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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

NFAC 3124-80
29 April 1980

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA: Deputy Director for National Foreign Assessment
National Intelligence Officer for Warning

FROM: Robert C. Ames
National Intelligence Officer for Near East and South Asia

SUBJECT: Monthly Warning Assessment: Near East and South Asia

1. Lebanon. With the approach of UNIFIL renewal on 19 June and the current tough Israeli/Haddad attitude toward UNIFIL [redacted] 25X1 analysts wondered what might happen in southern Lebanon if UNIFIL 25X1 pulls out. Haddad would probably expand his area of operations and thereby come into direct conflict with the Palestinians -- who have received increased quantities of equipment recently (e.g. longer range rockets) and might again begin using southern Lebanon as a base for terrorist attacks into Israel. The Israelis, who show signs of returning to a more pre-emptive policy, could declare a free-fire zone all the way up to the Litani. Having learned from the success of their August 1979 shelling of southern Lebanon (compared to the failure of their March 1978 ground incursion), the Israelis might decide to eliminate the Tyre pocket by firepower rather than with ground forces. A Syrian reaction to this could mean Syrian-Israeli confrontations (artillery and air battles) north of the Red Line. One result of all this would be a major set back for, if not a fatal blow to, the slowly improving Lebanese Army -- and perhaps even the fall of the Sarkis government.

2. South Yemen. Although Abd al-Fatah Ismail was a very sick man, leaders in Middle East countries just don't "resign." His nominal replacement, Hasani, is a South Yemeni nationalist, not the Soviets' man. He is not an advocate of union with North Yemen (as Ismail was). Hasani, then, seems "better" for US and Saudi interests in the region. However, if the Defense Minister, Ali Antar, should rise to the top, US and Saudi interests

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would be set back. Ali Antar is totally a creature of the Soviets. Some debate among analysts occurred over the possibility of a Soviet hand in engineering this change of leadership in South Yemen. If, indeed, Ali becomes the real power in South Yemen, it could be because the Soviets wanted to counter US moves in the region by firmly establishing in power the PDRY leader with whom they were most comfortable. One analyst, however, stated that the Soviets would never install a military leader in an LDC because of their own ideological distaste for military leadership - i.e. the Soviets favor military subordination to civilian leadership. The counter argument was that the military - not the socialist party - is the strongest institution in South Yemen. The Soviets, being pragmatic, recognize this and will deal with whomever they must. Finally, the impact of the South Yemen leadership change on the National Democratic Front was briefly discussed: Although losing some momentum, the <u>nationalist</u> appeal of the NDF will continue (i.e. nationalist opposition in North Yemen to its becoming a Saudi puppet state).

3. <u>Morocco</u>. The much-heralded operation to relieve the garrison at Zaag in southern Morocco is imminent. The Moroccans have, in effect, ceded the Western Sahara to the Polisario during this operation. If this (third) task force fails -- which would demonstrate a Polisario capability to seize and <u>hold</u> terrain in Morocco proper -- there will be increased domestic pressure on Hassan. There is already increased foreign pressure on his Western Sahara position: the SDAR is being recognized by an increasing number of countries. A major diplomatic set back could occur at the next OAU vote.

4. <u>International Oil Situation</u>. Iran has squandered its clout on the oil market, and oil seems to have become a somewhat less important issue in the short term. One analyst wondered, however, whether there would still be a "glut" of oil and reduced pressure on prices after 26 May. He asked how long Saudi production at 9.5m b/d could be expected to continue. (On this last point there seemed to be general agreement that the Saudis tend to use their oil policy as a carrot rather than a stick -- i.e. the Saudis would probably not cut back substantially unless they determined the international market could bear it in an orderly fashion.) Finally, Iraq's capability to make up some of the difference if Iran suddenly drops out was mentioned: Iraq, currently at 3.3m b/d has the capacity to increase to 3.7m b/d.

5. <u>Agenda Item for May Warning Meeting</u>. The likely consequences of the passing of the 26 May deadline for the conclusion of the autonomy talks -- discussed briefly last month -- was not addressed again this month. NIO/NESA asked that participants in next month's warning meeting come prepared to discuss this issue in detail.

a small step forward.

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