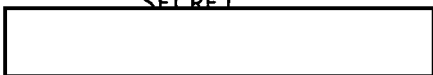


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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

NFAC #4462-79
24 August 1979

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

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

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

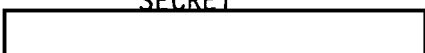
SUBJECT: Monthly Warning Assessment: Near East and South Asia

1. Arab Reaction to US Performance at UN. The recent controversy over US policy toward the Palestinians has further heightened the importance moderate Arabs attach to the performance of the US in the UN debate on the Palestinian issue. The Arabs believe the US had begun a significant initiative toward the Palestinians, that Israel weighed in heavily against the perceived shift in US policy, and that the UN debate serves as a litmus test of US attitudes towards the Palestinians, of its will to stand against Israeli pressures, and ultimately of its commitment to a comprehensive, just settlement of the Middle East dispute. If the US fails to meet the challenge as the Arabs perceive it, we believe confidence in the US could be seriously eroded. Disillusionment with the US would serve to solidify the ranks of Arabs opposed to the Camp David accords and refurbish the somewhat diminished leadership of Iraq in the campaign to isolate Egypt. These developments might well be given sharp expression in the NAM conference in Havana and in new impetus for further anti-Egyptian sanctions. Reaction against the US might be slower in coming and more subtle in expression; the Saudis, for example, might decide—using a variety of justifications—to lower their oil production from 9.5 to 8.5 million b/d and to discourage any increase in the US military presence in the region. The Arabs might also try to encourage increasing differences between the US and its European allies on the Middle East issue.

2. Morocco. Morocco this month has annexed the southern portion of the Western Sahara formerly claimed by Mauritania, and has strengthened its military presence in the area. These moves were in reaction to a



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decision by Mauritania to conclude a separate peace with the Polisario and to the overwhelming vote against Morocco at the OAU summit. These political developments seriously undercut Morocco's diplomatic position and have increased pressure on King Hassan to abandon his "no war, no peace" policy in favor of more risky political or military strategies aimed at resolving the nearly four-year-old conflict. Tensions in the area could rise rapidly and could trigger spiraling events that might ultimately topple the King. Although other, less ominous scenarios are more likely as the King tests his various options, the US now faces greater difficulty in managing good relations with all parties to the dispute.

3. The Yemens. A military delegation from North Yemen may be heading toward Moscow to sign a new arms agreement with the USSR. [REDACTED]

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Salih and South Yemeni President Ismail will probably meet on 1 September in Libya at celebrations marking the tenth anniversary of Qadhafi's take-over. Should an announcement on some sort of unification be forthcoming, it will likely spark [REDACTED]

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move against Salih. At the same time, political infighting is continuing in South Yemen between native South Yemenis and those of North Yemeni origin, and could result in Ismail's ouster. A successor regime would likely maintain close relations with the USSR.

4. Developments in Areas of Continuing Concern

a. Afghanistan. The Taraki regime continues to lose ground to rebels and in the last several weeks has been forced to pull back increasing numbers of loyal troops for the protection of Kabul. As the government's position erodes, the chances of a broad mutiny in the military or a military coup increase. The Soviets—although still providing significant support to Taraki—may try to preempt a military move against the regime by trying to orchestrate a change in leadership and/or increasing their military involvement.

b. India. The new element in India's unfolding political crisis is the decision by President Reddy to call for early elections—a move that is being sharply protested by the remnants of the fallen Janata party. The period leading up to elections—scheduled for late November or early December—will be marked by intense political infighting, possibly public disorders, and weak leadership by the caretaker government of Charan Singh.

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c. Iran. Challenges by the Kurds to central authority in Tehran have sparked greater assertiveness on the part of Ayatollah Khomeini. As is his wont, Khomeini has taken an extremely harsh posture not only toward the Kurds but toward the military and security forces he has ordered to quell the recalcitrant province. Khomeini's increasingly blatant authoritarianism, coupled with moves to stifle his opposition and the press, has speeded the process of polarization between pro- and anti-Khomeini groups and thus has enhanced the prospects for renewed violence and turmoil.

d. Israel. Israel's deepening economic problems, sharp splits within the cabinet, especially over the economy and peace negotiations, and uncertainty about Prime Minister Begin's leadership brought on by his increasingly precarious health have badly eroded the position of the government. There is some concern in the Community that these developments could conceivably cause the government to fall.

e. Libya. Libya's continuing concern about the possibility of an Egyptian attack increases the risk that Qadhafi may not act with restraint toward the US, which he holds responsible for Egyptian actions. We are particularly concerned about Libyan reaction to US naval exercises in Libyan-claimed waters and to regular US reconnaissance flights in the area. Qadhafi's pique with the US over its cancellation of aircraft sales may prompt him to follow through on threats to take action against US oil interests. We rate less likely reports that he intends to announce on 1 September, the anniversary of his takeover, that Libya has acquired a nuclear weapon.

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Robert C. Ames

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