's loyalty and to compensate for a diminished sense of mission. Nonetheless, the regime is concerned about the increasing number of soldiers who <sup>whose</sup> radical or violent Islamic political activity.



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**Sudan's Southern Insurgency: The Importance of Ethiopian Sanctuary**



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Ethiopian sanctuary is critical to the viability of the Sudanese People's Liberation Army. Since the insurgency's emergence in 1983, Sudanese rebels have developed an extensive, secure organization in Ethiopia to recruit, train, supply, and control rebel forces. These rebels are infiltrated into southern Sudan to wage guerrilla operations against government forces.



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**Libyan Activities in the Western Pacific: An Update**



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Since the US airstrikes on Libya in April 1986, the Tripoli-based Anti-Imperialism Center has coordinated an ambitious effort to broaden ties to radical groups worldwide. As part of this initiative, agents of the center in the Western Pacific this year have actively worked to establish a diplomatic presence in Vanuatu and build a regional network capable of supporting subversion.



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**The Western Sahara War: How Long Can the Polisario Keep Fighting?** 23



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The Polisario Front guerrillas have been fighting in the Western Sahara to create an independent state since 1975. The goal of the guerrillas is to force Rabat to negotiate a political settlement through a war of attrition to sap Morocco and make the war a liability for King Hassan. The guerrillas show no sign of giving up the struggle.

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**Algeria: Little Chance for Economic Reform** 27



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President Bendjedid's economic reform proposals, now being debated by the National Assembly, face opposition by groups within the ruling party and public-sector enterprises that want to maintain the status quo. Even if adopted, the reforms would leave many sources of efficiency untouched. They do not deal with hydrocarbons, the most important sector of the Algerian economy.



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**Land Reform in Mauritania** 31



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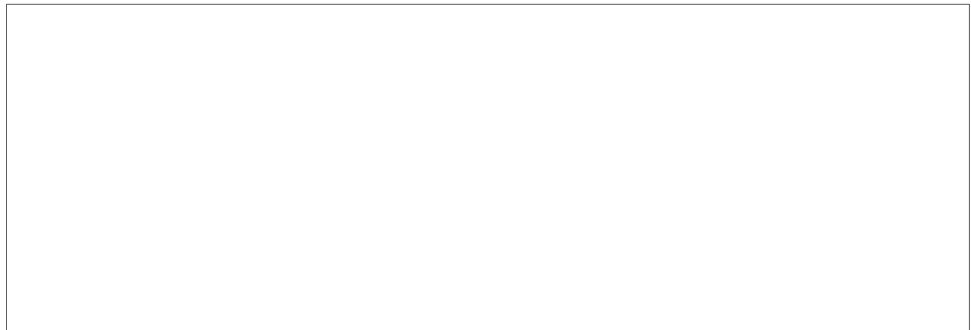
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The Mauritanian Government enacted a comprehensive land reform in 1983 that, if fully implemented, would have a dramatic impact on the economy and racial relations in the country. The government hopes to encourage privatization of land, eliminate traditional practices of land tenure, and end the control of land by the nomadic tribes.



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**Lebanon: Hizballah Spreading the Word**



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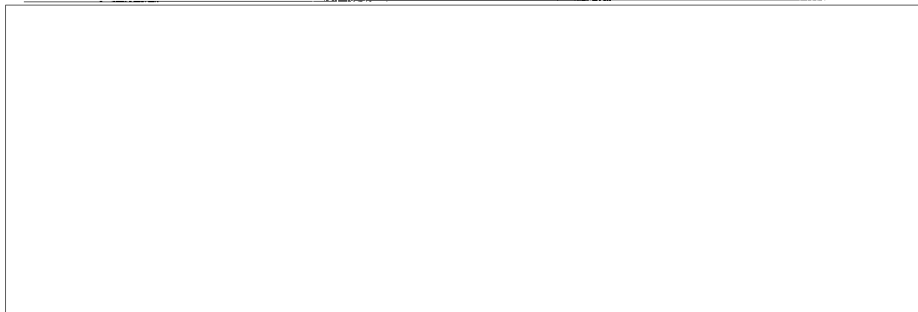


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Since its emergence during 1982-83, the group of Lebanese Shia radicals collectively known as Hizballah has rapidly become the most dynamic Islamic fundamentalist movement outside Iran. Inspired, nurtured, and trained by Iran, Hizballah is assisting fledgling fundamentalist Shia groups and exporting its Lebanese brand of Islamic radicalism.



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**Pakistani Ground Attack Versus Indian**

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**Air Defense Capabilities**



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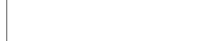
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Pakistan's Air Force has a limited ground attack capability that will not overcome India's air defenses in the next few years. Pakistan suffers from shortages of modern strike aircraft and sophisticated bombing gear and from tenuous command and control links. Although India is improving its ground-based air defenses, it remains vulnerable to well-planned strikes by modern aircraft.



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**Pakistan's Export Earnings: The Wave Is Cresting**



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Pakistan's robust export sector is responsible for much of the country's economic success over the past decade. The narrow export base, however, means that export earnings are vulnerable to a decline in any one item. Because external factors subject to sudden changes contributed to the export sector's success, Pakistani officials cannot assume continued good export performance.



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*Some articles in the Near East and South Asia Review are preliminary views of a subject or speculative, but the contents normally will be coordinated as appropriate with other offices within CIA. Occasionally an article will represent the view of a single analyst; an item like this will be designated as a noncoordinated view.*



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**Near East and South Asia Review**



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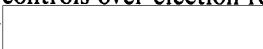
**Articles**

**Egyptian Democracy: Liberalization and Its Limits**



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Political liberalization is a stated priority of the Egyptian Government, and even President Mubarak's critics admit that the political climate in Egypt is freer today than at any time since the revolution in 1952. In the past six years Mubarak has gradually introduced unprecedented judicial, political, and press freedoms, which are largely alien to Egypt's long tradition of authoritarian rule. Nonetheless, multiple safeguards almost certainly will be retained to protect executive power—raising questions about how far Mubarak will go with political reform. Moreover, low voter turnout for elections and political apathy—particularly among Egyptian youth—may leave the political system more vulnerable to politically committed fringe groups and reinforce government instincts to retain controls over election results and opposition activity.

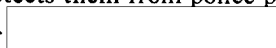


**Building Democracy: Mubarak's Accomplishments**

In his drive to liberalize Egypt's political system, Mubarak can point to several accomplishments since coming to power six years ago in the aftermath of Anwar Sadat's assassination.



**Strengthened Judiciary.** Under Mubarak the judiciary has enjoyed unprecedented independence. The courts have become increasingly willing to assert their authority, even when it conflicts with the executive—a trend that should strengthen the concept of separation of powers in Egypt. Specific reforms have included reinstating the High Judicial Council—dissolved by Nasir—which is empowered to override decisions by the Ministry of Justice regarding judicial appointments, promotions, and other personnel actions. In addition, members of the office responsible for investigating and prosecuting police charges against suspects now enjoy judicial immunity, which effectively protects them from police pressures during investigations.



Public respect for the judiciary appears to be increasing. Judicial rulings are taken seriously from the President on down, in contrast to earlier eras when the national leadership routinely ignored them. Mubarak's call for an early People's Assembly election last February was intended to preempt an expected ruling from the Supreme Constitutional court rendering the election law invalid. The anticipated court action prompted the drafting of a law that reformed several electoral procedures, including limited restoration of the right of independents to stand for election and the reinstatement of byelections to fill midterm vacancies.



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**More Representative People's Assembly.** Mubarak has welcomed an increased opposition presence in the national legislature, and he encourages opposition participation in debates on national issues—in part to co-opt the opposition into sharing the burdens of decisionmaking. The election in April 1986 produced a People's Assembly that—with 100 of its 458 members in the opposition—is the most representative in Egypt's recent history. In addition, knowledgeable observers agree that the election was the fairest since the revolution.



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The increased presence of Islamic fundamentalist Muslim Brotherhood members (about 36) in the assembly marks an even greater departure from past practice. Although Egyptian law forbids political parties based on religion and the Brotherhood is technically banned, Mubarak has stated his willingness to tolerate their involvement in organized politics as long as they pose no threat to national

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## Egypt: People's Assembly Election Results 1979 – 1987

	1979		1984		1987	
	Elected Seats	% in Assembly	Elected Seats	% in Assembly	Elected Seats	% in Assembly
<u>Ruling Party</u>						
National Democratic Party	330	88.7	390	87	308	68.8
<u>Opposition</u>						
Socialist Labor Party	29	7.7	0	0.0	} 56 *	12.5
Liberal Party	3	0.9	0	0.0		
National Progressive Unionist Grouping	0	0.0	0	0.0	0	0.0
Independents	10	2.7	0	0.0	40 (NDP) 8 (Opp)	8.93 (NDP) 1.78 (Opp)
New Wafd Party	0	0.0	58	13	36	8.04
Total	372	100	448	100	448	100

\* Labor – Liberal Alliance: Includes approximately 36 Muslim Brotherhood members.

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security or foster sectarian tension. According to the US Embassy, Mubarak would prefer that the Brotherhood be permitted to operate openly both to give the public an opportunity to hear—and reject—its agenda and to avoid driving the group underground where its activities would be more difficult to monitor. The Brotherhood, for its part, appears willing to try working within the system and thus far has avoided disruptive tactics within the assembly.

**Increased Press Freedom.** Under Mubarak, Egypt's press has enjoyed unprecedented freedom, and it has become by far the most vibrant press establishment in the Arab world. No newspapers have been seized since Mubarak became president, and at least one attempt to seize copies of a single edition to squelch a story was overturned in the courts. Overt censorship—the

rule under Nasir—no longer exists, and the regular “guidance” sessions Sadat held for loyalist editors are far less frequent. Editors seem to know how far they can go. The opposition press regularly publishes sharp criticism of the government with impunity, although direct attacks on the President are more limited and far less intense.

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**Limits to Democracy?**

Despite these achievements, questions remain about how far Mubarak will go toward greater liberalization and what further steps he will take. Giving the opposition a consultative role in major decisions, for example, has become an essential ingredient in Mubarak's crisis management style in recent years.

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According to US Embassy reporting, Mubarak has earned praise from opposition leaders for meeting with them for frank discussions about government policy, and we believe he is generally respected by the Egyptian public for seeking to broaden political participation through elections. Nonetheless, Mubarak is unlikely to tamper with safeguards in the system that heavily protect those in power from political challenges. [redacted]

Examples of safeguards built into Egyptian political system abound. The president, for example, is not directly elected by the people—a key opposition demand—but is nominated by the People’s Assembly and confirmed by popular referendum. As long as the president’s party—the National Democratic Party—enjoys at least a two-thirds majority in the assembly, his renomination is assured. The possibility of an opposition figure unseating an incumbent president is almost nil. [redacted]

Prospects for an opposition party gaining a majority in the People’s Assembly are no better. The current election law favors the ruling party by requiring that a party gain at least 8 percent of the national vote to be seated in the assembly, regardless of the number of seats it wins. This effectively deprives Egypt’s smaller parties of representation. Independent candidates have been admitted once again to the assembly—one for each of Egypt’s 48 constituencies—but most of these independents” came from the National Democratic Party. The US Embassy reports that Mubarak wants to amend the election law—once again under pressure from the judiciary and the opposition parties—to cancel the 8-percent rule and return to a single candidate system. If he succeeds, we expect the government to seek other means of safeguarding its majority. [redacted]

Government forces are not averse to using illegal methods to preserve National Democratic Party hegemony. Although last April’s election was widely regarded as the fairest since 1952, evidence suggests that substantial voting fraud took place. [redacted] the voting results were different from what was announced. The leftist National Progressive Unionist Grouping, for example, won over 9 percent of the national vote—enough to

clear the 8-percent hurdle—yet the “official” results put it well below that percentage, disqualifying it for representation. [redacted]

[redacted] Interior Minister Zaki Badr personally influenced the election outcome by arranging for certain candidates to lose through manipulation of the central ministry computer that tabulated the national results. [redacted] the ruling party misused its influence and control of government facilities and personnel to ensure favorable election results. Other measures included police pressure on Egyptian businesses to donate to National Democratic Party coffers. [redacted]

The government moved quickly to thwart a court challenge to the election results brought by opposition forces. When on 21 April the State Council Administrative Court ruled that the National Democratic Party should give up 17 contested seats to the opposition—a major slap in the face for the Ministry of Interior—the government immediately filed two separate appeals to delay the decision. The issue could take years to decide and may require the attention of the Supreme Constitutional Court. [redacted] Meanwhile, the ruling party keeps its seats [redacted]

**Internal Security Controls**

Mubarak has retained considerable power to maintain public order. The emergency law invoked after Sadat’s assassination has been upheld through repeated extensions—most recently in April 1986 for a two-year period—decreed by Mubarak and approved by the National Democratic Party majority in the People’s Assembly. The law grants the executive extraordinary powers to supercede normal arrest and detention procedures normally provided by Egyptian law. Under the emergency law, the President and his delegate, the Minister of Interior, can suspend certain constitutional and legal safeguards normally associated with the protection of civil and political liberties when they believe security and public order are in peril. During the past year the government has restricted use of this law to countering Islamic fundamentalists and leftist radicals. Nonetheless, it remains on the books and is a

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source of considerable controversy. Opposition parties both of the left and the right argue with some justification that the law's survival is inconsistent with Mubarak's liberalization agenda. [redacted]

were almost certainly inflated for public consumption by the Interior Ministry. Egyptians will vote in greater numbers, however, when they are offered a choice between competing candidates, as indicated by the greater turnout for the more contested People's Assembly election last spring. [redacted]

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Mubarak's retention of Egypt's tough and unpopular Interior Minister, Zaki Badr, is another hedge against trouble. Badr's recently demonstrated successes against terrorist groups have underscored his value to the regime, but we believe his often heavyhanded tactics—mass arrests and interrogations—risk driving increasing numbers of religious Egyptians into the fundamentalist camp. Mubarak has even mentioned the possibility of a further preemptive campaign against hardcore fundamentalists, a strategy that could prove counterproductive. [redacted]

