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Near East and South Asia Review

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Supplement 12 April 1985

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Near East and South Asia Review Supplement 12 April 1985 The Iranian Missile Threat With Libyan aid, Iran has developed a surface-to-surface missile capability that it has used against Iraq and could use to threaten US allies in the Persian Gulf to reduce their support for Iraq as well as their ties to the United States. Iran: Relations With West Germany 5 West Germany is Iran's principal source of civilian goods, primarily supplying heavy machinery and vehicles. However, despite its strong economic ties with Iran, Bonn has permitted virtually no arms sales to Tehran since the war with Iraq began India: Tilting Against Sikh Extremists Overseas 7 New Delhi has made cooperation on the Sikh issue a central question in its relations with Pakistan and the West, but, even if these countries meet New Delhi's demands, Sikh discontent in India will continue to fuel extremism, and Gandhi's efforts to improve ties with these countries will be impeded Some articles 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 views of a single analyst; these items will be designated as noncoordinated views. Comments may be directed to the authors.			Secret
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The Iranian Missile Threat	
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Although Iran fired nine long-range missiles at Iraqi	the nine attacks probably have caused about 100
cities between mid-March and early April and has	casualties.
threatened to launch more, Baghdad has not been deterred from attacking Iranian cities or shipping in	Iranian officials claim that the missile attacks are in
the Persian Gulf. Libya apparently has sent as many	retaliation for Iraqi raids on Iranian cities and
as 30 missiles and two launchers to Iran since last	Baghdad's disregard of the UN call for an end to
November and probably will continue to provide	attacks on civilian targets. Tehran has warned that it
upport for equipment in Iran.	will launch more missiles if the Iraqis continue to use
The Iraqis may request more sophisticated	chemical weapons, attack ships in the Persian Gulf, or shoot down civilian aircraft over Iran.
reapons from the Soviets—such as the long-range	Iran wants the attacks
SS-12 missile—that they could use against Iran.	on cities to stop so that Iran can concentrate on
mon's more missile as a till of the state of	fighting the ground war. Tehran also probably is
ran's new missile capability increases its ability to trike oil facilities in the Arab Gulf states. Although	eager to stop the attacks on its cities to prevent
ran probably would not have enough missiles to	Iranian civilian morale from worsening.
lestroy such facilities, it could use the threat of an	The Libyan Connection
attack to exert pressure on the Gulf governments. To	Libya has supplied
avoid a confrontation with the United States, Iran	Iran with the missiles used to attack Iraq. We believe
vould not deliberately launch missiles against US acilities. Tehran, however, probably would launch	that Tripoli so far has sent Tehran two mobile Scud launcher vehicles, associated equipment, and as many
uch attacks in retaliation for US air or naval attacks	as 30 missiles.
n Iran.	
ranian Attacks	So far, however, the
ran launched its first surface-to-surface missile	Iranians have fired only one missile in each attack.
gainst Iraq on 12 March, hitting the city of Kirkuk.	
Over the next three weeks, Tehran fired eight more	
gainst Baghdad.	
Information from the North American Air	
efense Command confirms that missiles launched om near the Iranian city of Kermanshah hit	
aghdad on 16 and 25 March. Reports from	
the US Embassy in Baghdad suggest that	
