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European Review



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6 June 1986

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European Review

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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 uncoordinated views.

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European Review 


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Briefs


West Germany-USSR

New Strains After Chernobyl 


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Public demands by Bonn for compensation for damages caused by the Chernobyl accident reflect growing West German aggravation with Moscow's handling of the incident and may portend a more assertive posture in general toward the USSR. A high-ranking West German official told the US Ambassador that Bonn is serious about claims for compensation and will consult with other European governments on possible approaches. He added that Bonn may even go to the International Court of Justice. 

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Meanwhile, the West German public has witnessed an open exchange between Bonn and Moscow over the compensation issue. Chancellor Kohl's restatement of Bonn's claim in a speech in Munich drew a harsh rejoinder from *Pravda*, which, in turn, drew a stiff response from Economics Minister Bangemann. Interior Minister Zimmermann and the new Soviet Ambassador, Yuli Kvitsinskiy, also have exchanged charges in the West German press. Only Foreign Minister Genscher has counseled caution, warning against "self-righteous" accusations regarding Soviet behavior. 

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The Kohl government's actions are probably intended, in part, to shore up its image on the eve of a crucial state election this month. West German farmers, an important Christian Democratic constituency, suffered losses from safety measures instituted after the accident, and Bonn would like Moscow to help cover the costs. Kohl probably would also like to turn public attention away from his administration's confused response to Chernobyl. The government's outspokenness may also presage a more aggressive response when Moscow criticizes Bonn on security issues. Recent Soviet statements have scored the West German role in INF, SDI, and chemical weapons modernization, and Chernobyl may have provided Bonn a convenient opportunity to reciprocate. 

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Finland

Government Challenged on Nuclear Policy 

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Finland's Social Democratic Prime Minister Kalevi Sorsa faced down a challenge from one of the partners in his center-left coalition government in late May. The Rural Party, which has been losing members to the Green Party—presumably for paying little attention to environmental issues—proposed that all Finnish nuclear plants be shut down by the year 2000. 

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Finland is currently operating two Soviet- and two Swedish-built reactors and had been considering the purchase of an additional reactor from the USSR. Notwithstanding the government's decision to defer action on the additional reactor in the aftermath of the Chernobyl incident, the Rural Party's proposal was a clear challenge to the government's policy of encouraging the use of nuclear power. 

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Sorsa declared that he would resign if the Rural Party leaders pushed the issue in parliament. Afraid of being shut out of a new coalition government if Sorsa followed through on his threat, the Rural Party agreed to raise the issue in parliament without pushing for a vote. With this challenge behind him, Sorsa had no difficulty rebuffing the Conservative Party's motion of no-confidence over the government's handling of information after the Chernobyl accident. [redacted]

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Ireland

Major Military Maneuvers [redacted]

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The Irish Army conducted a major field exercise in mid-May along the eastern half of the Republic's border with Northern Ireland which, according to US diplomats, was designed to test its readiness to respond to an attack from the north. The maneuvers involved about 1,000 troops drawn from the Army's Eastern and Curragh military command regions and were the largest since the special antiterrorist exercise held near Castlebar in 1985. [redacted]

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The goal of the exercise was to test defensive plans for the strategic Dundalk area, which controls the most direct route from Belfast to Dublin, and to familiarize Army units with key defensive lines beginning just north of Dundalk and falling back along the Fane and Boyne Rivers. The exercise was also designed to test the Army's ability to secure roadblocks and patrol routes used by terrorists entering the Republic from Northern Ireland. [redacted] the exercise was well organized and effectively tested Irish military readiness since only a few key officials knew in advance which military units would be deployed.

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[redacted]

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Portugal

Problem of Unpaid Workers Worsens [redacted]

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According to the Ministry of Labor, the number of Portuguese workers owed back pay at the end of 1985 increased by one-third over a two-year period to almost 3 percent of the labor force. The average amount owed, including fringe benefits, increased sixfold to \$1,900. Workers in the metallurgical and machine-building industries have been hardest hit by this unique Portuguese problem. The Communist labor union has demanded that Lisbon pick up the tab when employers fail to meet their obligations, while the Socialist union has pressed the government for laws that would compel companies to pay their workers. [redacted]

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In response to political pressure, the Cavaco Silva government has approved several measures for unpaid workers, most notably unemployment benefits. Nevertheless, the problem is likely to worsen because the financial positions of many firms will continue to deteriorate as they try to compete in the Common Market, thereby complicating their ability to meet payroll obligations. Because Portuguese law does not penalize firms for delinquent salary payments and economic conditions offer unpaid workers little alternative to hanging on and hoping for the best, many employers are likely to take the easy way out and withhold pay. We doubt that the situation will improve until a sustained economic recovery leads to greater business profits and more employment opportunities.

[redacted]

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CEMA

Executive Committee Meeting

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The CEMA Executive Committee has approved a draft program for the construction of nuclear power and heat stations as part of the group's long-term Economic, Science, and Technology Program. At its meeting in Moscow in mid-May, the committee focused on establishing direct relations among enterprises and scientific institutions in the member countries and on the formation of joint enterprises and associations. The session also considered problems in creating joint funds to finance the Economic, Science, and Technology Program. After hearing a detailed Soviet report, the East Europeans expressed satisfaction with Moscow's handling of the Chernobyl nuclear accident.

