

THE DIRECTOR OF
CENTRAL INTELLIGENCE

National Intelligence Council

30 August 1985

FOR: NIO/USSR
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FROM: Herbert E. Meyer
VC/NIC

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Attach:
Harry Cochran Memo to DCI
dtd 28 August 1985

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MEMORANDUM FOR: Director of Central Intelligence
 THROUGH : Vice Chairman, National Intelligence Council **HEM**
 FROM : Harry C. Cochran, Special Assistant for Warning
 SUBJECT : Warning and Forecasting: Monthly Assessment

Soviet Summit Strategy

1. The Gorbachev leadership's planning for the November meeting with President Reagan is based on five principal assumptions:

(a) There is no prospect of agreement on major political or arms control issues; the summit therefore will be used as a conspicuous forum for waging political warfare against the Administration, with the specific purpose of deepening perceived transatlantic differences over arms control policy, Western nuclear strategy in general, and economic/trade issues;

(b) Prevailing economic and political trends in the US, fueled by trade and budget deficits, will push Congress to adopt protectionist measures in the next year or two that will have damaging repercussions on US relations with West Germany, Japan, and other major trading partners, thereby opening new opportunities for Soviet diplomacy;

(c) The Administration is vulnerable to Soviet manipulation of the linkage between SDI and the arms control process. The Soviets are confident that they will be able to wield stronger leverage with Western Europe on SDI than on INF deployment two years ago because of their unyielding insistence that proceeding with SDI will destroy the entire arms control enterprise;

(d) West European governments, whatever their public positions, are deeply apprehensive about the near- and long-term consequences of SDI; the Kohl government in particular is vulnerable because its political stock has been falling since the CDU defeat in the North Rhine-Westphalia election in May; political trends in the FRG can be exploited to strengthen the Social Democratic Party's prospects in federal elections in April 1987;

(e) Exploitation in domestic propaganda of charges that the Administration is seeking to recover strategic superiority

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and a first-strike capability, together with a contrived atmosphere of Soviet-US cold war tensions, will facilitate Gorbachev's daunting task of overcoming entrenched internal resistance to his reformist program.

2. Moscow's negative assessment of summit prospects and its intention to sharpen efforts to discredit US policies, have been reflected in remarks by Soviet spokesmen in the last two months that Gorbachev is reorienting Soviet foreign policy away from Gromyko's excessive preoccupation with the Soviet-US relationship and shifting priorities in order to devote greater attention to relations with Western Europe, Asia and the Pacific, the Middle East, and the Third World in general. Gorbachev himself outlined his foreign policy priorities in a speech at Dnepropetrovsk on 26 June, in which he relegated relations with the US to last place. He assigned top priority to "strengthening the positions of the countries of socialism in the world arena" and promoting their political and military cooperation and their economic integration. Next in importance was to "fully overcome" the "negative patch" in Sino-Soviet relations and to establish "good-neighborly cooperation." Gorbachev's third priority was to support Third World struggles for "freedom and independence," citing recent talks with leaders of India, Syria and Nicaragua. As for relations with the US, Gorbachev contended that "the attainment of serious accords evidently does not enter into (Administration) plans." He dismissed the rationale for SDI as "a fairy-tale for the gullible" and renewed his implicit threat to break off arms control talks next year, warning that "We simply cannot allow the talks to be used again to secure a US strategic superiority and maintain a line of world dominance."

3. Gorbachev's tactical approach at the summit will be calculated to "expose" the President's reluctance to address fundamental security and political issues. He will seek to contrast the President's plan to "set an agenda for the future" with the Soviet Union's detailed proposals for concrete agreements on arms control, international security issues, and bilateral questions. After the Shultz-Shevardnadze meeting in Helsinki on 31 July, Ambassador Dobrynin told the press that Moscow hopes to achieve "serious results" and "a maximum program" at the summit. Soviet accounts reported that Shevardnadze urged that both governments focus on "security issues," especially those related to the "prevention of an arms race in outer space and putting an end to it on earth."

4. Gorbachev's "maximum program" will concentrate on making the case that a prohibition of space weapons and mutual renunciation of the "militarization" of space constitute an indispensable precondition for agreements to reduce offensive nuclear weapons. The centerpiece of his presentation will be a proposal for joint moratoriums on research, testing, and deployment of space weapons

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and on nuclear weapons testing. These two measures will be portrayed as an essential first step toward permanent bans on space weapons and nuclear tests that will clear the way for "radical reductions" (by 30 percent) in offensive systems.