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regime. Reports from US diplomats in Baghdad, however, say that Iraqi morale is high because of the	cities—particularly Tehran—in retaliation for additional Iranian attacks.	0.E.V
recent victory over Iran in the marshes northwest of	additional framan attacks.	25 X
Al Basrah.	Baghdad will keep pressing Libya and the Soviet	25 X
***	Union to prevent the transfer of more weapons to	
We believe the Iranians will use their limited supply	Iran. Iraq's ability to influence Libya is limited,	
of missiles to attack large area targets such as cities to	although the Iraqis might threaten to increase support	
gain maximum publicity from their efforts. The Scud's poor accuracy—about 1 kilometer at two-	for Libyan dissidents if Tripoli sent more missiles to	
thirds of its maximum range—suggests that Iran	Iran. Baghdad is likely to ask Moscow for further safeguards and assurances that Libya will not be	
probably could not target specific buildings with	permitted to transfer weapons to other countries. The	
reasonable hope of hitting them with a single missile.	Iraqis probably will put additional pressure on the	
Although a chance hit on an Iraqi military base would	Soviets for more sophisticated weapons—such as the	
be costly, Iranian missile attacks do not threaten to	SU-24 fighter-bomber or SS-12 missiles with a 925-	
reduce Iraq's overall military superiority over Iran. If	kilometer range—which Iraq can use to retaliate	
Iran acquired a large number of missiles, however, it might consider launching several rockets at a facility,	against Iran.	25 X
such as a chemical weapons plant, in hopes that one	Qadhafi probably would be willing to discontinue	
missile would find the target.	Scud support to Iran in exchange for an Iraqi	25X
	commitment to abandon support of Libyan dissidents.	20/
Tehran is likely to make strong efforts to acquire even	A good-faith gesture by Baghdad, such as turning a	
more missiles and launchers, especially from Libya.	dissident over to Tripoli, would be needed to seal the	
We expect the Soviets—as they did last December—	bargain. The Iraqis, however, do not trust Qadhafi	
to warn Qadhafi about the need to gain Moscow's	and are unlikely to damage prospects for cooperation	
approval before transferring military equipment to third countries. Qadhafi is likely to continue to	with the dissidents for a mere promise.	
provide maintenance assistance for the equipment	Implications for the United States	05)//
already in Iranian hands. Libya may also risk	Iran's new surface-to-surface missile capability	25 X 1
increasing Moscow's wrath by providing as many as	increases Tehran's capability to threaten US allies in	
15 more missiles and one to three launchers to Iran.	the Persian Gulf. The Scud's 300-kilometer range	
Qadhafi would deny the transfer to the Soviets, while	gives it the capability to reach major oil-producing or	
claiming credit for the recent willingness by Tehran to	exporting facilities along the Gulf in Kuwait, Saudi	
talk to Moscow.	Arabia, Bahrain, Qatar, and Oman. Iranian	25 X
Prospects for Iraq	Revolutionary Guard crews will eventually learn how	
The Iraqis are likely to take strong military measures	to launch the missiles, and Tehran might be tempted to attack such targets in response to increasing Iraqi	
to prevent Iran from launching more missiles or to	attacks against Iranian oil export operations.	25X1
punish Tehran for future attacks.	Although Iran probably would not have a sufficient	
	number of missiles to destroy or even seriously	25X
	damage such facilities, Tehran could conduct limited	OEV
Iraqi missile	attacks to press the Arab Gulf states to reduce their	25 X
attacks on Kermanshah in early April suggest the Iraqis may have already tried to eliminate the Iranian	support for Iraq or their ties to the United States.	25V
rockets. They may attempt to shoot down transport		25X
aircraft carrying additional missiles, support		
equipment, or personnel to Iran. Iraq also will		
increase its own missile and air strikes against Iranian		

