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European Review

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21 November 1986

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European Review [Redacted]

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Prime Minister Papandreou appears to be following a two-track strategy on terrorism aimed at appeasing both the West and the Arab world. Although his government has been slow to take joint action against countries suspected of abetting terrorism, over the past year Papandreou has increasingly become aware of the threat posed to Greek security and economic interests, and steps have been taken to improve the country's counterterrorist capabilities. [Redacted]

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Belgium: Fleming-Walloon Antagonism—Impact on the Military

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Belgium's armed forces have made great strides in equalizing treatment of their Dutch-speaking Flemings and French-speaking Walloons, but the linguistic problem—with all the social and cultural differences it symbolizes—remains potentially divisive. In wartime, the maintenance of separate Flemish and Walloon combat and support units could well obstruct the effectiveness and cohesion of Belgium's NATO corps.

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Yugoslavia-Libya: Ties Strong Despite Recent Strains

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Yugoslavia continues to maintain close relations with Libya since the US airstrike last April, although the ties have suffered new tensions. Tripoli remains an important economic partner, and political and security relations are strong.

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East Germany—China: Honecker's Visit

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East German leader Honecker's trip to China in late October was hailed by both sides as ushering in a new era in bilateral relations. The Soviets had to be on board for the visit, but Honecker's avoidance of touchy political subjects and the absence of a communique suggest an attempt to lower the profile of the trip.

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Economic News in Brief

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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**Nordic Countries****Responses to the Reykjavik Talks**

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Nordic reactions to the 11-12 October meeting between President Reagan and General Secretary Gorbachev have swung from unrealistic expectations to pessimism to guarded optimism. Typical of the presummit anticipation was a 10 October Norwegian news headline, "Missile Agreement in Sight," accompanied by a photograph of the President disembarking in Reykjavik. The high expectations gave way to deep disappointment, however, when the US and Soviet leaders left without reaching any specific agreements. While Nordic governments made generally balanced statements of dissatisfaction, the press and leftist politicians quickly labeled the meeting a fiasco and failure. Government and opposition parties both believed the reason for the failure was Washington's unwillingness to negotiate on the Strategic Defense Initiative (SDI). Moscow, however, was credited with taking the lead in putting forth proposals. Official and press commentaries also expressed fears that the collapse of the talks might lead to a "new cold war."

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Disappointment turned to cautious optimism, however, as both US and Soviet public statements noted the progress made in a number of areas and highlighted the fact that the proposals made in Reykjavik remain on the table in Geneva. Postmeeting briefings to the Nordic governments from both sides hammered at these points even more clearly. Although the media still characterized SDI as the major obstacle to an arms control agreement, the upbeat analyses that surfaced around 15 October implied that Washington need not be blamed unduly for any failure. Indeed, some conservative editorials blamed Moscow for deliberately holding generous concessions hostage to demands to restrict defense testing that they knew Washington would reject.

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While the media made no mention of Soviet strategic defense programs, SDI was frequently paired with such sweeping, negative terms as "militarization of space," "space weapons," "arms race in space," and "star wars." Finnish Prime Minister Kalevi Sorsa—who is also chairman of Socialist International's Disarmament Committee—questioned why one would reduce strategic arsenals if "new strategic weapons would be developed which can be used for both defense and attack." Soviet compliance with arms agreements was not questioned, but US compliance with the ABM Treaty was a topic of considerable interest to policymakers and the media. While many papers finally acquitted the United States of blame for the Reykjavik failure, the harshest criticism of the Soviet Union came not from NATO Allies Norway, Denmark, and Iceland but from the conservative press in Sweden—a neutral country.