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The Executive Committee session sets the stage for this month's meeting of CEMA premiers, which probably will also concentrate on the Economic, Science, and Technology Program. Comments by Czechoslovakia's Deputy Premier suggest that the East Europeans have been reluctant to commit resources to the program and skeptical of its benefits. Although the East Europeans probably have more reservations about nuclear power than their public endorsements indicate, their approval of the draft program underscores their lack of alternative sources of energy.

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Articles

**Yugoslavia: The Military Holds
Its Party Congress**

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The Yugoslav military's party organization recently held its congress and laid out its views on the country's troubled political and economic systems. The meeting, convened in advance of the National Congress of the Communist Party in late June, underscored the military's increasing outspokenness since its last congress four years ago, which was a lackluster, largely apolitical, event. The congress nevertheless gave the post-Tito leadership a somewhat stronger vote of confidence than military officials have on some other recent occasions. It also tempered its concern over several endemic problems such as the weak economy and rising ethnic nationalism and liberalism. The military leaders are probably taking a wait-and-see attitude in advance of a major turnover of both the party and government leaderships, after which they may turn up the heat once again.

the regime, often peaking late in the year as a kind of pressure tactic when the federal legislature formulates the military budget.

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The YPA's political role is rooted in Yugoslav history. As Tito's partisans, the military successfully fought the Nazis in World War II, paving the way for the founding of the modern Yugoslav state. Its political role was institutionalized in the early 1970s when the YPA's party organization was given a block of seats on the Party Central Committee, just like the block assigned to Yugoslavia's eight administrative regions. It also holds a seat on the 23-member Party Presidium. The defense minister normally is a military man, and one of the ex-defense ministers currently sits on the collegial nine-man State Presidency.

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The Military's Role in the Political System

Since Tito's death in 1980, the Yugoslav People's Army (YPA) has played an increasingly important role as a force for continuity and stability in the complex Yugoslav political system. In a diverse and ethnically divided nation—one that is experimenting with various political and economic reforms—the Army has been a chief proponent of principles Tito espoused and that held the country together during his 35-year reign: ideological orthodoxy, Pan-Yugoslavism, national independence, and strong party influence. Over the last six years, the military has generally refrained from direct intervention in the system and has offered few concrete policy proposals. It has preferred to work by pressuring politicians behind the scenes while publicly calling for action against what it sees as dangerous trends and making occasional oblique threats. The YPA's criticism has ebbed and flowed with developments in society and

Military Congress Views on Trends in Society

At the YPA's latest congress, held in Belgrade on 21 and 22 April, the military laid out its views on a number of pressing political and economic issues. Army Party Chief Georgije Jovicic gave the keynote address, while Defense Minister Branko Mamula and other officers spoke in the plenary debates. Following are some highlights.

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Nationalism. Jovicic and Mamula voiced continuing concern over nationalism, long a problem in this multinational state, but were relatively low-key in light of some recent nationalist incidents. Jovicic described the situation in Kosovo Province—where 7,000 ethnic Serbs in early April demonstrated against discrimination by the province's mainly Albanian leadership—as “very serious and difficult”

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but otherwise was terse and noncommittal. Possibly reflecting sensitivity to the disproportionate number of Serbs within the military, Jovicic failed to mention nationalism in Serbia—which has risen partly in response to ethnic strains in Kosovo and which leaves many of the other republics jittery. He also was restrained on recent signs of assertiveness in the northern Republic of Slovenia, which traditionally voices parochial, anti-Belgrade attitudes. Jovicic's remarks were all the milder considering statements of late December—like those of General Daljevic, another prominent military spokesman, who pointed to the need to move “at long last” into an “uncompromising settling of scores” against nationalists. []

Liberalism. Jovicic noted a “deterioration” in the ideological sphere, another longstanding focus of military concern. He added that the military was “most critical” of regions that allowed antisocialist forces—a reference to a diverse group of critics of the Communist system—whose goal is “the destruction of our society's foundation.” Jovicic maintained that these attacks are “directed against the Army in order to destabilize it.” Jovicic's statements, while tough, were still somewhat less polemical than those just six months ago when Mamula demanded that political leaders “take all measures—ideopolitical and others” to silence critics of the Army and Yugoslavia. Moreover, Jovicic's comments were surprisingly tame in light of some recent events. For example, at a recent youth congress in Slovenia, delegates called for Western-style pluralism and a civilian alternative to military service. Not long afterward, members of a Slovene “Peace Movement” sent a letter to the federal government urging Belgrade to refrain from its lucrative arms trade and halt the military training of foreign nationals. []

Economic Issues. Jovicic labeled Yugoslavia's “enormous inflation”—now running at a triple-digit rate—and weak economic performance as among the country's foremost problems. Jovicic and other leaders indicated that inflation has hampered the YPA's modernization drive, leading to cuts in research and development funding and a slowing of the Army's procurement program. While living standards of officers are falling and construction of military

housing has been lagging, Jovicic pointed proudly to Yugoslavia's surging arms trade; last year exports neared \$2 billion, providing important support to Belgrade's weak balance-of-payments position. The value of arms exports reportedly has been growing at 15 percent annually since 1981. []

Leadership Competence. Military leaders voiced greater satisfaction with the performance of the federal government and party leadership than they have on some occasions since the 1982 Congress. Jovicic gave the party at least a lukewarm endorsement when he said that Yugoslavia's leading forces, especially the party, were “very involved” trying to solve national problems. Jovicic blamed lower levels, where “accepted” policy was being implemented “slowly and inconsistently.” Jovicic's comments followed some temperate articles in the Army weekly on improvements in the party leadership's performance. His remarks are in marked contrast to some past attacks on the leadership, like one made four months ago when a senior general complained that ideological disunity was caused “first and foremost” by the Party leadership. The peak of the military's criticism had come at the Army Plenum in December 1984 when Mamula and Jovicic directly attacked the leadership, with Jovicic charging that “leading officials” were responsible for creating “considerable confusion and chaos.” []