The lack of interest in politics is particularly striking among Egyptian youth. According to a recent survey, 92 percent of young Egyptians do not belong to any political party. The reluctance of young people to become involved is leading to what some researchers call a "crisis of confidence" between the generations. Only 30 percent of Cairo University students participate in student union elections or any political activity. The apathy of the majority could have ominous implications for Egypt's political future if it leaves a clear field for small but active Islamic groups, which effectively mobilize their membership to vote and which for several years have swept the national student council elections. [redacted]

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Despite the relative freedom accorded the press, Cairo occasionally exercises influence in the government-supported "national press" whose editors in chief are appointed and can be dismissed by the Shura Council. Although no papers have been shut down, the government's ability to approve applications for new publications has occasionally been used to delay or reject outright petitions from independent or opposition groups to start regular publication. [redacted]

Traditional styles of politics persist despite steady progress on reforms. Power and influence relationships are deeply personalized, from the president's level to the peasant's. Leading members of the government acquire power not because of their positions in the ruling party, but because of their contacts in the overall establishment and their personal standing with the president. Advancement depends not on local support, but on how well the official impresses the president and members of his immediate entourage. Respect for influence—and cultivation of those who have it—is evident at all levels of Egyptian society. The pursuit of influence helps maintain the status quo by encouraging Egyptians to back whatever authority or party is in power because these alone have the patronage and other tangible benefits to distribute. [redacted]

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**Public Attitudes: Do Egyptians Want Democracy?**

Egypt lacks credible public opinion polls, but knowledgeable observers agree that, apart from a few politically active intellectuals, the broad mass of Egyptians is ambivalent toward, and even skeptical of, participatory government. Stimulating voter interest in the political process will be one of Mubarak's most daunting challenges. Poor Egyptians traditionally look to the government to provide them with basic necessities and help solve their problems, but US Embassy reporting suggests they have no serious expectation that it will. [redacted]

**Outlook**

Mubarak is unlikely to abandon his efforts at expanding democratic practice as a "safety valve" for popular discontent. The lack of consensus throughout society on exactly what kind of a system to build,

Poor voter turnout in Egyptian elections is symptomatic of the absence of a strong consensus favoring greater political participation. According to a recent survey, 75 percent of Egyptian voters do not believe their participation in elections has any value. Turnout figures for the Shura (Consultative) Council election last year (82 percent) and for Mubarak's reelection referendum in October 1987 (88 percent)

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however, will slow progress and leave the cautious Mubarak to take the initiative. Moreover, any liberalized system would require the approval of the Egyptian military, which, though largely hidden, remains the final arbiter of power and is not subject to civilian control. [redacted]

Nonetheless, the longer Mubarak remains in power, the better are the chances democracy will take root in Egypt. According to a Mubarak confidant and National Democratic Party leader, three national elections in the past 13 months have focused the attention of the President and his party on cultivating and exploiting the constituent-based appeal of local political talent. This has fueled debate over the amount of decentralized control to be incorporated in a new local government law. A parallel debate is taking place within the ruling party over its basic organization, specifically whether it will continue as a

disciplined top-down machine of central government control or evolve into a more unruly, grassroots organization for translating popular desires into national policy. [redacted]

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Persuading Egyptians to become involved in politics beyond the local level is likely to be Mubarak's greatest challenge. Ironically, the President's lackluster leadership style—and his inability to play the pharaoh in the grand style of Nasir and Sadat—may help this process. When asked what the Egyptian people really wanted, one intellectual replied, "... an easier life, more democracy, and strong leadership. But, if they came face to face with a strong charismatic leader, they would be willing to forget about democracy." [redacted]

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**Islamic Fundamentalism in the Egyptian Military: Limits to Accommodation**<sup>1</sup> [redacted]

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Cairo has adopted a policy of accommodating religious devotion in the armed forces and has even promoted Islamic ideology—including some types of fundamentalism—to ensure the military’s loyalty and to counter a diminished sense of mission. Nonetheless, the regime is concerned about an increasing number of soldiers who choose radical or violent Islamic political activity. [redacted]

The Ministry of Defense and Military Production is attempting quietly to free itself of suspected extremists, but we believe it is causing them to alter their tactics, including resorting to underground networks and subterfuge. Meanwhile, we suspect greater numbers of soldiers will be susceptible to the radicals’ promises of a more just Islamic society as the regime moves slowly to institute political and economic reforms. [redacted]

Cairo undoubtedly regards the expansion of fundamentalism in the military as more damaging to its survival than challenges from Islamic groups in civilian society. Cairo probably worries that even small groups in the military—with access to supplies of heavy as well as small arms and ammunition—could attack regime officials. A serious challenge to the Egyptian Government, however, would have to have at least the tacit support of large segments of the armed forces to succeed over the long term. [redacted]

The Ministry of Defense probably will increase its efforts to control Islam and tighten security in the military during the coming months. Such a policy probably will detract from the military’s morale and may eventually reduce military support for the regime. [redacted]

<sup>1</sup> Information about fundamentalism in the Egyptian military is sparse, and most [redacted] offer impressionistic reporting rather than facts. For this article we draw heavily on academic literature, which is subject to large information gaps, and on a study prepared by a contractor with expertise in Middle Eastern affairs [redacted]

**Growing Interest in Islam**

We believe Egyptian military personnel in recent years have been looking more frequently to their faith than to secular ideologies for identity, motivation, and unity. The military’s interest in Islam probably in part reflects an increasing trend in civilian society toward Islamic revivalism and more public displays of devotion. [redacted]

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[redacted] Islam helps fill several of the military’s needs:

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- Islam offers a clear sense of purpose. [redacted] Islam also supplies a powerful rite of incorporation because it emphasizes the idea of community. The decline of Nasirism, Egypt’s peace treaty with Israel, and reduced concern about other near-term regional threats to Egyptian national security have left the military without a clear sense of mission.<sup>2</sup> Regime efforts to maintain the peacetime morale of the military through training, fostering professionalism, and broadening its charge to include involvement in the economy probably are insufficient to sustain esprit de corps.
- Even though the military has generally fared better than civilians because of perquisites offered by the regime to ensure its loyalty, many soldiers and officers have become disillusioned with the scarcity of opportunities to better their lot and, according to US Embassy sources, have turned to Islam as a way of rationalizing their desire for a lifestyle they can never hope to attain.
- Islam, through clerical leaders, probably helps to fill the gap left by Egypt’s uncharismatic leadership. The military is generally loyal to Mubarak, but it

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<sup>2</sup> The defeat of 1967 in particular caused many Egyptian soldiers to reassess their commitment to Nasirism and to look to Islam as a superior ideology. The general perception among Egypt’s soldiers was that Israeli troops had triumphed because they were fighting for their God, not for secular goals [redacted]

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sees his performance as mediocre, noting his failure to institute rapid government reforms to increase justice and provide for a more equitable distribution of wealth. Defense Minister Abu Ghazala, even though well liked for his ability to provide goods and services, may appear tainted by [redacted] his interest in politics. [redacted]

We believe this new devotion to Islam symbolizes for most military personnel a return to traditional values and personal commitment to practicing their faith rather than to political activism. Manifestations of an increase in piety have taken various forms, including such practices as greater attendance at mosques and observance of prayer, according to US Embassy sources. As in Egyptian society, the Islamic revival in the military takes several forms, ranging from conventional or mainstream Muslims to militant fundamentalists. Even true fundamentalists—those who want to return to a more Islamic way of life and stress the need for renewing their faith according to their interpretations of the teachings of the Koran—vary in their understanding of the demands of their religion. [redacted]

A contractor with wide experience in the region believes fundamentalist sentiment in the Egyptian military can be divided into two main categories. The first and probably the largest consists of fundamentalists whose main concern is the strict observance of Islam in its social and spiritual dimensions. The second includes those who take Islam a step farther to advocate political activism, their ultimate objective being the establishment of an Islamic government either through gradual change or revolution. [redacted]

**Officially Sanctioned Revival**

Cairo has emphasized Islamic rather than strictly nationalist themes to motivate the military since before the war in 1973. A survey made as part of the contractor's study indicates that most officers believe the success of the army in October 1973 was due largely to the feeling of solidarity engendered by the new focus on Islam. More recently, Cairo has tolerated nonpolitical, religious sentiment in the military and has even promoted the outward trappings of Islam to ensure the loyalty of the armed forces and

control the spread of politically harmful fundamentalism. The contractor believes the Ministry of Defense is especially reluctant to discourage devotional practices because such a policy probably would result in charges of infidelity to Islam.<sup>3</sup> [redacted]

Military commanders in particular do not want to be identified as anti- or un-Islamic because they could not lead troops that are "true believers." US Embassy sources report that, following the purges and trials of militant fundamentalists in the armed forces after President Sadat's assassination, Cairo permitted an increased number of mosques on military bases. Many commanders have diverted needed funds, probably from operational budgets or their own pockets, to build mosques for their units. [redacted]

The regime's advocacy of a religious ideological program in the military is limited to the "establishment" Islam that preaches against political involvement or subversion of the established order. The program appears vague and flexible—probably because the regime wants to gain approval from the widest possible range of believers—and seems to rely strongly on Islamic symbolism to maintain the loyalty of military personnel. The contractor notes that the regime's approved ideology stresses unity and includes at least two major themes that often represent fundamentalist views. One is the continuance of Israel as Egypt's primary enemy, and the other is the need for eventual liberation of Islamic lands in Palestine and Jerusalem.<sup>4</sup> [redacted]

The Ministry of Defense also has developed a structure to enforce its ideological program. Religious affairs in the armed forces are entrusted to the

<sup>3</sup> The punishment for infidelity in some Islamic fundamentalist belief systems is excommunication and then death, according to an academic expert. [redacted]

<sup>4</sup> The rhetoric does not appear to be promoting another war with Israel, but rather the need to maintain defenses in the expectation of future conflict. Even though the liberation of Arab lands is addressed, it does not appear to be an immediate concern or cause for breaking the peace. [redacted]

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Graduating ceremony for officers, who will undertake preaching in the Egyptian Armed Forces [redacted]

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Department of Moral Orientation. According to contractor sources, this organization is commanded by a major general and staffed by officers knowledgeable in Islam and regime-approved shaykhs attached to the military. The department's Office of Religious Affairs provides Islamic direction for the military, primarily through religious guidance officers. These "fighting clerics" are educated in theological schools, given military training, and serve in military units as commissioned officers. The Department of Moral Orientation also publishes religious literature that presents regime-sanctioned Islamic views. [redacted]

Orientation serves double duty, not only directing Islamic affairs but also helping to monitor religious activity for signs of extremism. [redacted]

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Military Intelligence defines excessive religious behavior to include such actions as praying more than five times a day, urging others to veil their wives, proselytizing on the job, bragging about personal piety, spending an excessive amount of time in mosques, and fraternizing with antigovernment elements without authorization. [redacted]

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[redacted] Military Intelligence routinely conducts intensive surveillance of selected officers as a security measure. The Ministry of Defense for the past three years has been checking the social backgrounds of existing personnel and new recruits and has even

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**Ferretting Out the Radicals**

Despite the military's eagerness to show its support for Islam, it is unwilling to tolerate religious revivalism or radical beliefs that would interfere with normal operations, and it has been attempting to ferret out offenders. The Department of Moral

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**Who Is a Radical?**

*A contractor with expertise in Middle Eastern Affairs believes Islamic fundamentalism and radicalism appeal most to soldiers and officers in the lower and middle ranks. He contends that these soldiers and officers are more susceptible to fundamentalist teachings because they have been least influenced by the military's Nasirist past, most affected by economic austerity, and often come from rural and urban lower and middle classes—groups in civilian society that are especially strong in their support for Islamic revivalism. The contractor also believes, and we generally agree, that fundamentalist sentiment will grow among young military officers and conscripts because they will continue to be the hardest hit by diminishing economic opportunities and will look for an ideology that will provide some relief.*

request Military Intelligence to conduct surveillance to determine the extent of the soldier's transgressions. If Military Intelligence finds insufficient evidence of extremist activity, it will recommend discharges without prejudice for the suspects and will sometimes force the soldiers to write letters of resignation to protect the military from charges of discrimination. [redacted] in the case of officers, those suspected of radical tendencies—providing that they are in unimportant positions—are phased out when their performance is reviewed for promotion. If suspects are in positions where they could do serious harm to the government or if they have good records, Military Intelligence arranges to have them moved to inconsequential jobs. For example, the Defense Ministry has sent some high-ranking officers believed to have been involved in radical activities to foreign countries to serve as military attaches.

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Usually, the Defense Ministry will provide discharged suspects with standard termination bonuses to prevent bitterness that could foster more fundamentalist problems in the military. On the other hand, [redacted] Military Intelligence recommends expulsion for individuals arrested for committing illegal acts. Once ousted, the former military personnel may be tried in a civilian court for their offenses and given harsh punishments.

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begun monitoring the social background of applicants to the Armed Forces Academy to discover involvement in radical fundamentalist activities,

[redacted]

[redacted]

Military Intelligence has a special group that prepares monthly morale reports and makes estimates about the political reliability of the armed forces. Information about possible radical fundamentalist sympathizers presumably is forwarded to the group from battalion security officers. Promotions are increasingly based on evidence of officers' loyalty, integrity, and lack of political and religious activism rather than on performance.

**Possible Threat to the Regime?**

We have little information on the number of radical fundamentalists in the armed forces and doubt that even Cairo is aware of the extent of radical penetrations of the military. [redacted] most of the Muslims in the armed forces are loyal to Cairo and that only a few personnel can be classified as extremists who would be dangerous to the regime. We are concerned, however, that the increased number of recent incidents and the involvement of military personnel of all ranks may point to more support in the military for extremist views. For example:

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To protect morale, the military proceeds cautiously against personnel it believes are radicals and rarely announces the actions it takes.