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Norway

Debate Over Defense Budget

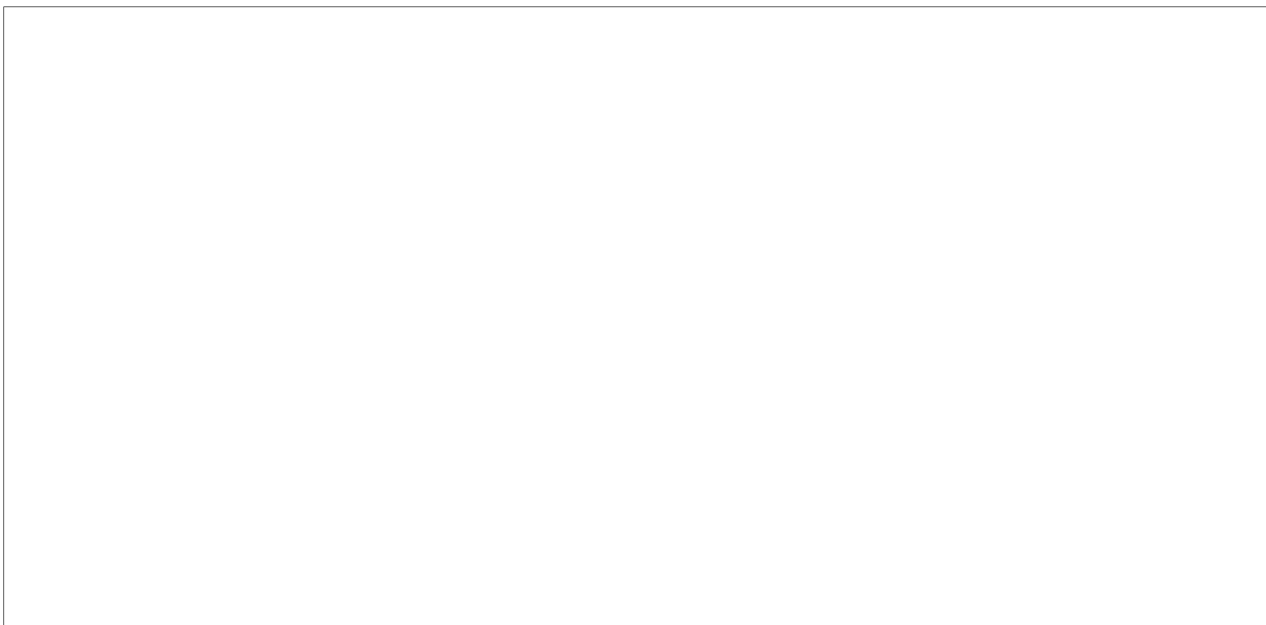
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In a break with tradition, the Chief of the Defense Staff has entered the public debate on Norway's future defense spending. According to the US Embassy, General Bull-Hansen has released a Defense Commission study concluding that because of inadequate funding Norway's armed forces will be incapable of meeting their wartime commitments. He has warned publicly that, unless the planned annual real growth in defense spending is doubled from 3 percent to 6 percent, government officials will be forced to choose between defending the remote but strategically important north or the populous south.

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Bull-Hansen is frustrated by his lack of success in increasing the defense budget and hopes that his scare tactic will generate additional public support for increased spending. The General's comments may give the Conservative opposition a stronger argument for increasing the Labor government's spending plans during the parliamentary debate on the defense budget scheduled later this month. Although Bull-Hansen has violated the traditional prohibition on policy pronouncements by the military, Defense Minister Holst—himself controversial for his stance on security issues—is unlikely to reprimand the popular defense chief.

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New Military Program

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France's new defense program is an ambitious attempt to modernize most of its armed forces and to increase funding for programs delayed under the previous Socialist government. According to US Embassy reporting, the French Cabinet early this month approved a five-year military program law that includes funding for a new submarine, a new mobile intermediate-range ballistic missile, and a number of conventional arms programs. According to the Embassy, the plan calls for equipment expenditures of more than \$70 billion—an average annual real growth rate of 6 percent, although only 4.5 percent after 1988. The program law makes no projections, however, for operating expenditures, which Paris will continue to set annually.

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The new program maintains President Mitterrand's emphasis on strategic forces but also gives Defense Minister Giraud substantially increased funding for other forces. The planned sharp increases in military spending are an attempt to give substance to Prime Minister Chirac's commitment to defense and to highlight the differences between his administration and the Socialists in preparation for the 1988 presidential election. Fiscal constraints probably will force Paris to scale back some goals after 1988, slipping some programs—particularly conventional arms projects—curtailing operating expenditures, and paring military manpower to preserve funds for military procurement.

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***Programs That Will Be Funded
Under the Military Program Law***

Nuclear Forces*Modernization of existing SLBM force.**Development of new M5 SLBM.**Construction of seventh nuclear missile submarine.**Development of SX mobile IRBM (a lower priority than SLBM modernization).**Production of Hades tactical nuclear missile.****Conventional Forces****Construction of new nuclear aircraft carrier, the Richelieu.**Production of new Leclerc main battle tank.**Development of new military observation satellite.**Purchase of airborne early warning aircraft.**Development of Rafale fighter and of new attack helicopter.*

Press reports indicate the new law includes plans to develop chemical weapons; the US Embassy reports it is unclear whether the law contains a commitment to produce them.

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Getting Tough on Drugs [redacted]

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The Chirac government has proposed new antinarcotics measures featuring stiffer penalties for drug traffickers and users, but interagency squabbling will probably continue to hamper French efforts. Other measures provide for new youth treatment facilities, a national drug abuse institute, and an additional \$40 million for antinarcotics efforts. A proposal to imprison drug users who fail to complete treatment programs has provoked controversy, but [redacted] the two parties that control the National Assembly support all of the measures and will probably pass the package. The emphasis on punitive measures is new but in line with the government's tough stance on law and order and its campaign promises. [redacted]

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The measures will probably lead to greater French cooperation with regional and international antidrug efforts. [redacted]

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[redacted] Paris still does not support a new international convention on drug trafficking because it views the draft convention as too ambitious. Given their hesitant attitude toward international collaboration of any sort, however, French cooperation is still likely to be limited. [redacted]