Trends Within the Military

Senior military officers used the congress to voice concerns over problems within the military:

Nationalism. Jovicic expressed concern about nationalist trends within the Army that could weaken the military's effectiveness as the country's most pan-Yugoslav institution. He admitted that some “negative phenomena” existed in the military, most stemming from “nationalist positions.” Seeking partially to absolve the Army, Jovicic argued that most young people enter the Army “already imbued” with nationalism. Jovicic's concern may have been heightened by a wave of arrests of Albanian

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nationalists late last year, one of the largest in recent years, which included a roundup of some military personnel. [redacted]

Recruitment. The military leaders also voiced concern about the continuing failure of the Army to recruit more members of certain ethnic groups into the officer corps—a drive intended to make it more representative of the country's diverse cultural population. Jovicic observed that Albanians, Slovenes, Muslims, and to some extent Croats, are still under represented in the middle ranks of the military, which remains dominated by Serbs and Montenegrins. Some officials also expressed concern over the Army's difficulties in attracting recruits into military academies. A teacher from a military school, asking why the military is insufficiently attractive to young people, noted that applications are declining, incoming students display a "lower educational profile," dropout rates are climbing, and interest is diminishing even among teachers at military schools. [redacted]

Generational Split. The congress also offered hints that younger officers find the senior leadership too complacent. Jovicic, although reelected as Army party chief, tied for the lowest number of votes received in the publicly reported elections for membership on the Army's party member committee—an apparent sign of midlevel displeasure with his performance in defending YPA interests. One delegate implicitly questioned the toughness of YPA senior officers when he complained that many military men are "confused" that hostile forces are allowed to exist in society and questioned why the system was not defended "in a more vigorous manner." Another delegate criticized the military leadership for creating obedient, establishment-minded officers instead of people who "criticize and create and who hit the problems in the bullseye." These midlevel officers may also reflect disappointment over their superiors' inability to extract pay increases for military personnel. [redacted]

Outlook

The military's measured response at its own congress tends to mirror the generally uneventful congresses being staged by Yugoslavia's regional party

organizations. The YPA will probably be watching closely to see how the new government and party leaderships—to be in place by early summer—react to challenges from nationalists and liberals. If ethnic tensions continue to mount and Belgrade appears unable to defuse them, the YPA almost certainly will crank up the pressure, attacking perceived dangers with a vigor unseen in recent months. The military might face an uncomfortable dilemma if nationalism continues to rise among the Serbs. The military probably looks forward to actions by new Premier Branko Mikulic, a vigorous and toughminded Titoist, who was installed on 16 May. It may have mixed feelings on the new Party Presidium to be seated after the National Congress. If the new Presidium is more fractious and regional-minded than its predecessor, as may be the case, the military might turn increasingly to Mikulic and other more orthodox leaders to keep the lid on. In the meantime, senior military officials probably will try to mollify junior officers, who could be adding a new dimension to Yugoslav politics. [redacted]

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Bulgaria: Post-Congress Prospects

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Bulgarian leader Todor Zhivkov, who will be 75 in September, was elected in April to his seventh term as General Secretary with no indication that he intends to step down any time soon. He used Bulgaria's 13th Party Congress to trumpet his largely rhetorical call for economic modernization and to defend recent sweeping ministerial changes. These changes are unlikely to promote economic recovery but should keep Zhivkov's leading potential successors off balance for some time to come.



Todor Zhivkov

Camera Press ©

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Zhivkov's Position

Zhivkov, the dean of Warsaw Pact leaders with 32 years in power, shows no sign he is ready to relinquish control and probably will resist giving up power as long as his health holds out. He also apparently does not want to leave at a time when his legacy is in jeopardy because of economic troubles and Moscow's tainted perspective of him.

authority he previously enjoyed over policy as First Deputy Premier, he still seems to have the edge as the favorite to succeed when all factors—including the force of his personality and personal stock in Moscow—are weighed. Finally, Georgi Antanasov, 52, a longtime Party functionary with a reputation as a strong personnel manager, was named Premier.

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Prior to the congress, press and diplomatic sources had reported rumors that Zhivkov might step down because of his age, declining health, and Soviet criticism of his mismanagement. However, he has effectively squelched the speculation at least for the near term by his strong reassertion of control at the congress, by his renewed call for economic reform under his leadership, and by his shifting of leading potential successors to new posts, which weaken their power bases.

The formation of four new Central Committee commissions and the recent extensive reorganization of economic ministries gives the outward appearance of meaningful reform, but the changes are not likely to have much effect on the quality of day-to-day management. Since old faces removed as the heads of the former ministries are reappearing as high-level functionaries in the new commissions, we see little chance of greater efficiency arising from this recycling process.