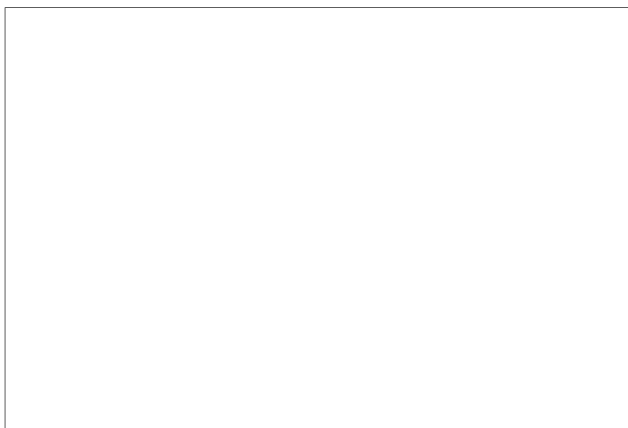
[redacted] suspects usually are monitored by their superiors for signs of excessively religious behavior. Senior officers counsel "offending" soldiers to stop their extremist actions, and, if the soldiers persist in demonstrating unacceptable behavior, the officers will

- [redacted] Interior Ministry forces in September 1987 arrested 20 active-duty military personnel who were members and leaders of a pro-Iranian fundamentalist group called the "Islamic Pioneers."

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most important mission, given the possibility of new internal threats to the regime. The Defense Ministry is especially worried about successful Al-Jihad penetrations of the military. In summer 1987 the military made collection of information on Al-Jihad a priority, [redacted] some senior commanders are alarmed that more junior officers are speaking openly about their religious views and saying that some current military practices should be changed to conform to Islam. [redacted]

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**Outlook**

We believe the military will be more susceptible to radical fundamentalist penetrations in the next few years. Economic grievances—resulting from reductions in the military’s budget and the release of larger numbers of soldiers from duty with reduced benefits—are critical elements in the increasing military disaffection with the regime and the growth of extremist views. Other factors that contribute to a growing interest in Islam in the military—an unconvincing and fuzzy understanding of mission, mediocre to weak leadership, and growing civilian revivalist sentiment—are also likely to provide a rich medium in which radicalism can grow. [redacted]

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- The military police arrested 50 to 60 active-duty military personnel near Tanta, north of Cairo, in May 1987. The group’s members confessed to belonging to Al-Jihad and had been planning to raid the military’s arms depot in the area. [redacted]

- Authorities last spring arrested an Air Force colonel who had been assisting radicals to assemble pistol silencers, possibly in preparation for assassination attempts.

Data are extremely limited, but the Defense Ministry also appears to be discharging an increasing number of military personnel suspected of radical sympathies. [redacted] at least 10 officers are retired monthly for suspected fundamentalist sympathies, about double the rate of two years ago.<sup>5</sup> [redacted]

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Senior military commanders continue to minimize the seriousness of radical fundamentalism in the military, but we believe the recent incidents involving military personnel—including some high-ranking officers in sensitive positions—have raised their concerns. [redacted] during a speech to senior officers in October 1987, Egypt’s new Armed Forces Chief of Staff Lt. Gen. Abu Shanaf stressed the importance of improving security in the armed forces and said it probably is the military’s

As radical Islamic groups in Egypt become more sophisticated, they probably will make penetration of the military a priority. Even small factions in the military could gain access to arms and command civilian support that could increase the success of radical activities. [redacted] Al-Jihad groups are stressing the need and value of recruiting military personnel. These groups are convinced they cannot build enough civilian support in the short term to overthrow the government by popular revolution but believe they can gain control in Egypt by influencing enough military personnel to stage a coup. Members of Al-Jihad may believe they could step into power during a period of unrest that might accompany such a coup. [redacted] Egyptian officials are aware that at least one Al-Jihad group has formed a military wing for the development of specialists to recruit military personnel. [redacted]

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<sup>5</sup> The increase in suspects may stem from increased regime vigilance, as well as a rise in personnel with fundamentalist sympathies. [redacted]

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We believe the Defense Ministry's task of accommodating Islamic devotion while stopping radical infiltration of the military will become more challenging during the coming months. Recent arrests of military personnel suspected of extremist activities and regime efforts to tighten security probably will cause radicals to become more circumspect. This will make it more difficult for Military Intelligence to distinguish radicals from nonpolitical, devout Muslims. The military must confront the prospect of either tightening security and regulating religious observances or, less likely in our view, resigning itself to uncertainty about the extent of extremist sentiment in its ranks. [redacted]

Regime efforts to increase control over Islam in the military and to tighten security could lead to a "witch hunt" sentiment that would severely diminish morale. Even though the Ministry of Defense is taking special care in dealing with suspected extremists to avoid claims of prejudice and to reduce bitterness, this approach probably will be difficult to maintain with an increasing number of arrests and discharges. Soldiers, in our view, will become increasingly apprehensive about regime methods, which almost certainly will include requests to report to the authorities suspicions about their comrades. Fundamentalist soldiers—whether or not they are radicals—will be more careful about their devotional practices to avoid Ministry of Defense surveillance and possible punishment, and fears of discovery may lead to distrust of their comrades. [redacted]

**Implications**

Growth of Islamic fundamentalism in the military and declining morale might lead to the development of political factionalism in the armed forces that would hurt military loyalty to the regime. In particular, increasing fundamentalist disaffection

with the government's inability to introduce positive economic and social changes, combined with widening and prolonged civilian unrest and sympathy for Islamic goals, probably would diminish willingness of at least some officers to aid the regime in the event of civil disturbances. In the extreme case, military personnel with fundamentalist sympathies might either ignore government calls for assistance or step in on the side of the protesters. In any event, the growth of small cells of radicals in the military increases the likelihood of assassination attempts against regime leaders. [redacted]

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Sensitivity among some senior officers to Islamic sentiment among the ranks probably reinforces an inclination to balance military cooperation with the United States and the West by developing closer defense ties to other Arab countries. Such sentiment is likely to support military efforts to continue building Egypt's armaments industries. The scarcity of suppliers of military equipment willing to grant Egypt favorable payment terms, however, is likely to prevent a substantial slackening of military bonds to the United States. The military probably would follow a policy of reducing public acknowledgement of cooperation with the United States and limiting joint exercises and curtailing US access to military facilities. [redacted]

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**Sudan's Southern Insurgency:  
The Importance of Ethiopian  
Sanctuary** [redacted]

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Ethiopian sanctuary is critical to the viability of the Sudanese People's Liberation Army (SPLA). Since the insurgency's emergence in 1983, Sudanese rebels have developed an extensive, secure organization in Ethiopia to recruit, train, supply, and control rebel forces, which [redacted] number 25,000 to 40,000 men. SPLA forces, generally battalion-size units formed in Ethiopia, are infiltrated into southern Sudan to wage guerrilla operations against government forces. After expenditure of ammunition and supplies, combat losses, and soldier fatigue, most of the rebel units probably return to Ethiopia to be resupplied, rested, and reorganized for reinfiltration into southern Sudan. [redacted]

insurgents can organize is a key element for effective rural insurgencies.<sup>1</sup> In seven of eight successful rural insurgencies examined, the insurgents had foreign sanctuaries or domestic areas outside government control where they could train and find refuge. The rebel organization in Ethiopia probably will continue to contribute to the rebels' effectiveness, increasing costs to Khartoum in men and materiel, decreasing Army morale, and further weakening the government. [redacted]

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**Recruitment**

Addis Ababa has relinquished some of its authority to the SPLA in the Gambela region of Ethiopia, giving greater leeway to the insurgents for their support operations. [redacted] since mid-1986 the SPLA has increased its political and military control in Gambela with little Ethiopian intervention. [redacted] The Ethiopian Army has delegated some of its enforcement powers to the SPLA in the Gambela region, including patrolling the border, and the rebels have the authority to arrest and punish "lawbreakers." [redacted]

The SPLA exploits international relief operations on behalf of Sudanese refugees in the Gambela region to greatly boost recruitment. Sudanese refugees entering Ethiopia are screened by an SPLA front, the Refugee Coordination Committee, before registration with the official Ethiopian Government Relief and Rehabilitation Commission, [redacted] [redacted] If requested by the officials, refugees must join the rebel movement, [redacted] The draftees are threatened with violence and reprisals against their families if they do not comply. [redacted]

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The SPLA exploits international relief operations for Sudanese refugees in Gambela. The SPLA recruits many members from the large refugee populations located at camps run by relief organizations. The SPLA also diverts food and supplies intended for refugees to rebel stores. This food supply frees the insurgents to allocate men for combat who might otherwise be required to grow food to support the movement. [redacted]

The largest and most heavily exploited refugee camp is at Itang, Ethiopia. [redacted] Itang is essentially a large refugee camp controlled by the SPLA. The SPLA runs a continuous program of enlistments and a yearly mass recruitment, usually in September or October, [redacted]

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In our judgment, the SPLA's use of Ethiopian sanctuary is significantly contributing to the insurgency's growth and to the rebels' capability to expand their operations. Analysis of other insurgencies reveals that the existence of sanctuaries in adjacent countries or remote domestic areas where

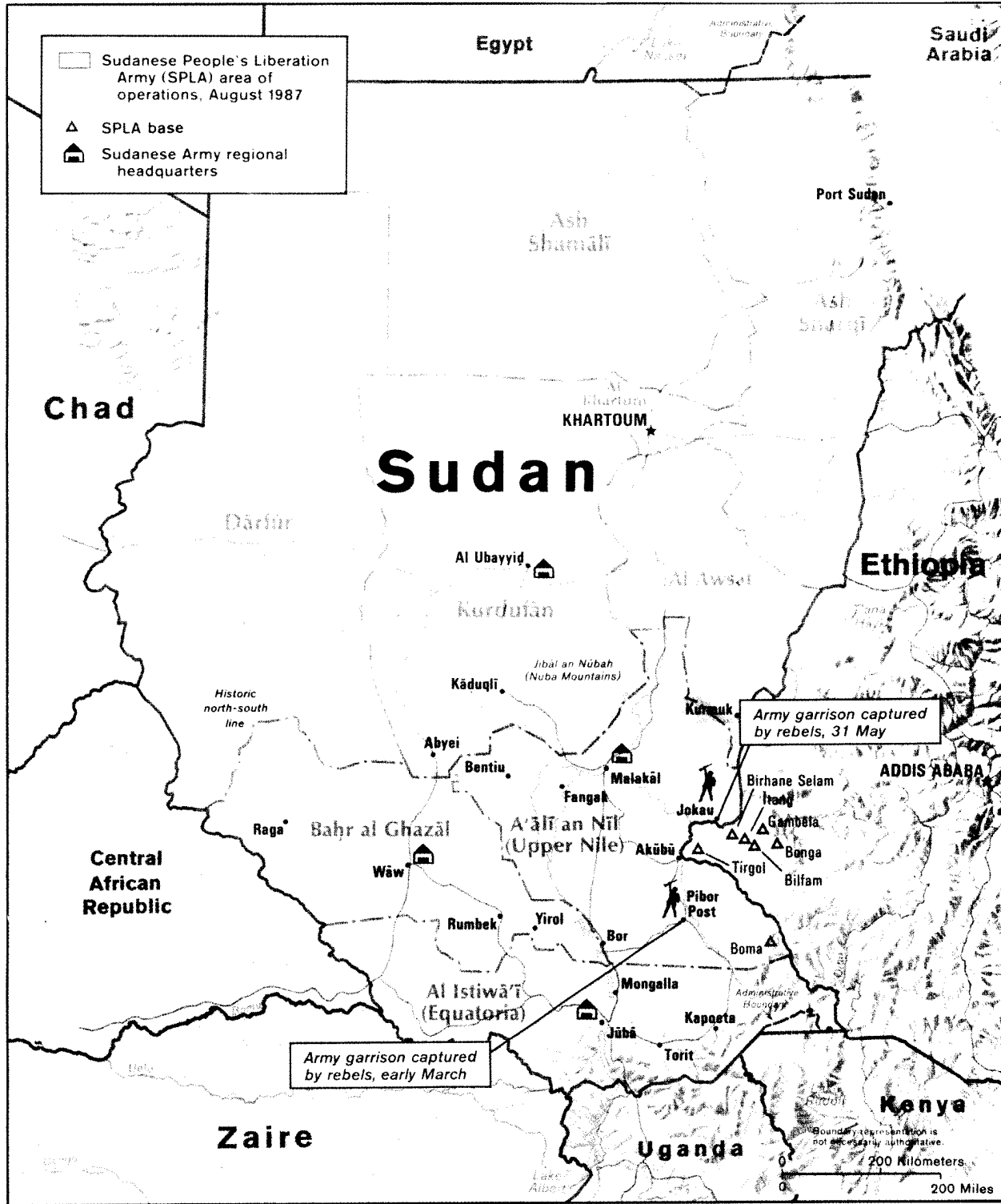
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### Military Situation in the South, October 1987



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**Government Attack Against the Rebels in Ethiopia**

Limited ground force projection capabilities prevent the Sudanese armed forces from mounting operations to interdict or destroy the SPLA infrastructure inside Ethiopia. Sudanese military operations against the SPLA are severely hampered by poor logistics and shortages of weapons, ammunition, and supplies. The Sudanese military would be hard pressed to counter Ethiopian ground force operations in Sudan, executed in retaliation for Sudanese Army penetrations into Ethiopia to attack the SPLA.

maintenance, spare parts, and logistic capabilities, which would reduce aircraft sorties, probably would render the strikes ineffective. Such strikes would almost certainly invite Ethiopian retaliatory air raids against targets inside Sudan. Many key Sudanese installations are vulnerable to Ethiopian air attack, given the lack of effective Sudanese air defenses.

[redacted]

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The Sudanese military probably could covertly infiltrate into Ethiopia special forces, consisting of either soldiers or tribal militiamen aligned with Khartoum, into Ethiopia to conduct sabotage, demolition, or assassination against the SPLA, but these forces would be operating in rebel-controlled areas with tight security around key facilities and would be vastly outnumbered. They could also encounter regular Ethiopian Army units, severely limiting the prospects of survival for these units. Such high-risk operations would probably have to be repeated to have a significant impact on SPLA operations. This in turn would erode plausible denial and spark Ethiopian retaliation.