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Cracking Down on Illegal Aliens [redacted]

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Human rights activists across France are reportedly gearing up for an assault on the Chirac government's most controversial tactic for handling the problem of illegal immigration. [redacted] some 1,700 foreigners were expelled from France since 9 September under new legislation that permits quick expulsions by streamlined administrative action. Acting on suspicions of terrorist links, the government expelled Basques to Spain and assorted Middle Easterners—most notably Lebanese—to their native countries. The largest number of expellees were Africans, some of whom were suspected of drug trafficking. [redacted]

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The Chirac government is unlikely to be intimidated by the protests of leftist politicians and antiracist groups and will probably expel even more illegal aliens in the future. Expulsions appear to be popular with French voters, who apparently see them as an effective tool for intimidating terrorist sympathizers. Chirac, moreover, almost certainly believes that expulsions will prove valuable in stealing the anti-immigrant thunder of the extreme right National Front. [redacted]

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Secret**Yugoslavia****Political Tensions Heighten in South**

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Increasingly assertive ethnic nationalism in the southern Republic of Serbia is aggravating tensions among the country's many regions and ethnic groups. Several recent developments have added to nationwide concern:

- The media in September exposed a draft study by Serbian intellectuals that claims Yugoslavia is ruled by an anti-Serbian coalition.
- Serbian officials have renewed calls for greater control over the republic's two independent-minded autonomous provinces.
- In early November ethnic Serbs from Serbia's province of Kosovo protested in Belgrade against the nationalist behavior of Kosovo's ethnic Albanian majority.

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Both individual regions and the federation have taken unusually strong steps to show displeasure. The highest federal state and party bodies early in November issued a sharp public warning about nationalism, citing Serbia by name. Officials in the Serbian province of Vojvodina have publicly and bitterly attacked Serbian leaders, while other regions have joined in with media criticism. The southern Republic of Macedonia has proved an exception, focusing instead on problems caused by its own ethnic Albanian minority and purging several Albanian officials for allegedly nationalist activities.

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The Serbian leadership for now appears unlikely to move against the republic's ethnic nationalists. Top officials have rejected outside criticism as unacceptable, and some apparently tacitly support nationalist activities. Sentiment in other regions to try to force a Serbian crackdown—by applying pressure through the federal party, for example—is likely to grow, particularly if Serbian nationalism in Kosovo turns violent.

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Greece: A Balancing Act on Counterterrorism

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Prime Minister Papandreu appears to be following a two-track strategy on terrorism. His government has been unwilling to point a finger at or take joint action against countries suspected of abetting terrorism—a position highlighted most recently by his refusal to support the EC's condemnation of Syria. Over the past year, however, Papandreu has become increasingly aware of the threat posed to Greek security and economic interests by international terrorism and has adopted a position of explicit condemnation of terrorism in general. His government has also moved to strengthen its counterterrorist capabilities.

The net effect of this dualistic approach to terrorism is to raise questions about Papandreu's motivations and intentions. We suspect that Greek thinking on terrorism has not entirely crystallized and that Papandreu, to some extent, has molded his approach to fit the exigencies of the moment. Yet, to the extent that Papandreu has a policy, we suspect it is meant to reflect what he believes is a middle ground:

- To uphold historical Greek ties to the Arab world and his own leftist credentials, Papandreu has set himself apart from the United States and the other EC countries by refusing to agree to impose EC sanctions against Libya or to condemn either Libya or Syria by name.
- To placate Greece's Western allies and counter the domestic terrorist problem, he has taken a number of steps suggesting a greater commitment to combating terrorism on Greek soil.

The International Stance

Seen in the context of a political career extending over more than two decades, the Papandreu government's latest pronouncements in the EC are consistent with Papandreu's past positions and what we know of his world view. We have no reason to doubt that Papandreu views the world through ideological spectacles and that his instinctive reaction to any

situation involving conflict between a major power—particularly the United States or, by extension, the United Kingdom—and a representative of the Third World is to identify with the latter. This is all the more true when it is an Arab Third World country because he envisions a unique mission for Greece as a bridge to Western Europe. Although it plays only a minor role in the Middle East, Greece has sought closer ties to the Arabs and has supported the Arab case against Israel since the 1970s.

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In addition, from Papandreu's perspective there are compelling political, economic, and security reasons to try to avoid aligning himself with the United States against Libya or Syria, however convincing the evidence:

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- For domestic political reasons, Papandreu may feel it necessary to assert his leftist credentials after his Socialist party's relatively poor showing in the recent municipal election. Because his standing with leftist voters has been undermined by his economic austerity program and efforts to seek better relations with Washington, he may try to mollify them with rhetoric and support where he thinks he can afford it.
- Simple fear is another likely motive—fear of reprisals and of various Arab threats to Greek security. Greece has a large resident Arab population, and Athens has already been the scene of numerous Arab-sponsored terrorist incidents. Papandreu may also fear direct military retaliation, given Greece's proximity to the Middle East and the presence of US bases on Greek soil. A US naval base on Crete, for instance, is only 160 kilometers from the Libyan coast.