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Personnel Changes

At the plenary sessions leading up to the congress, succession front-runners Chudomir Aleksandrov, Ognyan Doynov, and Grisha Filipov—all influential Politburo members—were abruptly appointed to new positions. Filipov, 66, was moved from Premier to Party Secretary responsible for the economy. Doynov, 50, was named Chairman of the Economic Council, a new superministry of economics, but his Party credentials were diminished by his release from the Secretariat. Aleksandrov, 49, was put in charge of Party organization and personnel, which reduces the

Economic Reform

Zhivkov used the congress to breathe new life into the economic reform program—the New Economic Mechanism—he introduced in 1979. Modernization

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through technology was a major theme of his keynote address. According to Zhivkov, the launching of Bulgaria's "techno-scientific revolution" is to be facilitated by "profound qualitative changes" in the management and operations of the economy. Thus far the only changes have involved the dismantling of industrial ministries and creation of economic trusts which are designed to give greater flexibility to enterprises but in reality appear largely cosmetic and probably will do little to stimulate productivity. [redacted]

Moreover, [redacted] the much-touted personnel changes and ministerial reorganization have caused confusion among bureaucrats, who are now having difficulty identifying appropriate contacts. [redacted]

[redacted] nothing had changed and that middle- and senior-level officials appeared "oblivious" to any impending changes in their customary way of doing business. [redacted]

Soviet Perspective

Bulgaria continues to be the Soviet Union's most loyal ally in Eastern Europe. Strong Soviet influence in Bulgaria stems from traditionally close political, economic, military, and security links and is likely to be brought to bear during the transition to a post-Zhivkov leadership. Bulgaria is an enthusiastic champion of the Warsaw Pact, and its economy is second only to Czechoslovakia in the extent of integration into CEMA. [redacted]

Nonetheless, Sofia and Moscow have had their differences. In the past year, the Soviets have been openly critical of Zhivkov's mismanagement of the Bulgarian economy and apparently displeased with the regime's bungling of its internationally condemned campaign to force the assimilation of ethnic Turks. According to rumors reported from both Sofia and Moscow, Gorbachev disapproves of Zhivkov's crude, personal leadership style as well as his inefficient management. [redacted]

Moscow, however, probably does not see the removal of Zhivkov as politically cost effective at this time. He is said to pride himself on having outlasted five top Soviet leaders and appears confident that he can hold

on with Gorbachev in power. Largely because of Zhivkov's skillful manipulation, no ready successor is waiting in the wings. Zhivkov's power base is still strong and his faculties are probably still sharp enough to continue outwitting potential domestic challengers for at least another couple of years. [redacted]

Prospects

Zhivkov has emerged from the congress in good political shape and speculation on the succession has waned perceptibly in recent weeks. But the question will almost certainly return to the surface before long both because of Zhivkov's age and because of the poor prospects he faces in attempting to turn the economy around. Even if he carried out the reforms he has outlined—an unlikely prospect, in our view—the Bulgarian economy probably would still register slow growth for the remainder of the decade because of fundamental problems related to aging capital stock, chronically low productivity, and inefficient allocation of resources under Sofia's centrally planned system. As it is, Zhivkov probably has neither the determination nor the stamina to follow through even on his own reform program. [redacted]

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Turkey: Update on The MEKO Frigate Program

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The Turkish Navy's program to build four new MEKO 200-class frigates designed by West Germany is proceeding on schedule. With advanced electronics and sensors and an extensive weapons complement, the new frigates will improve substantially the Turkish Navy's major surface combatant force, which currently consists mostly of former US Navy World War II ships. In order to realize the full potential of the MEKOs, however, the Turks may need foreign assistance in developing a coordinated maintenance, supply, and training program to keep them in operation. If problems of sustained operations can be minimized, the new frigates will strengthen the Turkish Navy's operational capability against Warsaw Pact naval forces in the Black and Aegean Seas and keep it in competition with the naval forces of its ostensible NATO ally, Greece.

The Program

The MEKO-class frigate construction program appears to be proceeding smoothly with deliveries to the Turkish Navy slated for 1987-89. The program has involved considerable West German manufacturing planning and technical assistance, and the first two vessels are being built at the Blohm + Voss Shipyard in Hamburg. The last two are being constructed at Turkey's Golcuk Naval Shipyard. The first MEKO-200 was launched in November 1985 and is now undergoing sea trials. Work on the second ship began in November 1984 and was scheduled to be launched in May 1985. Construction of the first Turkish-built MEKO 200 reportedly began in September 1985 and is on schedule; work on the second ship will start in mid-1986. The ships are slated for delivery to the Turkish Navy beginning with one in late 1987, two in 1988, and the last in 1989.

The Shipyards

The Turkish Navy owns and operates the country's two shipyards at Golcuk and Taskizak, which have built almost all of the Navy's domestically produced ships and since 1966 have constructed some merchant

vessels. The Golcuk yard, located at Izmit on the Sea of Marmara, is the principal construction and repair yard and the largest and most modern in Turkey. Golcuk can build merchant ships of up to 28,000 dead weight tons and naval vessels up to frigate size of some 2,000 dead weight tons. The yard also builds submarines, patrol craft, landing craft, and small fleet tankers. According to a study of the Golcuk yard by the US Navy, about 70 percent of the shipwork in the yard is repair work and 30 percent is new construction. Overhaul of three to four destroyers and four to five submarines can be accommodated each year.

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The Taskizak Naval Shipyard at Istanbul is smaller and capable of building merchant ships up to only 10,000 dead weight tons. Naval construction at the Taskizak yard is limited to landing craft and patrol craft. Repairs are performed at Taskizak, but all armament, fire control, and electronic work must be done at the Golcuk yard.

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Although no new shipyards have been constructed since 1945, the Turks have continually upgraded their existing facilities with US and West German technical assistance and equipment. Until the United States suspended military assistance to Turkey in the wake of the crisis with Cyprus in 1974, the Turks relied heavily on US technical assistance. Since then, Turkey has looked to West Germany for the acquisition and construction of guided-missile patrol combatants and Type 209 submarines. The submarines are now built at the Golcuk shipyards, and the guided-missile patrol combatants are constructed at the Taskizak yard with German technical assistance.