The Sudanese military, lacking more viable options, probably will continue to support Ethiopian insurgents and use these groups as proxies to fight Sudanese rebels in Ethiopia. In November 1987, for example, Sudan transferred a truckload of ammunition and small arms to the Oromo Liberation Front, a rebel organization that operates in western Ethiopia. The Sudanese military probably hopes the arms will bolster the group's capability to challenge both Ethiopian and SPLA forces located in its area of operations. Sudan, however, suffers from chronic shortages of arms and ammunition and has little to transfer to the Ethiopian insurgents. Such support, moreover, provides Addis Ababa with more incentive to support the SPLA.

[redacted]

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The Sudanese armed forces' ability to launch airstrikes against SPLA bases in Ethiopia is also poor. Low pilot proficiencies coupled with poor

The SPLA operates within the UN-sponsored camp for Sudanese refugees at Gambela, [redacted]. The SPLA has conducted several large-scale forced recruitments in the camp. During 1985 the SPLA conducted recruitment campaigns there about every three months, [redacted].

committee is dominated by SPLA officers, [redacted] although Dima is nominally under the control of the Ethiopian Red Cross, the SPLA wields ultimate power there. [redacted]

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**Training**

Almost all recruits from Itang and other areas, including those recruited in Sudan, attend basic military instruction at Bonga, Ethiopia, [redacted]. The SPLA gives limited

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[redacted] many new SPLA recruits from Equatoria Province in Sudan are being processed through the refugee camp near Dima, Ethiopia. The bulk of the Dima population of 13,000 are young Sudanese males, and the camp refugee

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Rebel Commander in Chief John Garang walking through a gathering of recruits at a base in the Gambela region of Ethiopia [redacted]

preliminary training in Itang, such as parade drills and organized physical exercise, but the Bonga camp serves as the SPLA's primary training facility, [redacted]

As many as 10,000 recruits can be accommodated at the camp at one time, but up to half of these are usually discharged before completing their training. [redacted] the SPLA and the Ethiopian Army in October 1986 closed 84 kilometers of road between Itang and Bonga to facilitate the transfer of 10,000 inductees--netted in a mass recruitment drive--to the training base. [redacted]

SPLA recruits at Bonga receive a three-month course in general drilling, weapons familiarization, and guerrilla warfare, [redacted] Physical exercise, parade ground maneuvers accompanied by singing, and basic weapons familiarization, often with wooden-guns, are routine daily practice. [redacted] At a site several kilometers southwest of Gambela town in a heavily wooded area, abandoned dummy weapons, foxholes, and other signs of training are evident, [redacted]

Although most of the training in Gambela is military, [redacted] political indoctrination are offered to selected rebels in Ethiopia, [redacted] SPLA

members receive political indoctrination usually between the ages of 12 and 30. [redacted]

[redacted] although the exact nature of the political training is unclear, it almost certainly has a Marxist orientation. The director of Itang Refugee Coordination Committee, an SPLA official, maintains a large library devoted almost exclusively to Marxist literature, and he openly expounds a vigorous Marxist philosophy. [redacted]

[redacted] Another camp, located at Zink, Ethiopia, has the political training center for instruction in Marxist-Leninism, which is provided only to higher echelon SPLA members, [redacted]

**Combat Support**

**Food.** Information provided by a former SPLA member indicates that the SPLA is critically dependent on the food it manages to skim from the UN High Commissioner for Refugees (UNHCR) operating in Ethiopia. Apart from the food the SPLA obtains by looting the native population, both in Ethiopia and Sudan, and some small-scale corn cultivation by prisoners at various locations in Ethiopia, the SPLA's only source of food is the UNHCR, according to the SPLA defector. [redacted] as of late February 1987 the SPLA has been systematically diverting massive amounts of international relief aid in the Gambela region for its own use. [redacted] the Ethiopian Relief and Rehabilitation Commission control over food distribution at Itang is tenuous or nonexistent, and most food is diverted to the SPLA. [redacted]

SPLA officials sell international aid items to Ethiopian merchants. [redacted] senior SPLA officers make a great deal of money selling internationally donated oil, cereal, and other food items on the local market and to neighboring towns, but lower ranking SPLA officials are strictly prohibited from this black-marketeering. [redacted]

The SPLA through the Refugee Coordination Committee inflates the number of refugees in Gambela to increase international aid to the camps [redacted]

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and thus gains more supplies for the SPLA, [redacted]

[redacted]

In addition to food, the SPLA obtains medical supplies from the International Red Cross, which provides more than \$1 million per year to a hospital in Gambela, [redacted] Four SPLA members who work as physicians steal drugs from the hospital for the SPLA and regularly over-prescribe medicine to selected patients who forward the medicine to the rebels. They also secretly treat wounded SPLA soldiers. [redacted]

**Command, Control, and Intelligence Headquarters.**

The SPLA's military headquarters is located at Bilfam, Ethiopia, [redacted]

[redacted] the SPLA relies on military and political officers at Bilfam to coordinate and transmit policy decisions to other camps in western Ethiopia and to commanders inside Sudan. Access to Bilfam is restricted because of its importance. [redacted]

**Staging Areas and Ammunition Depots.** Asosa, located north of Gambela, serves as an SPLA staging base for operations inside Sudan. SPLA forces were deployed there, [redacted] before their capture of the Sudanese border town of Kurmuk in November 1987. [redacted]

supplies are stored at Asosa. Adura, Manjok, and Talut also function as staging areas into Sudan, especially for the nearby border town of Jokau, [redacted]

[redacted] These staging areas probably were instrumental to the rebel capture of

Jokau, Sudan, in May 1987. The population of these staging bases fluctuates dramatically, depending on the military operations inside Sudan, [redacted]

[redacted] These bases also contain administrative offices, small ammunition depots, and stockades, [redacted]

[redacted] the SPLA uses Gambela as a transit center and as a staging area to provide administrative and logistic administrative support. The camp at Bilfam is used primarily as a transit center, although detainees, defectors, and suspected Sudanese Government collaborators are also held there, [redacted]

[redacted]

**Outlook**

We believe the SPLA, in the near term, will depend heavily on Ethiopian sanctuary for recruiting new members, training and combat support functions, and as a depot for supplies. Addis Ababa appears resolved to supporting the insurgents' efforts to threaten the government in Khartoum. Meanwhile, Khartoum cannot militarily disrupt the SPLA's organization inside Ethiopian territory. [redacted]

Despite the utility of Ethiopian sanctuary, we believe the rebels will expand their organization inside Sudan. [redacted]

the rebels are building up their main operations base at Boma, Sudan. The expansion of the base at Boma and the development of other bases inside Sudan will reduce the need for rebel units, which largely move on foot, to return to Ethiopia for supplies and reorganization—reducing transit times and increasing the insurgency's capability to sustain a higher level of operations against government forces. [redacted]

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**Libyan Activities in the Western Pacific: An Update**

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Since the US airstrikes on Libya in April 1986, the Tripoli-based World Center for Resistance to Imperialism, Zionism, Racism, Reactionism, and Fascism—the Mathaba or Anti-Imperialism Center—has coordinated an ambitious effort to broaden ties to radical groups worldwide. As part of this initiative, [redacted] this year actively worked to establish a diplomatic presence in Vanuatu and build a regional network capable of supporting subversion. The firm response by the Australian Government to this meddling last April and May has dealt a serious—but not fatal—blow to Libyan efforts in the region. As a result, Tripoli has adopted a lower profile in the Western Pacific in recent months, but it has not abandoned its program to expand Libyan influence in the area. [redacted]

also will work to establish diplomatic relations—presumably including a resident mission—with New Zealand to compensate for the break in relations with Australia. [redacted]

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Meanwhile, Libya has fallen back on its People's Bureau in Kuala Lumpur, Malaysia, as a base of operations for both the South Pacific and Southeast Asia. [redacted] the Anti-Imperialism Center intends to assign additional people to Kuala Lumpur in December 1987 or January 1988 to support a stranger subversive effort in East Asia and the Pacific. One of these officials may bring weapons and explosives into the Libyan Cultural Center in Malaysia via diplomatic pouch, [redacted]

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**Thrown Out of Canberra**

Australia's closure of the Libyan People's Bureau in Canberra was an important setback to Libyan plans. [redacted]

The Islamic Call Society in Kuala Lumpur is another avenue of Libyan influence in the area. Originally founded as a missionary organization, the Islamic Call Society has been co-opted by the Libyan Anti-Imperialism Center and used to support its operations. In Kuala Lumpur the Islamic Call office has given logistic support to Anti-Imperialism projects. [redacted]

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Australian example—as well as the arrogance of Libya's envoys and the unwelcome glare of the news media—almost certainly was a factor in the decision of the Government of Vanuatu to defer the opening of a Libyan People's Bureau there. [redacted]

From their People's Bureau in Kuala Lumpur, the Libyans are in contact with leftist elements in Vanuatu. Tripoli's main agent is the secretary general of the ruling party, Barak Sope. Libya has provided "security training"—which almost certainly includes political indoctrination—for a ruling party security squad that answers to Sope. [redacted] members of this squad have engaged in pro-Libyan propaganda activities, although they have met with little sympathy from most citizens of Vanuatu. [redacted]

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[redacted] Libya hoped to make Vanuatu a base for Anti-Imperialism Center operations in the South Pacific. These reversals left Libya without a permanent presence in the area. [redacted]

**Libya Perseveres**

Despite these events, Tripoli appears undeterred from its goal of penetrating the South Pacific. [redacted]

[redacted] Vanuatu may merge the party security unit with the Vanuatu police protective security section. Port Vila has requested [redacted]

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[redacted] Libya's priorities in the region are establishing a diplomatic presence in Vanuatu and securing contacts with independence movements in the French Pacific possessions of New Caledonia and Tahiti. [redacted] the Libyans

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additional Libyan training for both party members and police trainees, according to the US Embassy in Port Moresby. [redacted]

[redacted]

**Elsewhere in the Pacific**

Although the establishment of a diplomatic or other Libyan presence in Vanuatu is a high Libyan priority in the Western Pacific, the Libyans are exploring other avenues to expand their influence. In most cases, the Libyan Anti-Imperialism Center and its members in Kuala Lumpur play a leading role in Libyan operations. [redacted]

The Philippines, in particular, appears to be of growing interest to Tripoli. The Libyans have a longstanding relationship with Muslim Moro insurgents in Mindanao and continue to offer political and material support to them. In the past year, however, the Libyans have been expanding their contacts in the Philippines to include leftists and non-Muslim groups. Although Libya remains a minor actor in the Philippines, it almost certainly views the troubled political situation there, as well as the large US military presence, as targets of opportunity worth exploiting. [redacted]

Libyan activity in the Philippines generally consists of political action and other active measures. [redacted]

[redacted] the Libyans have been working with leftwing intellectuals and Philippine college professors and students, primarily to promote Qadhafi's Green Book. Officials of the Anti-Imperialism Center and the Islamic Call Society visited Manila last fall, and the Anti-Imperialism Center is having Libyan propaganda prepared in Tagalog [redacted]

Tripoli's contacts in the Muslim community are potentially more dangerous. [redacted]

[redacted] agents of the Anti-Imperialism Center and Islamic Call Society in Kuala Lumpur arranged in late October 1987 for 30 Philippine Muslims to receive military training in Libya. [redacted]

[redacted] last July Qadhafi urged a visiting Moro delegation to overthrow the Aquino government and to strike at US targets, such as Clark Air Force Base. [redacted]

The Libyans are active in other Pacific locations:

- [redacted] Anti-Imperialism Center officers in Kuala Lumpur recruited 150 radical Muslim Indonesians for military training in Libya. [redacted] the Indonesians departed for a three- to four-month course in October. Upon completion they are to return to Indonesia to train others.

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- In New Caledonia, [redacted] the Libyans are funding a locally prominent Muslim preacher. In addition, Libya almost certainly supports Melanesian separatists in New Caledonia.

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- Tripoli has provided funds to the Free Papua Movement [redacted] for several years. The Libyans may have brought some members of the group to Libya this past summer, but we cannot confirm that any Libyan arms have reached the insurgents in Indonesia's Irian Jaya Province.