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- Greece also stands to lose vis-a-vis its rivalry with Turkey if any of its Arab friends turn against it. Greece and Turkey compete for Arab support, and a break with any Arab state could provoke a movement to grant official recognition to the Turkish Cypriot "state" in northern Cyprus.
- Trade has traditionally been the prime motivation for Greece's policy of expanding ties to the Middle East—its dependence on Arab oil, its desire to attract sorely needed investment, and the prospect of lucrative markets for its agricultural products and technical services. Although exports to Libya and Syria are now insignificant—amounting together to only about 2 percent of total Greek exports—Athens has been slow to give up hope that political friendship can be converted into economic rewards. As part of this strategy, Papandreou recently signed a bilateral agreement with Syria that he hopes will quintuple bilateral trade to \$250 million in two years. [redacted]

Improved Counterterrorist Capabilities

Greece's stance against terrorism in general has improved markedly since the hijacking of the TWA airliner from Athens and the subsequent issuance of a US travel advisory last year. This improvement results from a convergence of factors including the dramatic drop in US tourism, a genuine desire to maintain a workable relationship with the United States and the EC, and an increase in domestic terrorist activity directed against the government. [redacted]

Potentially the most significant action the government took was to put Antonios Drossoyiannis in charge of Greece's counterterrorist effort in April and further centralize that effort within the Ministry of Public Order. In the past, counterterrorist responsibilities were spread across several ministries with the result that the government was hampered by interservice rivalry, compartmentalization of information, and operational coordination problems. Drossoyiannis told US officials that his ministry is now meant to take special responsibility for counterterrorism and that he is planning to create special antiterrorist police response teams. [redacted]

Since his appointment as Minister of Public Order, Drossoyiannis has taken strong antiterrorist positions and made a number of personnel changes at the top of the ministry, which suggests he is trying to improve police effectiveness and competence. The US Embassy has reported, for example, an appreciable improvement in police response to mission requests for protection and investigations. In addition, over the past year Greece has agreed to participate in three US-sponsored counterterrorist training programs and a terrorism intelligence exchange program with the Italians, a vast improvement over former training programs. [redacted]

The government has also upgraded security at Athens international airport since the TWA hijacking. Physical improvements include an increase in trained manpower, better screening equipment and procedures, and the stationing of armored vehicles and police patrol cars around the airport perimeter at all times. The airport was previously considered the least secure in Europe. [redacted]

Outlook

The Papandreou government's counterterrorist policy is still fluid and subject to change. To the extent that a policy has been developed, however, it appears to be a two-tracked one aimed at appeasing both the West and the Arab world. This will not always be possible, and we are likely to see more instances—such as in the recent Syrian case—where Greece irritates its West European allies for seemingly little gain in its relations elsewhere. [redacted]

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**Belgium: Fleming-Walloon
Antagonism—Impact on
the Military**

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The Belgian armed forces have made great progress in equalizing treatment of the country's dominant linguistic groups, the Flemings and Walloons, but the language problem—with all the social and cultural differences it symbolizes—remains a potentially divisive issue. The complex of legal requirements and customs protecting the rights of ethnic groups within the military services has placed a heavy burden on the Belgian defense effort, increasing its costs and reducing its efficiency: military procurement programs have been delayed and their costs increased because of a requirement to allocate contracts between Flanders and Wallonia; the necessity of providing instruction in both French and Dutch has increased training costs; and assignments and promotions have been affected by the need to maintain a Fleming-Walloon balance. In addition, the maintenance of separate Flemish and Walloon combat and support units could well have a serious impact on the overall effectiveness and cohesion of Belgium's NATO corps under the stress of wartime combat conditions.

elite Paracommando Regiment, also capable of reinforcing the corps in wartime, is the other major mixed-language combat unit: of its three active battalions, one is Flemish, one is Walloon, and the third has troops of both linguistic groups.

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Belgian enlisted troops are organized in unilingual units, but all Army officers are required to have at least a working knowledge of their nonnative tongue. Considerable fluency in the second language is required for promotion to major and beyond. In addition, many officers speak at least some English, which is the language of artillery and air defense fire commands in the Belgian Army. These measures to assure a bilingual officer corps that can also converse with its NATO allies have drastically reduced the risk of language-based tactical communication problems between units. Division and higher headquarters are officially designated as mixed-language units as are the headquarters of the 17th Armored Brigade and the Paracommando Regiment.