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The MEKO 200 construction program will significantly improve Turkish naval manufacturing capabilities, but Turkey will remain heavily

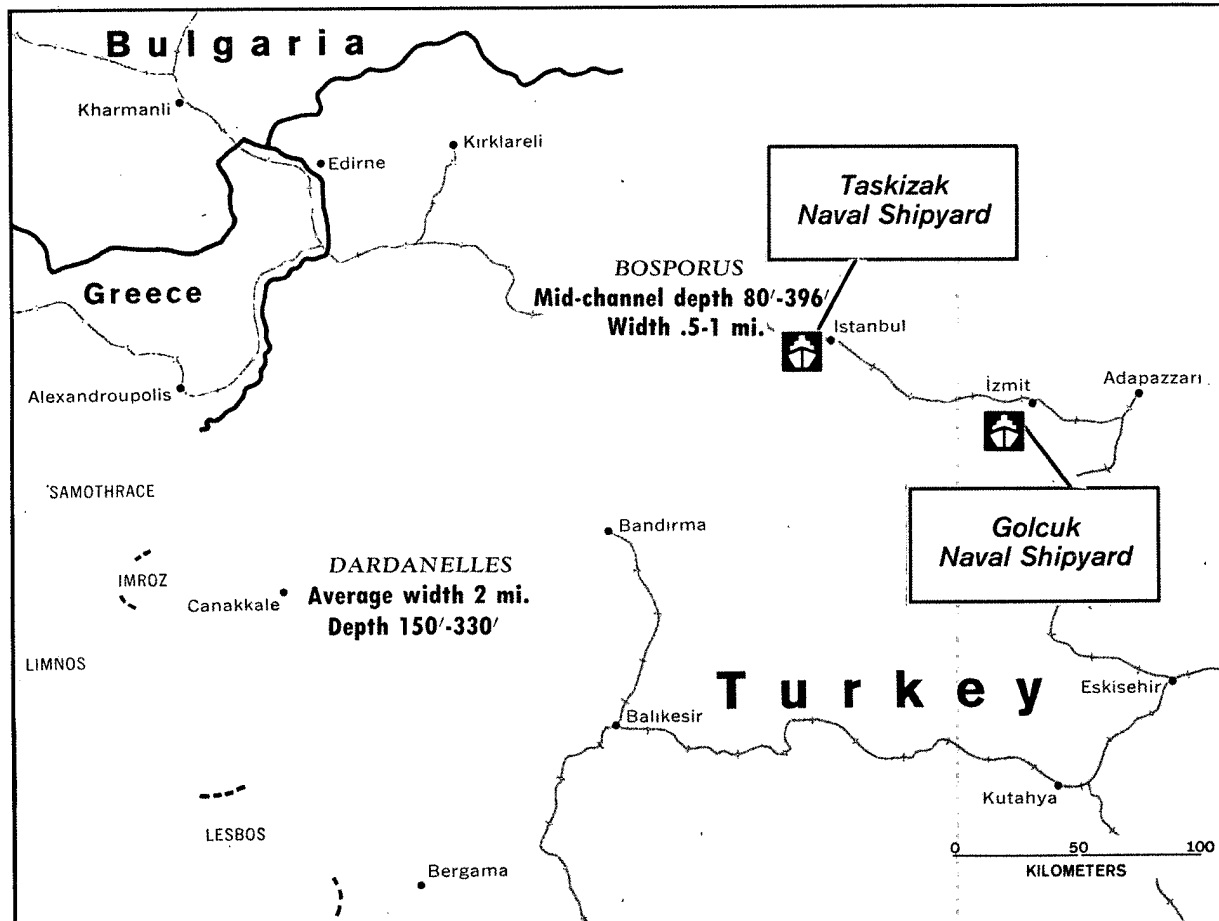
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The Turkish Straits



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dependent on outside help, particularly for components and specialty metals. Indeed, Turkey's present capability to build some types of frigates and submarines was developed with substantial US and West German military, economic, and technical assistance. Much of the material and equipment needed to outfit the new MEKO frigates—particularly electronics, weapons, and propulsion systems—still cannot be produced in Turkey. Since 1960, for example, the Turks have imported finished engines and parts from Italy's FIAT for naval ships, although they do have the capability to overhaul and maintain most of the engines in their naval ships. Turkey also imports special steel plate for submarine hulls and aluminum for surface ship superstructures.

Integrating the MEKO into the Navy

The primary missions of the Navy are control of the Turkish Straits, defense of territorial waters and principal ports, maritime operations in the Black Sea, and protection of the sea lines of communication. To perform these missions, the Navy relies primarily on its force of 52 small patrol combatants as well as its existing fleet of 17 destroyers and frigates and 17 submarines. The principal weakness of the Turkish Navy is the obsolescence of its destroyers and frigates, which are 20 to 40 years old and lack adequate electronics, sensors, weapons systems, and communications equipment needed to fight in a