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- In Tonga the main Libyan contact is [redacted] the Tongan Muslim League, which probably numbers no more than two dozen members. The League is in touch with the Libyan Islamic Call Society, which has sponsored league members for instruction in Malaysia and Libya. [redacted]

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**Libyan Prospects in the Western Pacific**

In our judgment, Tripoli will continue to insinuate itself into regional problems in the Pacific, trying to build influence and undermine Western interests, but its progress will be slow. Generally, Libyan arms and money have been more effective in aggravating existing conflicts than in generating new instability. The traditional pro-Western outlook of the West Pacific state, and, in the South Pacific, the influence of Christianity are additional obstacles to Libyan inroads. [redacted]

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Libya's relations with the ruling party in Vanuatu bear watching, however, as its security training of party members may give Libya's allies in Vanuatu a

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useful instrument for intimidating political opponents. Moreover, the opening of a People's Bureau in Vanuatu would ease Libyan operational difficulties in the South Pacific. [redacted]

The provision of military training to Islamic radicals from Indonesia and the Philippines is another worrisome development. It is possible [redacted] some of these Muslim trainees will serve as cannon fodder for the Libyan war effort with Chad. Nonetheless, Libyan efforts to instigate anti-Western violence in Sub-Saharan Africa and in the Caribbean suggest that some of the Libyan operations in the Pacific are aimed at Western interests. [redacted]

We have no information that Libya is planning to support terrorism in the Pacific area, nor does it seem likely in the near term. Most of Tripoli's reliable

terrorist surrogates operate in the Middle East and Western Europe. We are concerned, however, that Qadhafi may be attracted by the instability in the Philippines and seek to recruit surrogates for anti-US action among dissident Filipinos. Tripoli also is likely to watch for signs of increased violence by Melanesian separatists in Indonesia and New Caledonia in hopes of inflaming the problem with Libyan arms, training, and money. [redacted]

Libya's ability to sustain serious operations in the Pacific will be limited by the absence of an extensive support network. Although this remains a significant weakness for Libya in the region, it is a vulnerability Tripoli will seek to remedy. [redacted]

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**The Western Sahara War:  
How Long Can the Polisario Keep  
Fighting?** [redacted]

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The Polisario Front guerrillas have been fighting in the Western Sahara to create an independent state since 1975. Aware that a decisive military victory is unattainable, the guerrillas' goal is to force Rabat to negotiate a political settlement through a war of attrition to sap Morocco's resolve and make the war a liability for King Hassan. The guerrillas may be experiencing morale problems, but they show no sign of giving up the struggle. [redacted]

equipment—since the beginning of the war. Rabat responded by withdrawing its troops from isolated garrisons and began building the berm. In addition, the King used the defeat to request increased US assistance. The Polisario unsuccessfully tried to disrupt the construction of the initial berm, as well as each subsequent extension. Eventually the guerrillas were forced to abandon their permanent bases in Western Sahara and withdraw to Algeria. Since then the guerrillas have been limited to conducting daily, low-level harassments punctuated by occasional large-scale attacks against the berm. [redacted]

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The Polisario's devotion to its cause is not the only reason it has survived 12 years of fighting against a larger and better equipped Moroccan force. The guerrillas are well equipped, highly mobile, and take advantage of their knowledge of the terrain. They are faced with manpower and logistic constraints, however, that limit their combat capabilities. The guerrillas depend on Algeria for material support and sanctuary without which they could not exist. Moreover, Algiers can restrain the guerrillas from exercising military options—such as direct attacks from Algeria or terrorist attacks behind the berm or in Morocco proper—which could increase pressure on Hassan to negotiate but also risk direct hostilities between Algeria and Morocco. [redacted]

Polisario military activity reached an alltime low in 1986. The guerrillas did not launch a single major attack, compared with the previous several years when they conducted two or three such attacks a year. The guerrillas, however, have increased their military operations in 1987. They have launched eight major attacks since February. The apparent success of this offensive almost certainly has boosted Polisario morale. The manpower and materiel cost of these attacks, not yet known, probably will prevent the guerrillas from matching this activity during the coming year. [redacted]

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**Evolution of the Fighting**

During the war the Polisario's battlefield fortunes have worsened as Morocco abandoned its initial strategy of defending garrisoned towns and adopted the berm strategy to counter early Polisario successes. During the first phase of the war—1975-81—the guerrillas operated freely in the sparsely populated Sahara. They attacked isolated Moroccan garrisons and ambushed patrols. By 1979 the guerrillas had improved their capabilities and tactics enough to attack targets in southern Morocco. [redacted]

**How Much Longer Are They Willing To Fight?**

During 12 years of fighting the Polisario has seen Morocco gradually expand its control over nearly 80 percent of Western Sahara. If the Polisario hopes to force Rabat to the negotiating table, the guerrillas will have to sustain their resolve and carry on the war more effectively. A Polisario official told the US Embassy last May that the guerrillas are prepared for a long war and will fight as long as Algerian support continues. The attacks this year indicate that the guerrillas are committed to their cause. [redacted]

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The Polisario achieved its most spectacular victory at Guelta Zemmur in Western Sahara in October 1981, but it proved costly in the long run. The Moroccans suffered their biggest loss of men and materiel—some 300 casualties and at least a battalion's worth of

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Several factors, including a lack of progress in the war, extended combat duty, logistic shortages, and tribal divisions, may be negatively affecting Polisario morale, [redacted]

The US Embassy in Nouakchott reported last May that, according to credible sources, morale within the Polisario was declining. Over 100 guerrillas had deserted to Mauritania since the beginning of the year, probably as a result of Morocco's latest berm extension and the renewal of fighting in response to it. In addition, tribal divisions have created morale problems between the Reguibat—the largest tribe in the Polisario Front—and secondary tribes and within the Reguibat, [redacted]

The Polisario admits there have been desertions since it initiated its attacks this year, but it claims a net increase in morale resulting from its successes, according to the US Embassy in Algiers. [redacted]

**Can They Continue To Fight?**

With only 3,000 to 5,000 combat personnel and a limited manpower pool, the Polisario's ability to sustain a high level of military operations is constrained. The guerrillas have a limited ability to expand their forces and replace combat losses by drawing from the refugee camps in Tindouf and recruiting from tribes in northern Mauritania.<sup>1</sup> They almost certainly cannot afford to take even moderate numbers of casualties over an extended period even if they inflict greater casualties than they receive. [redacted]

Polisario combat casualties for 1987 probably have exceeded 15 percent and could restrict the frequency and level of operations over the next year. The guerrillas can fight the Moroccans indefinitely, however, if they reduce their combat activity to pre-1987 levels and continue to receive assistance from Algeria. [redacted]

<sup>1</sup> Estimates of the number of refugees living in Tindouf range from as low as 15,000—according to Rabat—to the Polisario claim of 165,000. We estimate the figure to be 17,000 to 35,000. [redacted]

**Major Polisario Equipment Holdings<sup>a</sup>**

**Ground order of battle**

Tank	T-62	30
	T-54/5571	71
Armored personnel carriers	BMP	90
	BTR-60	22
Armored cars	Cascavel	26
	BRDM	14
Artillery	122-mm howitzer	26
	160-mm mortar	12
	120-mm mortar	6
Multiple-rocket launchers	BM-21	22
	RM-70	2
Landrovers		120
Trucks		420
<b>Air defense assets</b>		
Surface-to-air missiles	SA-6 TEL	8
	SA-9 TEL	16
Self-propelled antiaircraft guns	ZSU-23/4	8
Antiaircraft heavy machineguns	ZU-23	50
	ZPU-4	21

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**Dependence on Foreign Assistance**

The Polisario could not exist as a military force without external assistance. Algeria is the guerrillas' primary benefactor. Algiers has given the guerrillas equipment and materiel and also provides safehaven for the fighters. Although the guerrillas benefit from Algeria's support, their dependence means that Algiers can and does exercise a large degree of control over major Polisario military operations. Furthermore, Algiers prevents the Polisario from exercising military options that could cause the war to escalate into an Algerian-Moroccan confrontation. [redacted]

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The Polisario has received assistance from other countries, including Libya and Cuba. Tripoli provided equipment and materiel to the guerrillas during the first years of the war but reduced and eventually cut off aid following the signing of the Oujda accord by Colonel Qadhafi and King Hassan in August 1984. Despite allegations from Rabat over the past year, we have no evidence that Tripoli has resumed its support following Hassan's unilateral abrogation of the treaty in August 1986. Even if Qadhafi decided to renew support, his preoccupation with Chad would make him an unreliable backer at best. [redacted]

Cuban assistance to the guerrillas long has been limited to medical support personnel, but this appears to have changed. [redacted]

Ambassador admitted early this year that there is an 18- to 20-man Cuban military training mission working with the Polisario. A second Cuban official recently reported that Havana was planning to send a small group of military advisers to assist the Polisario early next year. [redacted]

[redacted] We believe Cuba's impact on Polisario capabilities has been and is likely to remain minimal. Algeria will continue to provide the bulk of training and assistance to the Polisario and will almost certainly keep a tight rein on the Cubans' activities. Morocco has charged that the Polisario is receiving support from Iran, but we cannot confirm this. [redacted]

**Outlook**

The Polisario can fight in Western Sahara almost indefinitely as long as Algeria provides military support and safehaven. In view of Rabat's

commitment to the war and ever increasing control of the territory, however, this probably will not bring King Hassan to the negotiating table. Although the guerrillas will retain the advantage of choosing the time and place of attack, they are not in a position to sustain increased combat operations. Furthermore, we believe Algiers at least in the near term will refrain from approving escalation that could put enough pressure on Rabat to force the King to negotiate. [redacted]

The Polisario's resolve—which is essential to its struggle—will be tested if the character of the war does not change. We do not anticipate that the guerrillas' manpower problem will improve, and logistic constraints will persist unless Algerian support increases or Libya resumes its assistance—both of which appear unlikely. Furthermore, dependence on Algeria could become a problem if Algiers grows weary of the war, withdraws its support, and makes a deal with Rabat. Algiers could encourage and support increased attacks to hasten negotiations, but Polisario victories so far have not accomplished this. [redacted]

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## Algeria: Little Chance for Economic Reform

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President Bendjedid's economic reform proposals, now being debated by the National Assembly, face intense opposition by groups within the ruling party and public-sector enterprises that want to maintain the status quo. Even if adopted, the reforms would leave many sources of inefficiency untouched. They do not, for example, deal with hydrocarbons, the most important sector of the Algerian economy.

### Algerian Socialism

After gaining independence 25 years ago, Algeria adopted a Soviet-style command economy more completely than any other Maghreb country. The government nationalized all but the smallest enterprises and farms. Ministerial bureaucrats and central planners began sending down orders on almost every aspect of production. Like their Soviet counterparts, Algerian planners advocated investing in large-scale projects in heavy industry, while sacrificing agriculture. Most of these projects failed because of a lack of the requisite natural resources and technology and because of the organizational problems inherent in central planning.

The agricultural sector has failed to provide for Algeria's rapidly growing population. Algeria has shifted from being a net food exporter at independence to importing about 70 percent of its food this year. During the oil boom years Algeria might have afforded inefficient production, but now, with greatly reduced revenues, Bendjedid believes reforms are necessary.

### The Reform Proposals

The proposals would modify state ownership of enterprises to foster greater productivity and local initiative. Enterprises would begin selling shares of stock, and the state would become a major shareholder rather than the sole owner. As a shareholder the state would enjoy limited liability—to be introduced for the first time—and, in principle, would no longer have to bail out money-losing firms. The state would intervene only through duly authorized agents that manage its stockholdings, but the conditions of intervention have not been spelled out.

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### Algeria: The Economy at a Glance

Algeria's economy depends heavily on the oil and gas sector, which provides 97 percent of foreign exchange earnings. Unlike most other OPEC countries, Algeria derives more revenue from natural gas than from oil. Hydrocarbon earnings have fallen more than 40 percent since early 1986. Algeria is a hardliner within OPEC because it hopes that higher prices for oil will lead to higher prices for natural gas.

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Real economic growth in 1986 fell to about 2 percent—half the 1985 level. Real growth in 1987 will probably be at most 1 percent. With the population expanding at 3.1 percent per year, Algeria's per capita real growth has been negative.

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Algeria needs about 300,000 new housing units each year, mostly apartments, but the government is providing only about 170,000 units. As a result, the average unit contains about seven people.

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Demographic problems will worsen because almost half the 23 million population is under 15. Surplus rural people move to the cities, and about two-thirds of the population already lives in urban areas. The urban growth rate of 5.2 percent per year has further taxed already overburdened services and amenities. City water systems, for example, frequently break down for several days at a time.

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The official unemployment rate of 16 percent is probably understated by at least 8 percentage points. We believe unemployment will increase for the rest of the decade. The government hopes to create 110,000 jobs a year until 1990 but acknowledges that about 180,000 persons will enter the job market each year.

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Enterprise managers would be given more authority and responsibility for handling company affairs. Under the proposals, workers in each plant would elect a board of directors that would make medium- and long-term investment and product decisions. For example, if a firm had ample funds to pay for desired machinery, the board could authorize a purchase without reference to central planners and ministerial officials. Furthermore, the board would prepare the company's annual budget—also without consulting Algiers. [redacted]

The board in turn would elect a general manager who would have authority over day-to-day production. He would hire and fire workers according to their productivity and change product prices in response to shortrun market changes. He would also have the responsibility of seeing that the firm is profitable, profit being a key indicator of performance. [redacted]

Algiers would still prepare a five-year plan, but it would be an "indicative plan" outlining broad social and economic goals and a framework in which enterprises would operate. Enterprises would have to make their investment plans in harmony with the national plan and would be required to report annually on their conformance with plan guidelines. [redacted]

State farms would be reorganized as producer cooperatives to raise lagging productivity. All state farmworkers would be required to join, despite the fact that Algiers calls them "voluntary cooperatives." The government would transfer all equipment to the cooperatives and would grant leases in perpetuity on land.<sup>1</sup> Algiers would allow private farming on land not in state farms. Mandatory delivery quotas would be abolished for both collective and private farms. The state, however, would continue to subsidize production of some desired crops. [redacted]

The government would grant banks authority to make investment decisions independently of central planners. Banks would make investment decisions primarily on the profitability of the project. [redacted]

<sup>1</sup> Private ownership of land is prohibited under the Algerian Constitution. Long-term leases would circumvent the restriction. [redacted]

**Analysis of the Proposals**

Even if Bendjedid's proposals were fully enacted, they would not substantially improve the efficiency of the economy. Many impediments to reform would still be in place. For example, Algiers will retain restrictions on the entry of firms into markets. Although the proposals call for joint ventures involving foreign companies and the state, Algerian citizens will not be allowed to form joint ventures with foreigners. As a result, valuable opportunities to acquire entrepreneurial experience and to train future managers will be lost. [redacted]

Furthermore, the government probably would allow inefficient firms to stay in business rather than risk alienating entrenched special interests. Before relinquishing state ownership, Algiers plans to make a one-time funds transfer to money-losing firms to make them solvent. Although Algiers hopes firms will remain solvent, there are provisions for further subsidies to firms that cannot stay in the black. Only in rare cases—not precisely defined—would firms be forced to close. The government's prohibition on calling firms bankrupt illustrates how sensitive the leadership is to inefficiency and to the shutdown of firms [redacted]

We believe that in Algeria's highly politicized environment the elections of board members would be rigged so that current central planners and ministry bureaucrats would win. Their lack of entrepreneurial and technical skill, already a source of problems, would only perpetuate inefficiency. [redacted]