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The Belgian Army: Mostly Unilingual Units

The principal combat units of the Belgian Army are concentrated in its I Corps, made up of two divisions. The Belgian 1st Mechanized Infantry Division, redeployed from Germany to Belgium in the 1970s, contains a Flemish mechanized infantry brigade at Leopoldsburg and a Walloon mechanized infantry brigade at Marche-en-Famenne. The Belgian 16th Mechanized Division, forward deployed in West Germany, has a Flemish mechanized infantry brigade at Soest and an anomalous mixed-language armored brigade at Siegen. In wartime the Belgian I Corps would be augmented by two reserve brigades deployed from Belgium: the Flemish mechanized infantry brigade based at Zonhoven and a Walloon mechanized infantry brigade from Eghezee. The I Corps also has a number of unilingual artillery, air defense, reconnaissance, and logistic units stationed in the Federal Republic of Germany, which reflect a balance of Flemish- and French-speaking units. The

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The Language Problem in Historical Perspective

Origins. *The Belgian military's language problem finds its roots in the 18th century period of Austrian rule. At that time, French—the language of the Austrian court as well as the native tongue in Wallonia—was adopted by the upper classes in Dutch-speaking Flanders as well. This development was later to spawn the language problems of the Belgian Army since its officer corps would be drawn until the 1970s largely from the French-speaking aristocracy of both Flanders and Wallonia.* [redacted]

World War I. *Agitation for equal status for the Flemish language began in the 1840s. By 1914 growing Flemish nationalist sentiment had forced the use of Dutch in the courts and more broadly in the schools—but not in the Army. In 1914 neither the commanders who gave the orders nor the doctors who treated the Belgian wounded spoke Dutch. After overrunning most of the country the Germans shrewdly promoted Flemish rights in occupied Belgium to gain support, and some Flemings collaborated. As the war lengthened, Flemish study and discussion groups appeared in the ranks of the Belgian Army and these gave birth to a defeatist Front Movement. In 1917 several mutinies erupted among Flemish enlisted troops. Imperial Germany collapsed in 1918, but the deep-seated Fleming-Walloon animosity had been revealed as a serious Belgian vulnerability. An enemy had been able to exploit this weakness, and linguistic grievances had been a major factor in declining Belgian combat strength beginning in 1917.* [redacted]

The Interwar Period. *Following World War I, continued agitation by Flemish nationalists forced the Belgian Government to resume its efforts to equalize the status of the two languages in the administration and in the schools, and in 1930 a new law provided for division of the Belgian Army into unilingual French- and Dutch-speaking regiments. The two languages were also given equal status in the*

Military School in Brussels, and officers were required to know the language of the troops they commanded. These reforms, however, were not fully implemented: the Belgian officer corps in 1940 was still predominantly French speaking. [redacted]

World War II. *Following Belgium's collapse in 1940, the Germans again moved quickly to exploit linguistic antagonisms in Occupied Belgium: Flemish enlisted POWs were released, while officers and Walloon troops remained captive, and the Germans again promoted Flemish interests in education and administration. As a result, the Belgian resistance movement was primarily Walloon—indeed, pro-German Flemings organized antisabotage groups to help the Nazis against the Resistance. Although only a minority of Flemings collaborated, the experience of the second occupation served to reinforce ethnic antagonisms.* [redacted]

The Postwar Period. *The reconstituted Belgian Army was still led by a predominantly French-speaking officer corps until the early 1970s, but since then the balance has greatly improved. Today about 60 percent of the officers list Dutch as their original language, which reflects closely the overall Fleming-Walloon split among Army personnel. Belgian military laws establish the right of the citizen to use his native tongue while performing his military service, and Flemish units are now commanded by Dutch-speaking officers. There is even a single German-speaking company to accommodate the small German minority living in Belgium's eastern cantons. According to attache reporting, this exceptional unit often is in demand as an aggressor force for other units' exercises. The unit is well integrated into a Walloon battalion, whose headquarters and other two companies are French speaking.* [redacted]

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Almost all Air Force officers are trilingual in French, Flemish, and English—the operational language of the pilots. Many enlisted maintenance and support personnel, however, know only French or Flemish.

The Air Force's growing pilot shortage has been aggravated by a nearly complete lack of new Walloon pilot candidates, and the mix of pilots is skewing sharply in favor of Flemings.

and the Air Force is likely to have increasing difficulty finding pilots for the wing at Florennes, deep in Wallonia. At the same time, the maintenance and support troops of the mixed-language 3rd Tactical Wing are now approximately two-thirds French-speaking Walloons. Because of these trends, we believe the Air Force could face a resurgence of Fleming-Walloon tensions in its ranks if the mix of personnel in dual-language units gets too far out of balance—a problem for which there appear to be few practical solutions.

The Belgian Navy: Mostly Fleming But Not a Problem

Although the overall Fleming-Walloon mix in the military is officially set at a ratio of 60:40, the Navy is unofficially authorized a 70:30 split in favor of Flemings because of Navy recruiting problems in Wallonia. Young Walloons are reluctant to volunteer for the Navy because they would have to live near the naval bases on the Flemish coast. As a result, all Navy draftees are Walloon—just to maintain the language balance—and Fleming naval volunteers must be rejected. The Navy has been able to meet the language balance requirement for junior officers, but senior officer ranks are skewed much more sharply toward Flemings with 87 percent of the captains, 75 percent of the commanders, and 79 percent of the lieutenant commanders. The Navy's Chief of Staff, his deputy, and the only two captains considered eligible for flag rank selection in the next two years are Flemings, so it is probable that the Navy's top leadership will remain Flemish until at least 1990. This imbalance, however, does not seem to concern

¹ Flemish pilots are willing to serve at these two bases, which are near Flemish areas where their children can be educated in the Flemish language.