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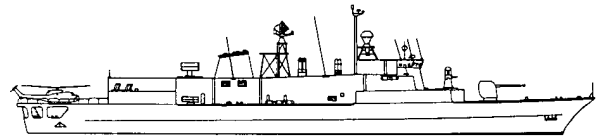
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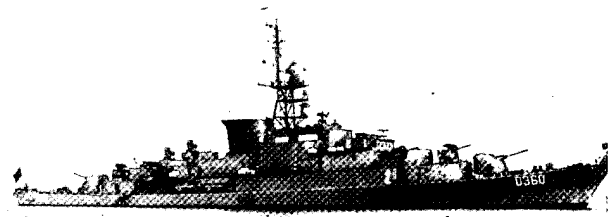
Capabilities of New and Old Turkish Surface Combatants

MEKO 200 Frigate

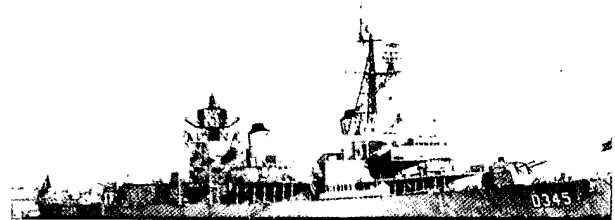
Aircraft	1 helicopter
Missiles	8 Harpoon—SSM Sea Sparrow Aspide—SAM
Guns	1—5 inch 3 quad 25 mm
A/S weapons	6 MK 32 torpedo tubes
Range	4,000 miles
Crew	179
Year built	1987-89
Total number	4

**Koln-Class Frigate**

Aircraft	None
Missiles	None
Guns	2—3.9 inch 6—40 mm
A/S weapons	4—21-inch torpedo tubes 2 quad Bofors guns
Range	920 miles
Crew	210
Year built	1959
Total number	2

**"Gearing" Class Destroyer**

Aircraft	Helicopter deck
Missiles	1 Harpoon SSM
Guns	4—5 inch 2—40 mm 2—35 mm
A/S weapons	1 ASROC launcher (8 tubes) 2 triple torpedo tubes
Range	5,800 miles
Crew	275
Year built	1945
Total number	8



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modern war-at-sea environment. The destroyer and frigate force is particularly weak in detecting, analyzing, and attacking hostile submarines; it cannot attack surface targets at ranges beyond nine nautical miles; and it is vulnerable to air assault and attack by most modern antiship missiles. [redacted]

Acquisition of the four MEKO-class frigates with their advanced electronics and sensor packages, surface-to-air missile capability, and Harpoon antiship missiles will greatly improve the combat capabilities of the Navy against the substantial Warsaw Pact naval threat in the Black and Aegean Seas. The new frigates also should enable the Turks to keep abreast of the navy of their ostensible ally, Greece. The Greek Navy has begun to modernize some of its former US Navy World War II destroyers and frigates and in 1981-82 added two new Dutch-built frigates to its inventory. The Greek Navy also plans to procure up to 12 new frigates by the end of the decade as one-for-one replacements for its older destroyers. Because of funding constraints, however, the Greeks may have to settle for fewer than 12 frigates and compensate with further improvements to the existing fleet. [redacted]

Potential Problem Areas

The low educational level of the average conscript manning Turkish ships could be a major barrier to the effective integration of the MEKO frigates into the Navy's wartime operations. The Navy already is short of trained electronics and ordnance personnel, and the operation and maintenance of these advanced vessels will require an even larger complement of better trained officers and more selectively recruited and skilled enlisted personnel. Turkish design and technical capabilities for major naval modernization work also remain limited, despite considerable training assistance in construction and repair from US Naval Mobile Training Teams and others. Both naval shipyards have an active training program, and a shipbuilding institute is planned. However, even when the Turkish Navy has managed to train or hire workers with a high level of technical competence, the workers often leave for more lucrative positions elsewhere in Europe or in private industry. [redacted]

Outlook

Although the construction phase of the program is proceeding smoothly, the Turks still lack the weapons and electronics repair and maintenance facilities necessary to keep these modern vessels in operation. They also will need to develop supply and training programs to provide spare parts, troubleshooting, and operational know-how. In addition, funding constraints may hinder their efforts—the Navy typically receives the smallest share (about 11 percent) of the Turkish defense budget. Nevertheless, the addition of MEKO 200 frigates will provide a substantial improvement in the operational capability of the Turkish Navy. [redacted]

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Italy: Policy Toward the Mediterranean

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Viewpoint

This article does not represent a DI or CIA position; it is solely the view of the author. It has not been coordinated or reviewed.

Relations with key countries around the Mediterranean littoral have played an important role throughout Italian history, and today these are among Italy's principal trading partners. Rome's "Mediterranean policy" is primarily a series of bilateral policies, but at a broader level there is also a shared perception among Italian foreign policymakers that the problems and issues of the Mediterranean region—encompassing North Africa, the Horn, the Middle East, the Aegean, and Iberia—form an interrelated whole, a web which quickly transmits any quiver to its farthest extremity. Middle Eastern-spawned terrorist incidents in Italy have enhanced this perception during the past decade, fostering a growing concern among Italian leaders that instability anywhere in the region could have economic and political repercussions at home.

The Threatening Littoral

Rome's present preoccupation with the Mediterranean is in part a reflection of Italian perceptions of East-West detente. Both political leaders and public believe that US and Soviet military strengths in Europe are roughly equal and that the potential risk of conflict along the central front has been checked. The situation in the Mediterranean, in marked contrast, appears far more worrisome as a result of:

- The Soviet Union's naval presence.
- The spread of advanced weaponry throughout the Mediterranean littoral.
- Lack of progress in the Middle East peace process and the threat of yet another war between Israel and its neighbors.