Although agriculture probably will be reformed more than other sectors, we do not expect a substantial increase in output. Farmers—whether collective or private—would still face severe constraints and have little incentive to work hard. For example, farmers would be required to purchase all their supplies from the state and, unlike enterprise managers, to sell their products at prices set by the state to prevent "profiteering." [redacted]

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Algiers has stated that the oil and natural gas sector will remain a socialist domain not subject to the proposed reforms. This sector contributes most to the gross domestic product and provides all of Algeria's foreign exchange. The exclusion of the petroleum sector restricts the reforms to the smaller industries, which will severely limit their overall impact. [redacted]

The government is retaining its near monopoly on imports, further limiting the reforms proposed for industry and agriculture. Since Algeria imports most of its resources, the price-distorting effect of the monopoly is spread throughout the economy. Further, Algiers's refusal to devalue the dinar—currently valued at five times its real worth—means that prices of traded items will remain distorted. [redacted]

**Outlook**

The National Assembly will debate the reform proposals until the end of 1987. If they are passed, implementation will begin in January 1988. They are to be tried in a small—as yet unspecified—group of firms and in a small number of banks. Bendjedid hopes that, if this succeeds, the banks will extend the reforms to other industries. [redacted]

We believe the reforms will face opposition from hardline socialists and public-sector enterprises with a stake in the status quo. These interest groups probably will dilute the reform proposals or will prevent their passage, as was the fate of similar proposals in 1979 and 1986. Bendjedid cannot impose the reforms unilaterally, because he does not have a large group of supporters that stand to gain materially from the reforms. After 130 years of colonialism and 25 years of rigid central planning, Algeria lacks a tradition of entrepreneurship at the national level. [redacted]

As a result, we expect to see more of the minor, sporadic reforms that have characterized Algeria's "muddling through" in recent years, which will not have a real impact on Algeria's badly mismanaged economy. At the same time, Algeria's population is growing at a high rate, increasing the nation's economic difficulties each year. [redacted]

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**Land Reform in Mauritania** 

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**Goals of Land Reform**

The Mauritanian Government enacted a comprehensive land reform in 1983 that, if fully implemented, would have a dramatic impact on the economy and racial relations within the country. With little public discussion, the government adopted the land reform with three long-term goals. According to the US Embassy in Nouakchott, the government hopes to encourage privatization of land by granting holdings to individuals who will use them more productively, eliminate the traditional practices of land tenure by replacing the tribal system of group tillage with a formal procedure of written land entitlements issued by the state, and end the control of access to land held by the nomadic tribes, allowing for greater population dispersal.

among members of the community in varying proportions—depending on the amount of land inundated by water. Pastureland, which, by its nature, shows no visible signs of physical improvement, was often not subject to individual ownership but designated instead for use by the entire village.

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**Problems Involving the Reform**

According to the US embassy, the government's adoption of land reform has become a contentious political issue because it has increased tension among the three primary groups competing for political and economic influence. The government is dominated by white Maurs of nomadic Arab ancestry. There are also black Africans (Haratins) who are culturally assimilated and descendants of slaves. The third group consists of black ethnic groups—the Toucouleur, Wolof, Soninke, and Bambara—who live along the Senegal River in the south.

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**Articles of the Reform**

The land reform law clearly states the government will recognize and guarantee private property that is used in conformity with Islamic tenure law. This law holds that the action should contribute to the economic and social development of the community. Under the land reform law, the government has the authority to award land titles to individuals who productively use or improve parcels of land. Productive usage includes crop production, building, or digging a water well.

During the Nonaligned Movement summit meeting in Harare in 1986, Toucouleur dissidents circulated an antigovernment manifesto claiming the ruling Arabs were oppressing black Mauritians. The document advocated violent opposition to the settlement of Arabs on traditional black agricultural and pastureland along the southern border with Senegal. This land has traditionally been used to raise sorghum and millet. The nomadic whites and assimilated blacks, largely concentrated in the northern and eastern sections of the country, have traditionally been herdsmen of camels, cattle, sheep, and goats. In addition, these groups have been involved with grain, date, and animal feed production. Tension between the government and the Toucouleur-led opposition generated a coup attempt last fall. The government announced on 22 October that it had foiled a coup plot involving 51 persons—most of them members of the Toucouleur. All of the coup plotters were tried, with three Toucouleur military officers receiving death sentences.

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Land that has no visible signs of improvement or usage, other than sporadic grazing, is considered state domain and can be allotted to those who propose a development project. In accordance with the requirements of the land reform, the state must post a public notice and allow residents of the area two months to provide documentation of ownership to state authorities.

The land reform system stands in stark contrast to the traditional tenure system, which primarily affected the scarce arable land along the Senegalese border. Under the traditional system, the tribal chief and members of the village council would distribute land

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The problem of competition over arable land in the southern region of the country has been worsened by the migration taking place within Mauritania. When the second phase of the Sahelian drought commenced in 1981-82, hundreds of thousands of Arabs and black nomads fled the desert, settling in shantytowns sprawling around Nouakchott and along the Toucouleur-dominated southern border area. This migration has been a major factor in increasing racial tension in the country. The land reform movement is perceived by the Toucouleur opposition as a means of seizing land occupied by them and transferring ownership to the white and assimilated black groups.

[REDACTED]

The government's previous policy of limiting land distribution to discourage urban migration and the lack of credit institutions that could provide low-cost loans to the poor caused rampant land speculation. The principal beneficiaries of this restrictive policy over the last decade were speculators and slumlords, many of whom are government officials and prominent businessmen. [REDACTED]

According to the US Embassy, pressures on the usage of arable land are increasing. Swarms of locusts are affecting large portions of North Africa. Creating extensive crop damage, the locusts are playing a direct role in encouraging migration from the remote desert oases to Nouakchott and the arable land in the south. The effect of the locust swarms will put additional pressure on the usable land, forcing the government to extend implementation of land reform.

[REDACTED]

Another serious problem is corruption within the land registration process. The Toucouleur opposition fears that the white-dominated government will deliberately grant arable land to members of their own ethnic community at the expense of the Toucouleur minority. The fears of the Toucouleur community were realized in a case involving the coastal area called Keur Macine. Although the area had little agricultural value because of its poor soil quality, it was used by Toucouleur herdsmen and fishermen. The controversy began when the former governor, an Arab, distributed and registered without authorization 60 parcels of land, including some to important government figures. The governor's

transaction resulted in his removal from office, but suspicions of land reform persist among the holders of these lands. [REDACTED]

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#### **Outlook**

The issue of land reform and the abolition of the traditional system of land tenure will remain troubling issues for the Mauritanian Government. We believe that, unless solutions can be found for the problems of the continuing drought and destructive locust swarms, population flight from the outlying areas to Nouakchott and the Senegalese border area will continue. As those areas become more crowded, the government will face conflicting pressures concerning implementing land reform as a means of encouraging investment and economic expansion.

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The problems involving land reform pose serious questions regarding the stability of the government. We believe that, if a solution to the concerns of the Toucouleur community is not found, social unrest will mount, perhaps resulting in another serious coup attempt. The coup attempt last October was not a direct result of a particular government policy. Rather, it was a side effect of a growing number of problems facing the government. [REDACTED]

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The economic difficulties of the Mauritanian Government probably make land reform a necessary policy for the country. If the government intends to maintain political stability and promote economic expansion, the key issues involving land distribution, ethnic tension, the continuing drought, the destructive locust swarms, and internal government corruption must be addressed fairly. Government efforts to alleviate these problems are hampered by a lack of administrative and economic resources to implement effectively land reform. [REDACTED]

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**Lebanon: Hizballah Spreading the Word** [redacted]

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Since its emergence during the period 1982-83, the group of Lebanese Shia radicals collectively known as Hizballah has rapidly become the most dynamic Islamic fundamentalist movement outside Iran. Inspired, nurtured, and trained by Iran, Hizballah appears to be developing its own efforts to assist fledgling fundamentalist Shia movements and export its Lebanese brand of Islamic radicalism. [redacted]

Most Muslims worldwide are Sunni, but in Lebanon and Iran Shias predominate. Longstanding ideological differences will hinder Hizballah's activities in Sunni-dominated countries (as it has Iran's), but growing fundamentalist tendencies in both Shia and Sunni communities worldwide are at least superficially helping overcome the obstacles to cooperation. Fundamentalist groups can identify with each other as oppositionist political groups who advocate nonsecular alternatives. [redacted]

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Hizballah's radical Shia leadership is driven by a fundamentalist ideology that is inspired by the Iranian revolution and aims to establish an Islamic republic in Lebanon. Like their Iranian brethren, Hizballah expounds the belief that the Islamic revolution must be a worldwide phenomenon that cannot be confined within the boundaries of a single country. We believe Hizballah has begun to encourage fundamentalism throughout the Arab world and may be assuming the same mentor role that Iran played in Lebanon. [redacted]

**Hizballah Ties to North Africa**

Although the fundamentalist movements in predominantly Sunni North Africa are distinct from that of Lebanon, they appear to have loose affiliations with the Lebanese group. Tunisian fundamentalists, in particular, appear linked to Lebanon's radical Shias. Last September a Tunisian court sentenced the leader of the largest Islamic fundamentalist group in Tunisia—the Islamic Tendency Movement—to life imprisonment for terrorist activities. Almost immediately, Lebanon's Hizballah responded with a communique, authenticated with a photograph of US hostage Terry Anderson, threatening retaliation against government leaders if death sentences were carried out. [redacted]

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Iran has played an integral role in the development and training of radical Shias in Lebanon. Several hundred Iranian Revolutionary Guard members in Lebanon provide both military training and logistic support to Hizballah. [redacted]

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[redacted] the Revolutionary Guard provides Hizballah training in weapons, explosives, military tactics, and communications. We do not believe that Hizballah's contact with other fundamentalist groups has approached the proportions of the Iranian link to Hizballah but is rather in the initial stage of testing the waters. [redacted]

In addition, French police arrested several Tunisian youths in March 1987 as part of a support group for Hizballah activities in Europe. [redacted] the group was working with Hizballah at the behest of Iran to transport and store liquid explosives for future acts by Lebanese terrorists. [redacted]

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[redacted] Hizballah is passing its knowledge in military tactics and recruitment techniques to fundamentalist groups through contacts and training both in and outside Lebanon. [redacted]

In the past few months, we have received reports of Hizballah contacts with Algerian fundamentalists. In mid-July 1987 a senior Algerian security official claimed that the Algerians had discovered several Hizballah cells, [redacted] The cells consist of Algerians trained in Iran and Lebanon. [redacted]

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Relations between Hizballah and Egyptian Sunni fundamentalists appear to be developing as well. Knowledgeable observers note growing sympathy among Egyptian fundamentalists for the radical Shia agenda—a sharp departure from the past. Early this year a series of articles and interviews by Shaykh Umar Abd al-Rahman, a militant Egyptian cleric linked to the assassins of President Anwar Sadat, appeared in the Hizballah press. Ideologically close to Hizballah, Abd al-Rahman advocates an Islamic nation and opposition to the moderate Egyptian Government, Israel, and the West. Abd al-Rahman's Sunni affiliation and his belief that Egypt, not Iran, should lead the future Islamic nation almost certainly will hinder cooperation, but public ties to radical Sunni groups provide valuable propaganda and underscore Hizballah's commitment to Islamic unity.

[redacted]

**Tutor to the Gulf Shias**

Islamic fundamentalism in the smaller Gulf Arab states is slowly changing from a social phenomenon to a political situation. It has not, however, become a mass movement opposing the present governments. The majority of Gulf Shias support the Sunni ruling families in the Persian Gulf. For example, the subversive prosetuaptalist group, the Islamic Front for the Liberation of Bahrain, suffered serious setbacks in recent years, and its leaders are forced to operate outside Bahrain with Iranian assistance.

[redacted]

Hizballah's involvement with the Gulf Shias appears to be focused primarily on training and may be somewhat older than in the Maghreb because of the intense Iranian interest in the Gulf.

[redacted]

[redacted] in late 1985 a large training camp was discovered in northern Lebanon, near the village of Janta, in the vicinity of Bala'bakk, part of which is controlled by Hizballah. More than 2,000 Shias were reported to be training there, including about 60 from Saudi Arabia and Bahrain. After their training, these Shias were to perform terrorist operations in the Gulf states. In addition,

[redacted]

[redacted] Hizballah military trainers are organizing and training Shia activists in Saudi Arabia's Eastern Province.

[redacted]

**Taking the Show to Syria**

An increasingly key target for Hizballah activity may be neighboring Syria. Hizballah-Syrian relations are a barometer for the larger Iranian-Syrian

relationship. In recent months the relationship has been tense as Syria tries to contain Iranian influence in Lebanon. Syria's goal to impose its security plan on large sectors of Lebanon often places it at odds with Hizballah activities. The kidnaping of US journalist Charles Glass demonstrated the fragile equilibrium of the relationship. Embarrassed by the breach of security, Syrian troops cracked down on Hizballah movement and supply shipments while Glass was imprisoned but were careful not to push restrictions to the point of open hostility.

[redacted]

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Hizballah has longstanding ties to the anti-Syrian Sunni fundamentalist Islamic Unification Movement in northern Lebanon. The Islamic Unification Movement in turn has ties to Syrian oppositionist groups such as the Muslim Brotherhood. Many Syrian fundamentalists found safehaven with the Islamic Unification Movement in Tripoli, Lebanon, after the Syrian Government's crackdown on the Muslim Brotherhood in Hama in 1982. Iran may encourage these relationships to circumvent Syria's border controls in case Iranian-Syrian relations sour and Iran decides to embark on a campaign of subversion.