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Iran: Relations With West Germany

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West Germany is Iran's principal source of civilian goods, primarily supplying heavy machinery and vehicles. Iran is upset over the large trade deficit it is running with West Germany, but it is unlikely to restrict trade. Instead, Tehran is likely to use threats to turn to other suppliers as well as steep oil discounts to entice West German firms to accept barter deals.

Despite West Germany's strong economic ties with Iran, Bonn has permitted virtually no arms sales to Tehran since the war with Iraq began. Private West German firms, however, have helped Iran complete construction of a rocket factory begun under the Shah. Iran is using its position as a lucrative export market for German goods to press for sales of military equipment, but Bonn almost certainly will not sanction official sales. Tehran, however, may succeed in some gray market deals with private firms for ammunition, radars, and communications gear

Economic and Political Ties

West Germany has become the principal exporter of civilian goods to Iran since the Islamic revolution in 1979. During 1983 and 1984, Iran imported almost \$5.5 billion worth of goods from West Germany, roughly 15 percent of Iran's imports. Heavy machinery, technology, and civilian vehicles make up the bulk of imports from West Germany.

West German firms have been able to gain a large share of the Iranian market in part because Tehran has terminated virtually all trade with the United States and France. West Germany also has avoided alienating Iran by refusing to sell arms to Iraq. Cultural ties also favor the Germans since several top postrevolutionary Iranian officials—such as the late Chief Justice Beheshti and current Minister of Islamic Guidance Khatami—were educated in West Germany.

West Germany's political ties with Iran are the best of any West European country. West German Foreign Minister Genscher's visit to Iran last year was the most significant by a West European official since the Islamic revolution. In addition to valuing Iran as a lucrative export market, West Germany believes its political and economic ties with Tehran serve larger Western interests. Bonn hopes to reduce Iran's need to turn to Eastern Europe and the Soviet Union for goods and to strengthen moderate forces in Tehran.

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Bonn does not condone the excesses of the Khomeini regime, however, and does not want to be closely identified with them. Therefore, we expect no major steps by West Germany to upgrade or intensify political relations any time soon. Iran, on the other hand, views its relationship with West Germany as proof that Tehran is not politically isolated. Iranian moderates argue that it is important to build ties with such countries as West Germany and Japan to preserve Iran's independence from the superpowers.

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Arms Trade

Before the Islamic revolution in 1979, Iran maintained a small arms trade with West Germany, primarily in the military services and construction fields. West German military sales to Iran in 1974-79 totaled less than \$300 million. Over 80 percent of West German military trade with Iran was in the form of technical assistance and machinery for arms manufacturing plants. Military equipment sold before 1979 consisted mainly of nonlethal items such as trucks, uniforms, and field radios.

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Since the revolution, West German firms have helped Iran finish building a production plant for antitank rockets (RPG-7) begun under the Shah. An artillery and ammunition facility, on which West German firms began construction in 1975, was still not finished in 1982, the last date for which we have

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information. Firm figures are unavailable, but we	percent.	25X1
believe the rocket production plant is producing tens		25X1
of thousands of RPGs annually. Both plants are hampered by a lack of raw materials, skilled		20/(1
technicians, and managerial personnel.		25X1
Since 1979, West Germany has authorized only one		25 X 1
arms deal with Tehran—the sale in 1983 of \$20 million in military communications equipment.		
Private arms dealers, however, have sold Tehran an estimated \$30 million worth of ammunition through		
gray market transactions. There is little evidence that	I William Tahara is trained to use its economic	x
West German firms have served as middlemen in arranging Iranian arms deals with third countries.	In addition, Tehran is trying to use its economic leverage to press Bonn to curb the activities of Iranian	
	opposition groups in West Germany. In 1982 Iran closed its Embassy in Bonn for 12 days to protest	25X1
West German firms, hurt by the slumping global	West Germany's expulsion of pro-Khomeini activists	
arms market, have unsuccessfully lobbied Bonn to	charged with attacking anti-Khomeini demonstrators at the University of Mainz.	25X1
approve more transfers to Iran as part of an overall relaxation of its arms sales policy. An example is	at the Oniversity of Manie.	25 X 1
Iran's attempt to purchase six 209-class submarines from a West German firm. The contract for the		
submarines, which originated under the Shah's		
regime, was outstanding when Khomeini took power in 1979. The new regime canceled the contract, but in	Outlook	
1982 it began discussions with the firm to try to	Despite Tehran's concern over its trade deficit with Bonn, Iran is likely to continue relying on West	
acquire the submarines. Despite Iranian threats to take legal action, the firm refuses to start construction	German firms for the bulk of its manufactured goods	
because Bonn will not consider approving their delivery until the Iran-Iraq war ends. We believe that	and transport vehicles. Iran will try to reduce the deficit by approaching individual West German firms,	
Bonn would accede to US requests to suspend	by threatening to find other suppliers, and by offering	25 X 1
indefinitely future submarine deliveries.	oil barter deals involving price discounts—reportedly as high as 20 percent.	25 X 1
	Iran also will continue efforts to obtain West German	25 X 1
	military equipment, probably without much success.	
		25 X 1
	West Germany has stated it	25 X 1
	will not change its opposition to major sales while the war lasts. Iran may have some success in tapping the	
Problems	gray arms market and in finding West German firms willing to sell small arms, but these firms will have	25 X 1
The major economic issue between the two countries is the large West German trade surplus—in 1983 and	problems circumventing West German restrictions.	25 X 1
1984 it amounted to almost \$4 billion.		
		25 X 1
Germany imported as much as 18 percent of its oil		25 X 1
from Iran in the 1970s, but this has fallen to only 3.5		
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India: Tilting Against Sikh **Extremists Overseas**