- The possibility that the Iran-Iraq war will escalate further.
- The continuing squabble between Greece and Turkey over Cyprus and the apparent likelihood that the UN-sponsored talks will soon break down.
- Qadhafi's unpredictability and undoubted eagerness to strike back at the US and its allies.

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Seeking New Leverage

Italian leaders are still uncertain, however, about how much, and what kind of, influence they can exert in the region. Lacking "big power" resources, Rome's postwar emphasis has been on mediation. Since the formation of the EC, Rome has further sought to increase Italian leverage in the Mediterranean by enlisting the support of its EC partners. In addition, Italian leaders, recognizing the key role played by the United States in the Mediterranean, are now trying to influence Washington to:

- Take a more comprehensive view of the region.
- Wean the moderate Arab states from the radicals by convincing Israel to be more flexible on questions like the West Bank.
- Further clarify the US commitment to help defend Italy against threats emanating from outside the NATO area.
- Offer more extensive exchanges that will enable Rome to shape US views.

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Impact of Internal Political Rivalries

The differences that have arisen among Italian leaders during the past several years over foreign policy in general, and policy toward Libya and the Middle East in particular, are shaped as much by individual personalities and changes in the correlation of political forces in Italy as by events overseas. The Christian Democrats' waning strength at the polls

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Policy Stances of the Chief Cabinet Protagonists

Although the current five-party government coalition has at times made Italian foreign policy seem more complicated than before, Craxi, Andreotti, and Spadolini's differences tend to revolve around emphasis rather than objectives.

Andreotti, for example, seems more closely wedded to the practice of advancing Italy's aims strictly through mediation:

- *He reached political maturity during the immediate postwar era when Italy could not afford to "take risks."*
- *He is also the leading exponent of the line of Christian Democratic Party thinking that portrays Italy as a bridge between the developed and the developing world.*
- *He believes that there is room, under special circumstances, for Italy and its European partners to undertake initiatives without the United States.*
- *He is also a strong proponent of the view that dialogue is the key to international relations and that there is little place for force.*

Andreotti has come under mounting criticism from the press, the governing coalition, and even the Foreign Ministry in recent weeks primarily over his reluctance to take Qadhafi to task, but we suspect that his position enjoys broad support among the public at large. He ran second only to Craxi in popularity polls published earlier this spring and remains a force to be reckoned in the DC. Although it is possible that Christian Democratic Party Secretary DeMita and Craxi could strike a deal to replace Andreotti as Foreign Minister, any setback is likely to be temporary. Even if he did not receive another portfolio as compensation, Andreotti would probably remain in the running to return as Prime Minister sometime in the future.

Spadolini would agree with Andreotti's views on Italy's role as a mediator, but he seems to believe that Italy must be prepared to take more risks, especially if it wants to be taken seriously in NATO:

- *He is just as aware as Andreotti of the limits on Italy's ability to influence events in the Mediterranean.*

- *He tends to believe, however, that Italy and Western Europe as a whole can accomplish more by working with the United States than by trying to strike out independently.*

Moreover, Spadolini would argue that circumstances sometimes call for strong measures. During the Achille Lauro hijacking, for example, Spadolini insisted that Rome would have to attempt a hostage rescue if negotiations failed. He later triggered a government crisis over Craxi's failure to hold Abu Abbas.

Craxi, for his part, probably occupies ground somewhere between Andreotti and Spadolini's. He is less well-versed in foreign policy than either of his chief Ministers, but he is comfortable with following the same pragmatic approach in foreign policy that he takes in domestic politics. The domestic political game is his principal concern, however, and we doubt he makes any decisions in the foreign policy arena that have not been weighed carefully against their impact at home:

- *He shares Andreotti's view that settling the Palestinian question would help to alleviate the terrorism problem, but he has also called for strong measures against states like Libya that aid and abet terrorism.*
- *He has decided, apparently despite opposition from Andreotti, that Italy will reduce its commercial ties to Libya and will attempt, in conjunction with France, to convince the more moderate Arab states to isolate Qadhafi.*

Like Andreotti, he has reservations about using force, but he is prepared to act in the face of a clear threat to Italian interests. He has even hinted in public that he is prepared to launch a preemptive strike against Libya's Scud forces if a Libyan attack seems imminent.

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Table 1
Italy: Trade Relations With the Mediterranean, 1985

Million US \$

	Exports	Imports	Percent of Trade Total
France	11,093	11,369	13.2
Spain	1,346	1,769	1.8
Yugoslavia	1,206	1,162	1.4
Greece	1,382	744	1.2
Turkey	711	461	0.7
Malta	117	52	0.1
Cyprus	170	17	0.1
Albania	20	15	
Saudia Arabia	1,782	1,594	2.0
Egypt	904	1,572	1.5
Iran	591	1,547	1.3
Kuwait	448	1,423	1.1
Iraq	705	991	1.0
Israel	492	277	0.4
United Arab Emirates	463	105	0.3
Syria	251	172	0.3
Lebanon	294	35	0.2
Jordan	249	47	0.2
South Yemen	130	4	0.1
Bahrain	82	22	0.1
Oman	81	16	0.1
Qatar	61	60	0.1
Libya	1,210	3,696	2.9
Algeria	935	2,477	2.0
Tunisia	300	339	0.4
Morocco	157	143	0.2
Ethiopia	135	38	0.1
Somalia	89	23	0.1
Sudan	79	43	0.1

over the past decade clearly has strengthened the hand of smaller parties such as the Republicans and the Socialists in intra-coalition wrangling. Foreign policy decisionmaking, largely a Christian Democratic preserve since World War II, has now become another arena for party competition.