Walloons, according to attache reporting. Many Walloons believe that their Navy is naturally a Flemish service because the coast is Flemish. Despite the Flemish dominance, we believe that the Belgian Navy has no major language communication problem. The navy officer corps and many of the petty officers are bilingual, and English is used exclusively in NATO maneuvers. Some nonrated personnel are unilingual, but they generally are assigned the less technical tasks and are addressed in their mother tongue.

Impact of the Language Problem

The complex of legal requirements and customs regulating the rights of ethnic groups in the military seriously burdens the budget-constrained Belgian defense effort. The government's freedom to choose the best officers for senior positions is restricted by the need to balance promotions between Flemings and Walloons, and the requirement to provide training in two languages is costly. Defense procurements are delayed by the protracted government negotiations that allocate the economic benefits of defense contracts between Flanders and Wallonia. Potentially most important, the organization of Flemings and Walloons into separate ethnic units could hamper tactical flexibility on a future battlefield.

Slower, More Costly Defense Procurement.

In 1983, in an attempt to speed up the contracting process and improve cost efficiency, the coalition government grouped six high-tech procurement programs before making the regional allocations.² The agreed formula allocated 55 percent of economic benefits to Flanders, 35 percent to Wallonia, and 10 percent to Brussels. Theoretically the region with the best qualified or

² The projects involved acquisition of attack helicopters, heavy trucks and buses, two types of radios, artillery, and a follow-on buy of 44 additional F-16s.

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most cost efficient firms might receive 100 percent of one contract because the other areas could be compensated with a bigger slice of the other projects in the omnibus agreement. [redacted]

The new plan has not worked well in practice, however. At the start Wallonia got the biggest single contract, for the additional F-16s, because the original lot was produced there. The Walloons also got part of the other early awards—the artillery and HF radio contracts—and Flanders was in line to get most of the rest. After the 1985 national elections, however, Walloons replaced Flemings as Ministers of Defense and Economic Affairs. The new Defense Minister—anxious to improve procurement cost efficiencies and concerned that Flanders lacked the aeronautical expertise to handle the helicopter contract efficiently—announced that the new government coalition (Martens VI) was not bound by the 1983 six-project agreement. This action incensed the Flemish community, and Prime Minister Martens had to reconfirm the previous allocations. By this time, however, the contracts had been delayed for months. Because of budget constraints the Defense Minister next chose to maintain defense spending for unit training rather than fund the attack helicopter procurement, which was deferred. The helicopter affair has thoroughly antagonized the majority Flemish interests, and we expect the next major defense contract negotiations to be long and difficult.

[redacted]

Negative Effect on Promotion and Assignment. The need to maintain agreed Fleming-Walloon balances in the military has a pervasive negative impact on both promotions and assignments. The Belgian Army's six lieutenant general slots are split evenly among Walloons and Flemings, and each change of assignment is watched closely, particularly by the hypersensitive Flemish segment of the press. The regional sensitivities thus prevent the government from choosing the Army's high command solely on the basis of leadership qualities. The National Police cannot add a needed fifth general officer slot because a balance now exists between Fleming and Walloon police generals. The Belgian Navy must take Walloon draftees rather than more highly motivated Flemish volunteers to preserve the necessary ethnic mix. [redacted]

Increased Training Costs. The guarantee that every Belgian may perform his military service using his native tongue increases training costs at many levels. Field grade officers at the Belgian War College insist on using their native language even though they all are bilingual. The college must prepare course materials in both languages and teach each subject twice. Sometimes two different guest speakers must be invited and paid to lecture on the same subject in two languages. Fleming-Walloon anxieties have also prevented full consolidation of F-16 flight training at Beauvechain, requiring costly duplication of part of the training program at the two unilingual airbases. This duplication prevails throughout the Belgian military education and training establishment. [redacted]

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Ethnically Homogeneous Units May Limit Tactical Flexibility. A bilingual officer corps and a broad operational use of English minimize the risk that language problems will hamper tactical communications. The maintenance of unilingual, ethnically homogeneous units and the way they are grouped, nevertheless, suggests that the Belgian leadership must have doubts about the willingness of Flemings and Walloons to cooperate effectively in wartime. Fleming and Walloon brigades are supported by same-language logistic companies integral to each brigade. Flemish brigades are supported by Flemish artillery battalions, Walloon brigades by Walloon artillery. The mixed-language 17th Armored Brigade can be broken down into two unilingual, balanced armor-infantry task forces of two battalions each. [redacted]

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The care Belgium has taken to organize its Walloons and Flemings separately for battle is significant because we believe the Belgian Army's officers corps lacks ethnic cohesion. While the officer corps is thoroughly professional, its two ethnic components reflect the same divisions apparent throughout Belgian society. Walloon and Flemish officers work together, but they do not socialize. These officers jealously protect their language rights as they pass through the military education system even though they are bilingual. They are still quick to take offense

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if not addressed or answered in what they consider the proper language. An officer corps that takes offense at such trivial matters is one that we believe ethnic animosities could divide in periods of national stress.