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We believe New Delhi's determination to curtail foreign-based support for Sikh extremism risks undercutting other foreign policy objectives without significantly reducing dissidence at home. New Delhi has made cooperation on the Sikh issue a central question in its relations with Pakistan, the United Kingdom, and, to a lesser degree, the United States and other Western states. In our view, even if these countries meet New Delhi's demands, Sikh discontent in India will continue to fuel extremism, while India's knee-jerk response to Sikh activities abroad probably will impede the closer ties Gandhi seeks with Pakistan and the West and perhaps even provide the Soviets with the means to draw India closer to Moscow

New Delhi: Fearful and Embarrassed

to the Indian press. Although the Indian

Government's White Paper on Punjab avoided

charging any specific country with supporting

activities. The local press carried allegations by

unnamed Indian officials of US, Chinese, and

Pakistani intelligence involvement in Punjab.

complicity, according to the Indian media. The

the Indian media.

official investigation, however, has so far shown the

plot to have been entirely homegrown, according to

The events of the past year have reinforced New

Delhi's fear that support for Sikh dissidence from

troops stormed extremist strongholds in Punjab last

summer, they discovered large caches of Pakistani-,

Chinese-, and US-manufactured weapons, according

extremists, the stockpiles fueled speculation in India

about foreign funding and orchestration of extremist

Indira Gandhi's assassination by her Sikh bodyguards sparked fresh investigations of suspected foreign

abroad threatens stability at home. When Army

Rajiv Gandhi—like his mother—probably believes New Delhi could control Sikh extremism but for support from abroad. According to US diplomats, New Delhi is convinced that Sikhs in the United States, the United Kingdom, and Canada comprise the main support for both "Khalistan"—the separate Sikh state demanded by extremists—and dissidence in Punjab. The shadow government of Khalistan is based in London.

We believe New Delhi's moves to curb the activities

overseas. Disgruntled Sikhs have attempted to bring

United Nations as well as national legislatures in their

India's alleged human rights violations before the

and by concern for the safety of Indian officials

of Sikhs abroad are also prompted by embarrassment

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host countries, Khalistan supporters in the United Kingdom, Canada, the United States, West Germany, Malaysia, and elsewhere have demonstrated publicly against New Delhi, in several instances attacking Indian Government-owned facilities abroad, according to press reports. The Indians have expressed apprehension over possible assassination attempts against Indian Government personnel abroad. particularly since Kashmiri separatists murdered an Indian diplomat in the United Kingdom last year.

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Crackdown on Overseas Links

We believe that New Delhi's preoccupation with the "foreign hand" is evident in the magnitude of its efforts since last June to isolate Sikh extremists at home from their sympathizers abroad. The government's new measures have included:

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• Controlling access to India from overseas by requiring that citizens of the United Kingdom and Canada—long privileged as fellow Commonwealth members—as well as nationals of Norway, Sweden, Denmark, Finland, Yugoslavia, Bulgaria, and Iceland secure entry visas before traveling to India, rather than applying for landing permits upon arrival.

Restricting access to Punjab by foreign citizens—including those of Indian birth.

including those of Indian birth.		

We believe New Delhi's recently announced policy of confiscating the properties in India of those involved in "antinational activities" abroad is also designed primarily to end overseas support for Khalistan. The new legislation, which covers foreign citizens of Indian origin as well as Indian citizens residing abroad, doubtless will also be applied with vigor to Kashmiri separatists residing in the United Kingdom. New Delhi may even hope that the ambiguity of "antinational activities" will deter other Indians abroad from voicing opposition to Indian Government policies.