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**Outlook**

Hizballah will seek to expand its ties to fundamentalist groups to protect its growing revolutionary reputation. The group will work closely with Iran. It may increase joint training with Revolutionary Guard advisers in the Bekaa and send arms clandestinely to its new friends. In time,

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Hizballah's ties to other fundamentalists may be sufficiently developed to enlist their aid in terrorist operations against mutual enemies [redacted]

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Much of Hizballah's success will depend on the status of Syrian-Hizballah relations. A severe crackdown on Hizballah's freedom of movement or supplies could frustrate Hizballah's efforts to train other fundamentalists. Syrian tolerance, or even a continuance of the present occasional Syrian harassment, will give Hizballah the room to maneuver and develop its aspirations to become a sponsor of worldwide Islamic fundamentalism. [redacted]

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## Pakistani Ground Attack Versus Indian Air Defense Capabilities [redacted]

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Pakistan's Air Force has a limited ground attack capability that, in our judgment, will not overcome India's air defenses over the next few years. Pakistan suffers from shortages of modern strike aircraft and sophisticated bombing gear and from tenuous command and control links. India's air defense capability has improved dramatically in the last few years with the addition of sophisticated multirole aircraft to its inventory. Although India is improving its ground-based air defenses, it remains vulnerable to well-planned strikes by modern aircraft. We believe, however, that in a future conflict Pakistan will not have enough aircraft to fully exploit India's weaknesses. [redacted]

### Pakistani Ground Attack Capabilities

Islamabad is implementing various measures to improve the Air Force's ground attack capabilities. Over the last few years, the Air Force has received small quantities of modern aircraft, munitions, and avionics and sought to improve ground-to-air coordination. We believe these measures give Pakistan a credible, but limited, close air support and deep strike force.<sup>1</sup> Progress has been slow, largely because of a lack of funds to procure significant numbers of modern ground attack aircraft. Barring a sudden infusion of foreign exchange, we expect Pakistan to continue trying, without much success, to compete with India's growing air defense capabilities. [redacted]

**Aircraft.** The backbone of Pakistan's close air support force is its 52 Chinese-built A-5s, which are configured for close air support missions but are obsolescent in design and avionics. The A-5s are difficult to maintain. The US Embassy reports their engines must be overhauled every 100 flying hours. The Air Force's most capable multirole aircraft are its

<sup>1</sup> Modern combat aircraft can attack a variety of ground targets. We use the term "close air support" to mean attacks on enemy troops at or just behind the forward edge of battle. The term "strike" denotes attacks on troops, logistic networks, cities, or industrial targets well behind the battlefield. [redacted]

F-16s, which are supported by older, less capable French-built Mirage IIIs and 5s. The Air Force, however, has too few of these aircraft. In a conflict most of Pakistan's 38 F-16s would be relegated to air defense duties, and its 66 Mirages would be spread among air defense, ground attack, and reconnaissance missions. In addition, the Air Force has 143 Chinese-built F-6 fighters and 6 US-made B-57 bombers. Both of these aircraft are old designs with little capability to conduct attacks against modern air defenses. [redacted]

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Pakistan appears ready to make a decision on the purchase of a new aircraft. We believe the Air Force wants to use the new aircraft primarily as an air defense fighter but also wants it to have a ground attack capability. After Islamabad considered developing an improved version of the Chinese-made F-7 fighter—called the Sabre-II—problems with this project compelled the Pakistanis to decide to buy more [redacted]

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Islamabad hopes that these aircraft can be coproduced, with as much of the work as possible done in Pakistan. Although the F-16's ground attack capability is superior to that of the proposed Sabre II, we believe the Air Force would deploy most of the new F-16s as air defense aircraft, with some in reserve for attack missions. [redacted]

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Meanwhile, Pakistan is increasing its inventory of A-5s. US diplomats report that Pakistan is buying A-5s from China at \$3.5 million apiece—a substantial savings over the roughly \$13 million for a new F-16. We do not know how many A-5s Islamabad plans to purchase. [redacted]

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The Army's ground attack capability resides in its 37 Saab MFI-17s and 20 AH-1 Cobra helicopters. The Saabs are small, propeller-driven aircraft useful for scouting tasks. They can also carry light loads of bombs or rockets. The recently acquired Cobras are equipped with TOW antitank missiles, and US

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pilots are well trained and proficient. [redacted]

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Pakistan's Ministry of Defense is seeking more attack helicopters. Last summer McDonnell Douglas was invited to bid on a sale of 50 to 60 MD-530F light helicopters, which would be used mostly as scouts but would also carry TOW missiles. The Army is considering the US Bell-406, the French Gazelle, and the German BO-105 helicopters to perform antiarmor missions. [redacted]

**Munitions.** The Air Force has a variety of modern attack munitions. It has US-made laser-guided bombs, American Rockeye and British BL-755 cluster bomb units, and French Durandel runway cratering bombs. These munitions can probably be carried—although not always accurately delivered—by all of the Air Force's attack aircraft. In addition, the Air Force has Maverick air-to-surface missiles—a US-made weapon designed to destroy tanks and small, hardened targets and launched from F-16 fighters. [redacted]

A shortage of laser designators to direct guided bombs limits the Air Force's capability to hit point targets, such as bridges or buildings, that may be heavily defended in wartime. [redacted]

[redacted] only 12 French-made Atlis-2 laser designators. These have been modified by the Air Force so that they can be carried by either Mirages or F-16s. The Army will buy 200 US-made ground-based laser designators that can also be used to direct guided bombs. [redacted]

**Command, Control, and Communications.** In previous wars with India, Pakistan's Air Force had some success in ground attack missions but failed to surprise the Indian Air Force at its bases or to have a decisive impact on the ground fighting. We believe that Islamabad would try to conduct a similar air campaign in a future conflict, seeking to derive the most benefits from its limited resources by maximizing Indian losses of men and materiel through strikes on Indian airfields, supply bases, and units in transit behind the lines. [redacted]

In a command exercise conducted in 1986, Air Force staff officers practiced this doctrine. The exercise involved Indian armored assaults on Pakistan's Sind desert and southern Punjab Province. The Air Force

responded by providing close air support to break up "Indian assaults" and by conducting repeated strikes at logistic centers in the rear of the battle area. [redacted]

The Air Force's combat coordination with the Army is poor. [redacted] during the recent Highmark 87 collective training exercises, only 47 of 80 simulated close air support sorties were judged successful. [redacted] this problem on the poor training of Army personnel, who demonstrated a consistent inability to use their maps and radios in calling for air support. In response to this problem, the Air Force plans to rely on its own forward air controllers whenever possible. We believe this lack of interservice coordination would seriously degrade Pakistan's attempts to make the most of its limited attack capabilities and resources. [redacted]

The Army has not established a firm tactical doctrine for employing its [redacted]

[redacted] Antitank training is done cautiously because the Pakistanis are afraid to lose helicopters, and uncertainty remains over whether the Cobras should be primarily used against armor or personnel. [redacted]

#### Indian Air Defenses

India's ability to defend against Pakistani air attacks is generally good, in our judgment. The Air Force has close to 100 modern Mirage 2000s and MIG-29s, about 350 older MIG-21s and MIG-23MFs, and 250 SA-2 and SA-3 surface-to-air missile launchers (about 20 launchers are newly acquired and await deployment). The Army has about 60 mobile missile launchers (Tigercats, SA-6s, and SA-8s), 620 shoulder-fired missile launchers (SA-7s), and 70 self-propelled and 1,500 towed anti-aircraft guns. The fighter aircraft squadrons lack modern command and control systems, and the missiles are concentrated at airfields or with the armored strike units, leaving other targets vulnerable to concerted, well-planned Pakistani air attacks. [redacted]

**Aircraft.** We believe the Indian Air Force will allocate about half of its older fighter aircraft—MIG-21s and MIG-23MFs—to fly the bulk of its air defense missions. Air Force exercises indicate the Indians will

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keep a small portion of their air defense fighter aircraft in the air and rotate the rest between ground alert and maintenance. Each squadron probably will attempt to intercept incoming aircraft outside the protective envelope of surface-to-air missiles that provide point defenses for airfields and a small number of strategic targets [redacted]

A key decision for the Indians will be how many of their more advanced aircraft—Mirage 2000 and MIG-29 multirole aircraft—to allocate to air defense missions. We believe New Delhi will reassign these aircraft from strike and strike escort missions as the older MIG-21 force dwindles from combat losses.

[redacted] spare parts shortages and maintenance problems are severe for India's older aircraft and may become extreme after a short period of combat. In our judgment, the MIG-29s will be reassigned first because their operational range is shorter than the Mirage 2000s', and they will be assigned air defense duties over the most important potential targets, such as Bombay, nearby nuclear facilities, and, eventually, New Delhi. [redacted]

**Ground-Based Air Defenses.** Indian ground-based air defenses are weak, even by Third World standards, except near airfields. The Indians have deployed most of their Soviet-supplied SA-2 high-altitude and SA-2 low-to-medium-altitude surface-to-air missiles to protect their airfields. [redacted] leaving other targets of Pakistani airstrikes vulnerable. [redacted]

We believe the Indians cannot rely on their ground-based air defenses alone to disrupt Pakistani aircraft attacks on logistic centers and other rear area targets. By using most of their surface-to-air missiles to protect airfields, the Indians have failed to create an interlocking network of missile sites that would provide effective area coverage. The Indians allocate only a handful of missiles and radar-controlled anti-aircraft guns to protect key railyards—insufficient, in our view, to defend against well-planned attacks. [redacted]

Indian Army tactical air defenses also are light. Indian infantry and mountain divisions are not equipped with heavy anti-aircraft weapons, and the two armored and single mechanized infantry divisions have only about 70 modern ZSU 23-4 self-propelled and 140 older ZU 23 towed anti-aircraft guns spread among them. The shoulder-fired SA-7s are spread throughout several units. The Army's small number of mobile tactical missiles—Tigercats, SA-6s, and SA-8s—are organized into independent air defense brigades, [redacted]

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**Command, Control, and Communications.** Indian ability to detect Pakistani air attacks is improving.

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[redacted] have made good progress in the last two years in deploying a modern air defense warning system. They have built a series of medium-range radar sites equipped with underground bunkers, backup electrical power generators, and buried communications lines from Kashmir to Gujarat. Although these sites provide overlapping coverage, they have not been integrated under a command network that would provide headquarters with a complete picture of the air battle.

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The Indians are working on an airborne early warning/airborne warning and control system (AEW/AWACS) program for operation by 1992 at the earliest. [redacted]

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We doubt, however, that they will be able to produce an AEW/AWACS aircraft in that time without extensive foreign assistance. India is also interested in a quicker acquisition of the Soviet Mainstay AWACS, which we believe would increase their ability both to detect enemy aircraft and direct intercept missions. [redacted]

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#### Outlook

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Indian air defense capabilities probably will outstrip the modest improvements in the Pakistani Air Force's ground attack capabilities over the next few years. Islamabad is hampered in its modernization efforts by a lack of funds for new aircraft. Even if it begins

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## Pakistan's Export Earnings: The Wave Is Cresting

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Pakistan's robust export sector has been responsible for much of the country's economic success over the past decade. The narrow export base, however, means that export earnings are vulnerable to a decline in any one item. Because external factors subject to sudden changes, such as good weather, favorable world commodity prices, and rising international demand, have contributed to the export sector's success, Pakistani officials cannot assume continued good export performance. Moreover, Islamabad's export policies are often inconsistent and result in bureaucratic delays that often hamper firms in the export business. A recently announced three-year trade policy is an attempt to strengthen business confidence, to continue to deregulate the export sector, and to narrow Pakistan's large trade deficit.

### Export-Led Growth

Exports have done well since President Zia took power in 1977. The value of exported goods has grown at a 12.5-percent average annual rate since 1977—outpacing the 9.9-percent annual growth during the Bhutto era—and has increased as a share of imports from 48 percent to roughly 70 percent. According to a contractor's study, Bhutto's focus on domestic politics caused exporters to operate in an uncertain environment in which there was considerable ad hoc and inconsistent decisionmaking. Zia's government, on the other hand, has adopted several measures to improve export performance:

- Export promotion policies have been simplified, and greater incentives are provided to exporters.
- Rebates of customs duties and sales taxes are more generous, and export subsidies have been increased.
- A more flexible exchange rate policy has made Pakistan's exports more competitive abroad.

Weather conditions largely have been favorable during Zia's administration, leading to several years of bumper crops. Pakistan's principal exports—cotton, textiles, and rice—are selling well in international markets because of price competitiveness and ample

domestic supply. Pakistan has not been—until this year—subject to stringent textile quotas, allowing garment exports to expand rapidly.

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### Major Exports

Cotton is Islamabad's most important cash crop. Pakistan is the second largest exporter of cotton in the world and probably will export 640,000 metric tons of cotton in fiscal year 1988—ending 30 June. This is a slight increase from 1987. Cotton's vulnerability to changing weather and insect infestation, however, make it subject to factors beyond Islamabad's control. The 1984 cotton crop was reduced by 30 percent because of pest attacks, straining Pakistan's foreign payments in 1985 and 1986, according to the US Consulate in Karachi. For fiscal year 1988, the cotton crop is expected to be lower than last year's crop because of drought, according to agricultural attache reporting. To boost exports, we believe Islamabad will draw down domestic stocks of cotton.

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The rice crop suffers from the same drought conditions. This year's rice production and exports are expected to drop 12 percent, as compared with the previous year, according to agricultural attache reporting. Rice exports make up 11 percent of total exports, and rice is an important trading commodity with Middle Eastern nations. A trade agreement was recently reached with Iran whereby Pakistan will ship 100,000 tons of rice in exchange for Iranian crude oil.