[redacted]

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The failure of the Belgian Army experiment with ethnically integrated units in the 1950s increases our concern. At that time, there were ethnically motivated riots among the troops as well as scuffles and incidents of noncooperation between Walloon and Fleming officers. The attempt at ethnic integration in the Army was a serious failure that had to be abandoned.

[redacted]

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The apparent intention of employing the Belgian I Corps in battle with units grouped ethnically could mean tactical delays and complications under the pressure of a heavy Soviet attack. Many experienced observers of the Belgian Army disagree, noting that in peacetime exercises, Fleming and Walloon units are routinely directed to support each other. The latest example of cooperation between different ethnic units occurred during the September 1986 Crossed Swords exercise in West Germany. Yet, the ethnic hostilities that permeate Belgian society caused the Belgian Prime Minister to submit his resignation a month later, and the Belgian military is acutely aware of such developments. Despite the evidence of ethnic cooperation in peacetime, the corps command must question how well Fleming and Walloon units would support each other in combat, and whether units and artillery support could be quickly shifted between brigade sectors. While training and equipment deficiencies of the Belgian Corps might be more significant in wartime, the sudden reemergence of ethnic mistrust among Belgian units might also be an important factor degrading Belgian combat performance. Poor cooperation between Fleming and Walloon units could become increasingly likely if the Belgian Corps were being pushed back and were in danger of being cut off or routed.

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Yugoslavia-Libya: Ties Strong Despite Recent Strains []

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Yugoslavia has continued to maintain close, extensive ties to Libya since the US airstrike last April, although the relationship has undergone new strains. Qadhafi miffed the Yugoslavs with his behavior at the recent Nonaligned summit in Harare, and Tripoli's poor record in paying its bills has caused more open Yugoslav dissatisfaction. But Libya remains an important economic partner, and overall political relations remain sound. We believe Belgrade would distance itself from Tripoli—and then perhaps selectively or for a limited period—only in the event of more egregious Libyan international actions or severe complications in bilateral economic ties. []

Political Relations—Ruffled by Minor Irritants

Yugoslav officials in private have long indicated discomfort with Colonel Qadhafi's behavior and policies, but they have appeared unusually annoyed with his actions during the past seven months. Although Belgrade gave Tripoli exceptionally strong public support after the US bombing last April, senior officials in Belgrade told the US Ambassador that they do not defend the "stupidities" of Libyan policy. Since that time, Qadhafi on at least two occasions has called into question the very policy of nonalignment, a sacrosanct principle of Yugoslav foreign policy:

- Belgrade appears particularly unhappy with Qadhafi's proposal, made after the airstrike, that Libya abandon the Nonaligned Movement and join the Warsaw Pact. US diplomats report that senior []

[] say that Belgrade refused to grant transit rights to Soviet supply aircraft after the April airstrike, apparently because of concern about an expanded Soviet role in Libya.

- [] senior officials were angered by Qadhafi's heavily publicized assertions at the Harare summit last August that the Nonaligned Movement, which Tito helped found, is

ineffective. The Yugoslav media, presumably with the government's blessing, strongly criticized Qadhafi's speech—extremely unusual treatment for the head of a fellow nonaligned country. Moreover, a Yugoslav journalist recently told US diplomats that, in response to the speech, Belgrade is ignoring a request from Qadhafi to visit Yugoslavia. []

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These signs of Yugoslav discomfiture, however, have not yet had a broader impact on political relations. Despite media criticism, no Yugoslav official has publicly criticized Tripoli. Belgrade labeled the atmosphere during the Libyan Foreign Minister's visit to Belgrade last June as cordial and friendly. And press reports emphasized satisfaction with bilateral cooperation during Yugoslav Deputy Premier Zemljarić's visit to Tripoli last September. []

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Economic Ties—Solid Despite Problems

Much of Yugoslavia's interest in Libya stems from its lucrative economic dealings with Tripoli. However, Libya's mounting financial difficulties caused by soft oil prices have taken their toll on this relationship over the past year and a half:

- Yugoslav exports to Libya of nonmilitary goods fell to \$100 million in 1985, roughly half the level of 1984.
- The value of new civilian and military construction contracts awarded to Yugoslav firms was also reportedly off sharply last year. The figures for 1986 probably will be no higher.
- Yugoslav exports of military goods and services also appear to be falling. []