Warnings to Pakistan

New Delhi's public criticism last month of Pakistan's "uncooperative attitude" regarding the Sikhs was clearly intended as a warning to Islamabad. The Indians, in our view, have correctly surmised that Zia is even more eager than they to pursue bilateral normalization, in part because he believes the military balance strongly favors India. By restarting normalization talks with Islamabad only after Zia agreed to try two groups of Sikhs who had hijacked Indian airliners to Pakistan in 1981 and 1984, Gandhi signaled that New Delhi will continue to link progress

toward normalization with Islamabad's stance on the Sikh issue. Indira Gandhi last summer broke off the talks at least partly to protest Pakistan's handling of another Sikh hijacking and its media treatment of Indian Government actions in Punjab. Rajiv will probably do likewise if he decides Islamabad's actions toward or statements on the Sikhs threaten his domestic management of the problem.

The Indians are not relying solely on diplomatic pressure to forestall Pakistani involvement. Besides the well-publicized increase in paramilitary and military patrolling along the Indo-Pakistani border, the US defense attache has reported that New Delhi is considering creation of a 600-kilometer-long buffer zone in Indian Punjab to seal the border against movements of persons and weapons. The buffer zone would be costly because the government would have to purchase choice agricultural land from local farmers.

Pressures on the United Kingdom and Other West European Nations

India has focused much of its attention in Western Europe on Sikh activism in the United Kingdom. New Delhi last month publicly expressed frustration over London's failure to limit the activities of its resident Sikh separatists, notably Jagjit Chauhan, self-proclaimed leader of the Khalistan Council. Last June the Indians protested a British Broadcasting

Corporation interview with Chauhan,

New Delhi's perception that London has been lax in curbing the activities of militant Sikh residents—and Kashmiri separatists—led to a chill in bilateral relations for several months. Despite Indian interest in British military supplies and technology, the Indians since Indira Gandhi's assassination have indefinitely

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delayed trips by UK Defense Secretary Heseltine and a senior official from the Department of Trade and Industry and postponed scheduled visits by two British ships. New Delhi's planned purchase of British Westland helicopters valued at 100 million pounds also is on hold, as is the expected signing of a Memorandum of Understanding governing the transfer of British technology to India. Relations have improved somewhat, however, since London refused entry to three Sikhs identified by New Delhi as extremists, according to US diplomats in New Delhi. Rajiv has shown new willingness to press for cooperation elsewhere in Western Europe. US diplomats have reported discussions with West German counterparts regarding Indian pressures on Bonn to contain the activities of its resident militant Sikhs.	activities of pro-Khalistan groups in New York and Washington, if necessary by deporting resident aliens. The leader of the Washington group—a US citizen—has expressed solidarity with Khalistan leader Jagjit Chauhan, and press reports indicate that the World Sikh Organization in New York is planning a meeting to coincide with Rajiv's expected visit to the United States in June—a potential embarrassment New Delhi certainly hopes Washington will try to avoid. The likely focus of New Delhi's near-term concerns in North America will be Sikh attempts against Rajiv Gandhi's life during his four-day visit to the United States.	25X1 25X1 25X1 25X1 25X1 25X1
The Sikh Factor in Relations With Washington and Ottawa Rajiv Gandhi, unlike his mother, has so far avoided mplying that the United States supports Sikh eparatism, but Indian concerns about US-based Sikh activism have the potential to become a significant critant in Indo-US relations. US press reports andicate that, since last June, an activist minority of the estimated 250,000 Sikhs in the country has protested New Delhi's policies and lobbied state and ederal officials for support. New Delhi objects both to critical statements by US officials and to legislative the states of Sikhs in India as interference	We expect New Delhi to continue pressing Washington and Ottawa to monitor the movements and activities of suspected Khalistan sympathizers in North America even after Rajiv returns home. Foreign Support for Sikh Extremism in Perspective Despite New Delhi's contentions, even total curtailment of overseas support for extremism probably would not end Sikh dissidence in Punjab. New Delhi, in our view, has minimized the extent of indigenous support for extremism, probably in part to deflect blame from the government. Sikh alienation from and suspicion of government intentions remain widespread, according to Embassy reporting. Violence by extremists has continued despite New Delhi's	25 X 1
n its internal affairs,	measures since last June to seal the border with Pakistan and limit access to India from overseas. Moreover, as the US defense attache notes, the ability of the extremists to hit targets in virtually every	25X1 25X1
New Delhi will welcome Washington's assurances hat it is investigating the propriety of Sikh political ctivities but is likely to press for concrete results.	district of Punjab suggests that there is at least broad tacit support for their activities among their coreligionists.	25X1
the Indian Government articularly hopes the United States will curb the		25X1