5. In addition to these key proposals, Gorbachev's brief will include some of the following initiatives:

- (a) Reaffirmation of the two governments' commitments to observe the open-ended ABM Treaty of 1972;
- (b) An indefinite moratorium on ASAT testing and agreement to scrap systems whose testing has not yet been completed;
- (c) An offer to extend the unilateral Soviet moratorium on nuclear testing beyond 1 January 1986, if the US agrees to a reciprocal standdown. Even without a US commitment, Moscow probably will maintain its test moratorium through the first half of 1986 and perhaps well into 1987. The Soviets apparently have completed tests of warheads for the SS-24, SS-25, and SS-NX-23. The test moratorium is aimed directly at SDI. TASS military analyst Vladimir Bogachev recently charged that the Administration's refusal to join the Soviet test suspension "is largely due to the fact that a termination of testing of nuclear weapons intended for use in outer space would seriously obstruct the fulfillment of the American plans for Star Wars."
- (d) A moratorium on deployment of both strategic weapons and intermediate-range missiles in Europe for the duration of the Geneva arms control talks; during his visit to France on 2-5 October, Gorbachev may announce an extension of the unilateral moratorium on SS-20 deployments in western USSR which expires in late October;
- (e) A halt to the development and deployment of new types of strategic weapons such as the SS-24 and SS-25, and the MX and B-1;
- (f) A ban on further testing and deployment of all cruise missiles with ranges exceeding 600 kilometers;
- (g) Reaffirmation of the two governments' informal commitments to observe SALT II limits and a proposal to maintain these commitments indefinitely after the treaty technically expires at the end of December;
- (h) An updated version of Chernenko's proposal for a "code of conduct" for nuclear powers, with emphasis on non-interference and non-intervention in the internal affairs of Third World

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states (aimed primarily at US policy in Central America);

- (i) A proposal to convene an all-Asian conference on the model of the European Conference on Security and Cooperation that will negotiate agreements on nonaggression, non-use of force, and confidence-building and security measures;

6. Prior to the summit, Foreign Minister Shevardnadze, President Gromyko, or Gorbachev himself may visit China in a transparent attempt to tilt the strategic triangle against the US. Soviet leaders would act on the assumption that the Chinese share with Moscow an interest in promoting an impression of steady improvement in bilateral relations that will strengthen the leverage of both governments in dealing with the US. The Soviet visitor will stress Moscow's support for China's "one country, two systems" formula for resolving the Taiwan question and denounce US arms sales to Taiwan. The possibility of a high-level Soviet visit in the next two months rests on more than the logic of Soviet and Chinese interests.

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China-US-Taiwan

7. President Li Xiannian's visit to the US in late July did not clarify Beijing's intentions on the issues of US arms sales to Taiwan and reunification of the island with the mainland. Li and other senior members of his delegation, however, raised these issues repeatedly in public statements which conveyed a clear message that the Administration should press Taiwan authorities to move toward Beijing's terms for reunification. Li promoted the "one country, two systems" concept as a fair solution and urged the US to "take a clear and positive attitude in this matter." State Councillor Ji Pengfei hinted broadly that China wants the Administration to adopt an active mediatory role, arguing that the US "has great influence on Taiwan" and that "there are many things the US should and can do if it is willing." He claimed that China has "no specific timetable" for a Taiwan settlement but said "We hope to see the realization of reunification as soon as possible."

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8. Ji Pengfei also claimed that the Chinese delegation did not raise the arms sales question in Washington. If true, this suggests that Beijing had decided in advance that Li's visit should be limited to probing the Administration's policy and that the occasion and timing were not auspicious for a formal demarche. Li's failure to press the arms sales issue, however, does not signal a retreat. Three weeks before he arrived in Washington, China's new ambassador to the US, Han Xu, publicly warned that the US must carry out its pledge to stop supplying weapons to Taiwan and voiced regret at the slowness with which the sales were being reduced.

9. Chinese media apparently did not report President Reagan's comment to Li that the US wants the Chinese on both sides of the Strait to solve the Taiwan question themselves without American involvement as an intermediary. Taiwan authorities, however, were quick to fill this gap in Beijing's coverage. Taipei radio ridiculed Li's visit as "accomplishing practically nothing," having failed in particular to pressure the US to halt arms sales or to "play the role of mediator between the two Chinas." Beijing's one country, two systems "charade" did not "fool the Americans."

10. From a warning standpoint, there remains a better than even chance that the Chinese, in the next six to 12 months, will make a formal demand that the US set a specific date for ending arms sales to Taiwan, endorse the one country, two systems formula as a just basis for negotiations, and press the Taiwan authorities to begin negotiations with Beijing. It seems likely that the Chinese leadership has decided to defer this demarche until they have had time to assess the outcome of the President's meeting with Gorbachev. They almost certainly anticipate a sharp downturn in US-Soviet relations following the summit and a period of harsh recriminations that will enhance Washington's incentive to avoid simultaneous damage to US relations with China. Beijing may then be prepared to gamble that the Administration will yield to a threat that if the US does not agree to end arms sales and deliver Taiwan to reunification negotiations, China will be free to abandon its policy of peaceful settlement.

11. In sum, Li Xiannian's benign performance in the US should not be taken as a reliable indication of Beijing's state of mind and intentions. There is circumstantial evidence that the Chinese last spring made a decision to accelerate their drive to achieve a breakthrough on Taiwan issues. In late May, they extracted from President Antonio Ramalho Eanes an agreement to begin negotiations "in the near future" on Macao's return to full Chinese sovereignty, implying the complete removal of the Portuguese administration. This unexpected announcement signalled an abrupt change in China's timetable for Macao. Last October, Deng Xiaoping had told a pro-Beijing politician from the island that "there is no hurry to

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resolve the Macao issue" and that it might not need to be addressed for "another seven or eight years." This relaxed posture was motivated in part by Deng's desire to avoid complications in his delicate negotiations with the British on a Hong Kong settlement. Now that the Hong Kong deal has been ratified and an early Macao settlement is in sight, the Chinese will have cleared the decks for launching an intensive campaign to break the impasse over Taiwan before the summer of 1986.