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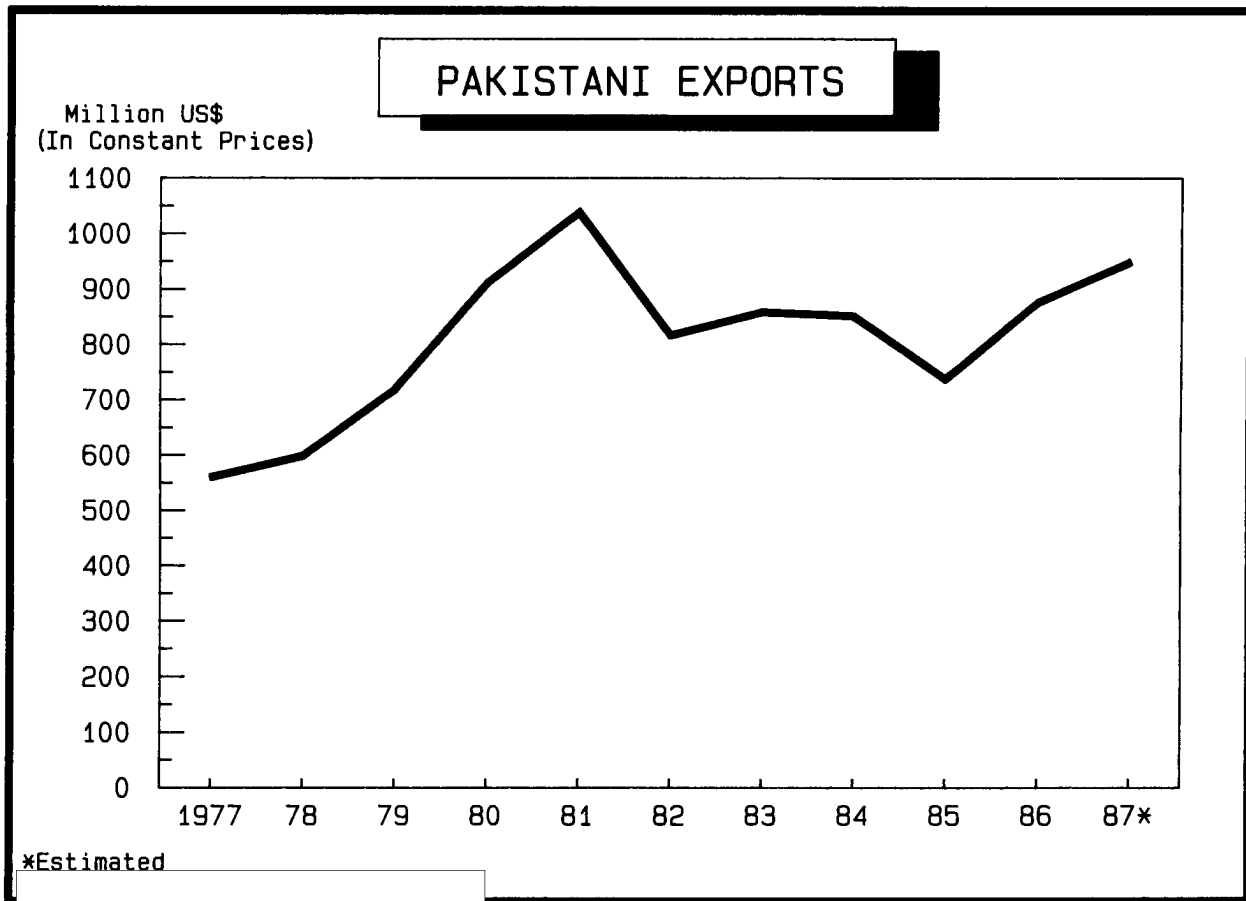
Leather products probably are the most promising of Pakistan's exports. They have increased as a share of exports from 5 percent in fiscal year 1977 to 9 percent in fiscal year 1987. Export earnings in leather goods increased 32 percent in fiscal year 1987, as compared with fiscal year 1986. According to US Embassy reporting, they are expected to continue to increase in the next few years because the leather goods market is

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relatively unsaturated, as compared with the cotton and garment export markets. The slaughter of animals in Afghanistan—a result of the war—has created a new supply of hides easily smuggled into Pakistan, contributing to low domestic prices of raw leather, according to US Embassy reporting [redacted]

#### Boosting Exports

Pakistan's trade policy announced in June is to last for three years to ensure consistency and to bolster exporters' confidence in the government's export policy. Mehbub-ul Haq, Minister of Commerce and Planning, has been the driving force behind the new policy. The basic tenet is linking Pakistan's imports from a country to that country's purchase of Pakistani goods. Islamabad also will refund more of the indirect taxes and fees paid by exporters and limit income tax to the value-added portion of export earnings rather than to total export value. Mehbub's goal is to have exports cover 85 percent of import expenditures by 1990. [redacted]

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#### Other key exports include:

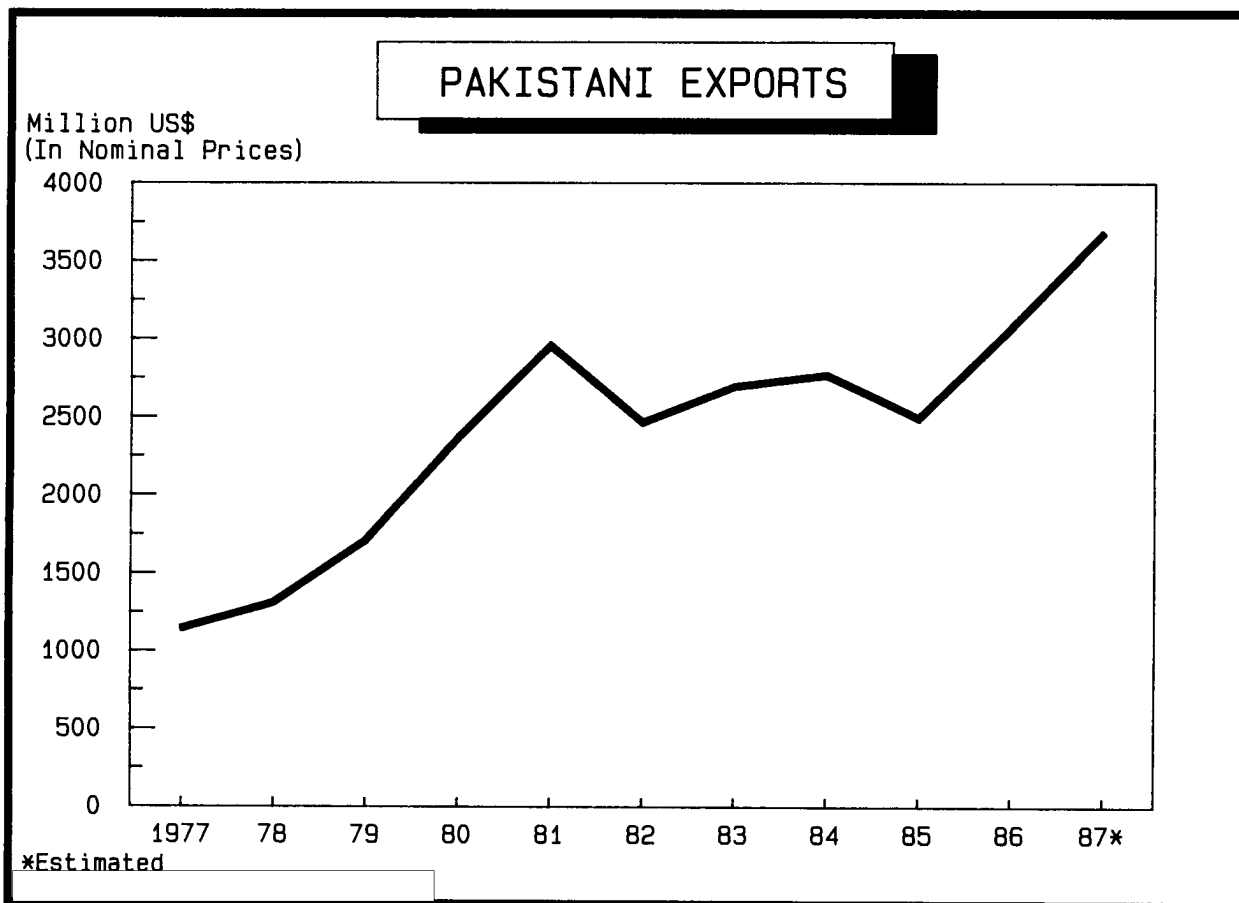
- Readymade garments, which account for 7 percent of exports and depend on markets in industrialized nations that set strict quotas on garment imports.
- Carpet and rug exports—roughly 5 percent of exports—have not appreciably increased in value since fiscal year 1980.
- Fish and fish preparations, although only 3 percent of total exports this year, have increased 300 percent in value since 1977. [redacted]

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Mehbub's export strategy involves:

- Quality improvement and, therefore, higher prices for Pakistani goods.
- Preferential credits for export-oriented businesses.
- Export houses, similar to those in South Korea and Hong Kong, to standardize the quality of goods and to consolidate marketing and advertising for more than 130,000 exporters.
- Reducing tariffs on imported raw materials that are used in export industries and increasing tariffs on imported finished goods to give Pakistani manufacturers a larger share of the domestic market.

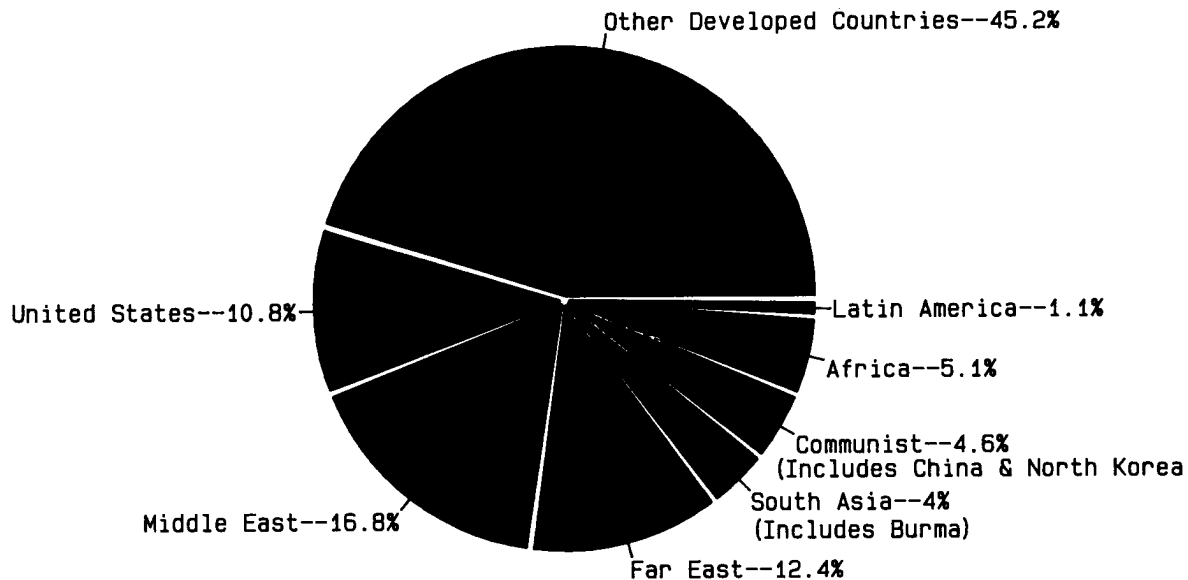
We do not believe, that Islamabad's efforts to promote exports by linking them to imports will have a substantial impact and could be counterproductive. Pakistan cut tea imports from Kenya by 75 percent earlier this year—Pakistan purchased 30 percent of Kenya's total tea exports—because Nairobi had a large trade surplus with Islamabad. In this instance Islamabad had the advantage because many countries provided tea to Pakistan, and its economic growth does not depend on tea imports. Kenya has not increased its purchases of Pakistani goods. Goods such as machinery—roughly 20 percent of total imports—are vital to Pakistan's economic health, and Islamabad will have considerably less leverage with its suppliers of machinery—industrialized nations that can get along without Pakistani goods—to enforce export linkages.

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## MARKETS FOR PAKISTANI GOODS, 1986



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Countertrade is seen by some Pakistani officials as a shortcut to building export markets, balancing total trade, and achieving Mehub-ul Haq's objective of linking exports to imports. Many socialist countries are good markets for Pakistani products but cannot pay cash for them. Countertrade may expand Pakistan's share of these markets. Pakistan's limits on the kinds of products permissible to export under countertrade—70 percent must be nontraditional, hard-to-sell exports—and the necessity to get case-by-case approval are obstacles to expanding countertrade. According to the US Consulate in Karachi, countertraders complain that the lack of an official list of allowable imports under countertrade has hindered contract negotiations. The Trading Corporation of Pakistan believes that defense items, such as arms and explosives, should be added to the list of items exportable under countertrade agreements to increase the nation's exports. The

corporation wants to pay for imports of plant and equipment with commodities produced in those factories.

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### Outlook

We believe that Pakistan can sustain its healthy export performance over the next several years only if its luck holds. Traditional exports—such as cotton and rice—probably will not sustain their growth of the past decade. Islamabad cannot count on good weather indefinitely. Unless Pakistan can increase its manufacturing efficiency, textile producers in Taiwan, Hong Kong, and South Korea could overcome Pakistan's advantage in cost of production and displace Pakistani textiles in international markets. Although increasing exports of leather goods seem promising, the industry is benefiting from a

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***Pakistani Ordnance Factory—Potential for Exports***

*The Pakistani Ordnance Factory could become a significant participant in Pakistan's export sector. It specializes in the production of ammunition, metal material, explosives, propellants, and filling and is capable of supplying ammunition for US, Chinese, Soviet, Swedish, and British weapons. Current exports are running at 15 to 20 percent of the factory's total production of several hundred million dollars, according to press reports. The chairman of the Pakistani Ordnance Factory claims that between 1990 and 1992 his company should export 40 percent of its production. Although scheduled to become a limited liability company by 1988, the factory will remain under the control of the Ministry of Defense.*

[Redacted]

large supply of hides—partly due to slaughtered animals in Afghanistan—that could be reduced by a settlement of the war. [Redacted]

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International protectionism, large agricultural subsidies on industrial nations, and falling world commodity prices limit Pakistan's ability to sustain increased export earnings over the next several years. Islamabad's exports to its major partners—the United States, Japan, Saudi Arabia, West Germany, and the United Kingdom—probably will not significantly improve, because Pakistan's exports are concentrated in agricultural-based items for which easy substitutes are found in international markets. The US Consulate in Karachi projects, and we agree, that countertrade will not account for more than 5 percent of Pakistani exports in the next few years. [Redacted]

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