Table 2
Italy: Official Development Assistance, 1983

Million US \$

	Aid Disbursements	Official Export Credits Extended
Yugoslavia	0.3	55.4
Greece	0.7	
Turkey	2.0	2.7
Malta	31.6	16.1
Cyprus	0.04	
Saudi Arabia	0.06	
Egypt	10.3	
Iran	0.2	
Iraq	0.2	
Israel	0.2	35.8
Syria	0.02	
Lebanon	1.8	
Jordan	9.6	8.4
South Yemen	9.2	
Oman	0.01	
Libya	0.7	
Algeria	0.9	
Tunisia	11.5	24.2
Morocco	5.7	0.2
Ethiopia	15.3	
Somalia	48.9	
Sudan	26.9	

As long as the Prime Ministry and the Foreign Affairs and Defense portfolios are divided among senior political rivals like Bettino Craxi, Giulio Andreotti, and Giovanni Spadolini, some amount of disagreement over foreign policy probably is inevitable.

- All three men are trying to appeal to the same moderate, center-left voters.
- Each of them needs to appear to be pursuing policies in harmony with the United States in order to avoid alienating more conservative supporters.
- But none of them can afford to appear subservient to the United States.

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Italy: Oil Imports, 1984

	Million US \$	Percent of Total Oil Imports
World	18,836	100.0
Of which:		
France	261	1.4
Turkey	220	1.2
Greece	162	0.9
Spain	47	0.2
Saudi Arabia	1,838	9.8
Iran	1,797	9.5
Egypt	1,387	7.4
Kuwait	1,147	6.1
Iraq	1,018	5.4
United Arab Emirates	361	1.9
Syria	166	0.9
Qatar	165	0.9
Yemen (PR)	57	0.3
Oman	18	0.1
Jordan	18	0.1
Bahrain	3	
Libya	2,641	14.0
Algeria	609	3.2
Tunisia	136	0.7
Sudan	4	

Italian leaders essentially agree on what Italy's objectives should be in the area, they are divided over approach. The United States should be able to continue, however, to work with those leaders whose views are closer to Washington's to nudge Italian policy toward that of the United States.

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In sum, Italy's principal concern is to avoid conflict in the Mediterranean and to foster trade with, and economic development among, its less well-off neighbors. Andreotti and others, for example, have spoken on various occasions about the possibility of establishing a separate CSCE regime for the Mediterranean.

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The United States clearly will be dealing with an Italy in the years ahead that will be more assertive and outspoken in foreign policy generally, and matters concerning the Mediterranean in particular. Although

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Economic News in Brief

Western Europe

British Tourist Authority plans to spend \$1.5 million on campaign to bring US tourists back to Britain . . . earnings from US market last year, excluding airfares, amounted to just under \$1.5 billion out of total \$19.5 billion in tourism revenues . . . travelers account for 25 percent of overseas visitors.

London established new Unfair Trade Unit under Department of Trade and Industry to handle more efficiently industry's complaints about unfair international trading practices, including dumping . . . reflects government's more active role in promoting interests of British companies . . . bulk of complaints stem from trade with newly industrializing countries and Eastern Europe, but often involve developed nations such as Japan.

Sweden's revised 1986-87 budget message includes simplified tax system with rate cuts, restraints on local government spending growth, and proposal to liberalize foreign exchange regulations . . . reflects Prime Minister Carlsson's desire to shift more resources to private sector to provide future economic growth . . . opposition parties may accept overall emphasis more readily than some vocal factions of Carlsson's own Social Democratic Party.

Stockholm's proposal for foreign exchange deregulation intended to increase international exposure of Swedish economy . . . measures will improve access of foreign shares to Stockholm market, allow Swedes to purchase shares abroad without restrictions . . . deregulation would parallel EC plan to remove remaining controls by 1992, but nonmember Sweden may accomplish this effect sooner if experience shows that capital loss is minimal . . . proposal negates eight-year-old commission's conclusion last year to make only minor changes.

Denmark's 1985 growth rate revised upward from 2.8 percent to 3.5 percent . . . higher growth more consistent with import surge that helped push current account deficit to record \$2.7 billion . . . growth expected to remain strong this year, but cheaper oil and weaker dollar will help current account.

Eastern Europe

Austria and Hungary signed agreement providing Austrian financing for Budapest's contribution to hydroelectric project with Czechoslovakia . . . Austria will receive electricity as payment and will avoid environmental costs of building new power plants at home . . . Hungarian environmentalists oppose project . . . although Hungary will be spared much of the project's financial burden, resulting environmental damage may lend more momentum to dissident opposition.

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Looking Ahead

*June/July***Western Europe**

Norway's oil and energy minister and OPEC officials to discuss cooperation before 25 June OPEC ministerial . . . Norway also will ease taxes on producers . . . Labor government concerned about low oil revenues, exploration cutbacks.

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Bilateral talks to review US base rights begin 10 July in Madrid . . . Spanish will ask for major cutbacks at Torrejon, Zaragoza, and possibly Moron airbases . . . presently inclined to accept largely uncut US presence only at Rota naval base . . . Madrid expects long and tough negotiations.

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Eastern Europe

Gorbachev arrives in Budapest 9 June for bilateral meetings before 11-12 June Warsaw Pact summit . . . discussions reportedly will focus on Hungary's economic reforms and efforts to revive the economy . . . Hungarians may also seek compensation for Chernobyl damages.

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