Iraq-Iran

12. Iraq's air strikes against oil facilities on Khark Island signal a potentially explosive escalation and an Iraqi decision to raise the stakes in the effort to destroy Iran's capacity to repay loans and secure new credits abroad to finance the war. The attacks also imply a greater willingness in Baghdad to risk significant aircraft losses and to renew strikes against Iranian cities. If Iran's augmented air defenses on Khark succeed in downing Iraqi aircraft, Saddam Hussein will be obliged to intensify the attacks to make good his losses.

13. This prospect of a sustained Iraqi air offensive will compel the Khomeini regime to mount unprecedented retaliatory actions. Since Iran's air force lacks the capacity to respond in kind against Iraqi targets, Tehran will have no choice but to escalate air and sea strikes in the Gulf against foreign ships with cargoes bound for Iraq or to attack ports and oil facilities in Kuwait or other Gulf states.

Arab States

14. The failure of the Arab summit in Casablanca to endorse the Jordanian-PLO peace initiative represents a damaging setback for King Hussein and Arafat. It will embolden the Syrians to move more aggressively against them. Abortive attempts to assassinate Arafat in Casablanca and Sana were harbingers of tougher Syrian efforts to destroy Arafat's leadership and bring the PLO under tight Syrian control. Fatah in turn will intensify terrorist strikes against Syrian officials in Damascus, Europe and North Africa. An upsurge in internecine warfare between rival Palestinian factions and Syrian reprisals against Fatah and Jordan will generate

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greater unrest in the West Bank and Palestinian attacks on Israeli citizens. Escalating violence will fuel the growing momentum of ultra-rightist sentiment in Israel represented by Meir Kahane's movement, reducing even further Israel's ability to be responsive to the Administration's policy.

Nicaragua

15. Sandinista tactics in the next three to six months will focus on exploiting the Contadora Group's renewed sense of urgency to secure a settlement before FDN advances into Nicaragua's economic and agricultural heartland trigger an escalation. On the one hand, Managua will repeat its strategem last fall of announcing readiness to sign a new Contadora draft treaty. The Sandinistas will be encouraged to play this card by the decision of Argentina, Brazil, Peru, and Uruguay to form a support group to assist the Contadora governments. A Nicaraguan announcement may be timed to coincide with Contadora missions to Washington and Havana.

16. On the other hand, the Sandinistas may attempt to bring matters to a head by staging larger and more frequent cross-border raids against contra bases in Honduras and Costa Rica. Their failure to block FDN infiltration in border regions and growing casualties among their forces may prompt ill-considered military initiatives that would alienate Contadora and undercut Managua's political strategy. In any event, the Sandinistas will be operating under unprecedented pressures in the next few months, and this climate may produce surprises as they attempt to recover the military initiative and inflict damaging defeats on the contras.

El Salvador

17. With battlefield trends flowing against them, FMLN commanders will resort to bolder and more frequent terrorist actions against Salvadoran and American officials in increasingly desperate attempts to provoke a rightwing backlash. Statements in early July and mid-August stressed an intent to concentrate on "economic and political destabilization" in heavily populated areas. The insurgents will seek to force President Duarte to resume talks that were broken off last November by trying to exploit growing left-wing union and student grievances and strikes against the government.

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The FMLN reportedly is sending increasing numbers of guerrillas into towns and cities for political agitation and organization. The outlook in the next six months therefore is for more strikes, protest demonstrations, kidnappings, and attacks on local and US officials.

South Korea

18. There will be strong potential for political upheaval if the government acts on its plan to introduce campus "stabilization" legislation this fall that provides new authority to crack down on student militants. Although President Chun Doo Hwan decided in mid-August not to force a vote during a special session of the National Assembly, he cannot afford a second retreat on this volatile issue. He had purged several moderate leaders of the ruling party who opposed the legislation. The opposition New Korea Democratic Party had organized nation-wide struggle against the bill, and its assemblymen were considering a provocative sit-in to prevent the government from taking a vote. The opposition has vowed to mobilize again to defeat the measure this fall. A government move to force the issue almost certainly will trigger extensive campus violence and a major political test of strength in Seoul.

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Southern Africa

19. The formation of a new federation of black labor unions representing 500,000 workers may signal a major turning point in the politicization of the black majority. The strike by the National Union of Mineworkers on 1 September will force a crucial test of strength which could rapidly escalate into a general strike of black workers demanding far-reaching political concessions. Mass dismissals of strikers could provide the spark to precipitate an unmanageable breakdown in public order. Escalating violence will lead to a sharp deterioration of South Africa's relations with neighboring black states, and there will be a high probability of renewed military operations against Botswana, Lesotho, Angola, and Mozambique.

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