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How Far Are Indian Fears Justified?

Pakistan

We have no independent evidence to support Indian charges—based on interrogation of Sikh extremists, according to the Indian press—that Islamabad has systematically trained, armed, and given sanctuary to Sikh extremists or deliberately served as a conduit

for their weapons.

On the other hand:

• We believe it likely that local officials in Pakistan allow Sikhs to cross the border at will, consistent with plausible deniability for Islamabad.

• We do not doubt that Pakistani intelligence officials have contacted visiting Sikhs or that local officials have aided them, probably with Islamabad's knowledge. Officials in Lahore, for example, apparently provided Sikh hijackers with a pistol last summer—a charge that Pakistan's President Zia no longer denies.

The United States and Canada

We have no evidence that Sikhs in North America have systematically supported terrorist activities against the Indian Government. An Indian journalist investigating Sikh dissidence in the United States and Canada recently shared with US officials his conclusion that Sikh alienation in the United States had not translated into support for Khalistan. He said he had found no hard evidence that the Sikh community is funding the separatist movement or is directly engaged in gun-running or other illicit activities in support of extremists at home. Likewise, US diplomats in Canada dismissed as disinformation a June report in the Canadian press-replayed in the Indian press—that a Sikh resident had accumulated arms for use by extremists in Punjab. But last June we had an isolated report from US diplomats in Toronto that a Sikh approached them with an offer to assassinate Indira Gandhi if they would provide him with travel papers.

The United Kingdom and Western Europe
We cannot confirm that Khalistan activists—
particularly in the United Kingdom—have funded the
activities of the banned Dal Khalsa and All India
Sikh Students' Federation—as New Delhi has
charged in the past

Foreign Policy Implications

In our judgment, New Delhi is unlikely for several reasons to secure the degree of cooperation it seeks from foreign governments. The Western governments involved have constitutional and legal limits on their ability to restrict the speech of residents and to single out citizens or residents of specified national origin.

Pakistan is likely to prove unwilling—as well as unable—to halt the modest encouragement and aid that its local officials may well be providing. The "Punjab option" represents one of the few pressure points currently available to Islamabad in dealing with India. Moreover, Islamabad probably could not altogether eradicate weapons smuggling into India,

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given the length of the border and the determination of both sellers and buyers. We believe New Delhi will nonetheless be quick to	25X1
blame any renewed violence in Punjab on Pakistan—and perhaps also the United States and United Kingdom—to the detriment of the improved relations Rajiv has been seeking. The Indians probably would cite recent reports—noted by US diplomats in New Delhi—that Sikh extremists have rearmed themselves for a new round of antigovernment operations with weapons intended for the Afghan insurgents.	25X1
We believe that, as in the past, a major outbreak of violence in Punjab probably would increase Soviet disinformation aimed against Pakistan and the United States and perhaps also New Delhi's susceptibility to it. Following Indira Gandhi's assassination, the Indian	23/(1
press replayed rumors—almost certainly of Soviet origin—that her Sikh assassins had been trained at CIA camps in Pakistan. Over the past two years, TASS has harped endlessly on the theme of US efforts to Balkanize India, beginning in Punjab. Although Rajiv is less inclined than his mother to	
react on the basis of weak evidence, the priority he continues to accord Sikh connections abroad probably will make him attentive to all allegations.	25X1 25X1

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