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Nonetheless, Libya remains a relatively attractive market for Yugoslavia largely because financially strapped Belgrade lacks good alternatives:

- Despite the drop in exports, Deputy Foreign Minister Loncar recently told the US Ambassador that trade with Libya—apparently excluding most military goods and services—is worth about \$500 million a year and is too important to abandon.
- Despite the slowdown, Libya has signed new contracts for civilian construction and repair projects and is negotiating on some military-related contracts. Yugoslav construction firms are estimated to be involved in some \$2-3 billion worth of ongoing projects, placing Libya second only to Iraq in terms of Yugoslavia's foreign construction earnings. This comes at a time when the volume of new construction business is down steeply both in Yugoslavia and worldwide.
- While Yugoslav military-related exports to Libya are down, the Libyan market retains its importance because estimated worldwide Yugoslav military exports have also dropped sharply. [redacted] Yugoslavia will continue to supply Libya with small numbers of trainer aircraft, minisubs, and small surface ships. Yugoslavia reportedly will also continue to train pilots, technicians, and officers. [redacted]

Yugoslav media reports have indicated Belgrade's dissatisfaction over its financial dealings with Tripoli, particularly Libya's failure to pay in a timely fashion for work completed. Such difficulties, however, are not new. Negotiations over each side's mutual debts and overdue claims have dragged on for some time. Belgrade has grudgingly accepted Libyan oil in payment for Yugoslav goods and services. Given Libya's large debt to Yugoslavia and lack of options, Belgrade has been in no position to reject compensation in oil, which it can use to meet domestic needs or sell for hard currency. [redacted]

US Concerns—An Inhibiting Factor

Although military-security and commercial relations continue between Yugoslavia and Libya, the US stance toward Tripoli may induce Belgrade to take

stock of its policy. A Deputy Foreign Minister told the US Ambassador last September that he was painfully aware that Belgrade's good ties to Qadhafi have caused problems in its relations with the United States. But Belgrade apparently believes it can continue to exercise considerable latitude in its existing relationship with Tripoli without significantly damaging its ties to Washington. [redacted]

Outlook

Belgrade probably will continue its current level of dealings with Libya in political and military areas for the foreseeable future barring major changes in the international scene. Belgrade almost certainly would back Libya in the event of increased US military pressure and would probably pass to Tripoli information it acquired on Western knowledge of Libya's terrorist-related activities. Belgrade is unlikely to push Tripoli very hard over payment problems for fear of losing profitable construction contracts and may try to show even more flexibility concerning payment and trade arrangements, such as more actively seeking countertrade deals with third parties. In our view, only a dramatic turn in Libyan foreign policy inimical to Belgrade's interests—such as withdrawal from the Nonaligned Movement, public official backing for terrorist attacks in the West, or a complete halt in Libyan payments for Yugoslav exports—would sour the relationship, and even such a downturn could be selective or of short duration. [redacted]

Belgrade, nonetheless, is likely to be sensitive to Washington's concerns, and Yugoslav leaders will probably avoid specific transactions—such as selling Western military equipment or actively assisting Libyan-organized terrorist operations—that they believe would result in dramatic political or economic sanctions from Washington. But Belgrade would almost certainly reject demands from Washington to cut back on most of its other ties to Libya, including sensitive military-security arrangements. [redacted]

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East Germany-China: Honecker's Visit

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East German leader Erich Honecker's unprecedented "official friendly" visit to China during 21-26 October was hailed by both sides as "serving the cause of socialism" and ushering in a new era in bilateral relations. While the atmosphere was excellent, the German Democratic Republic (GDR) and the People's Republic of China (PRC) played down the matter of restoring party ties, and the tangible results appear limited to a long-term economic agreement. The Soviets had to be on board for the visit, but Honecker's avoidance of touchy political subjects and the absence of a communique suggest an attempt to lower the profile of the trip.

East Germany's Ostpolitik

Honecker's visit to China, the first ever at that protocolary level by a GDR party and state chief,¹ was the high point in the steady improvement of bilateral ties that began in 1983. During the last 12 months alone, Vice Premier Li Peng and Foreign Minister Wu Xueqian visited the GDR, and Volkskammer President Sindermann, number-three ranking Politburo member, and Margot Honecker, Minister of Education and wife of the East German leader, visited China. The steady stream of other ministerial visitors in both directions has testified to the desire of both sides to revive a once flourishing relationship that had been largely moribund since the mid-1960s as a result of the Sino-Soviet split.

Honecker's formal visit was meant to pave the way for a larger Soviet and East European reconciliation with China while at the same time pursuing East German interests. The GDR is eager for expanded ties to China's developing economy and increasingly wants to profile itself politically as a player in world affairs.

Honecker was welcomed like an old friend by the senior Chinese leadership. He had three rounds of talks with Chinese Communist Party (CCP) General

¹ Honecker's predecessor, Walter Ulbricht, attended the CCP congress in 1956.



Erich Honecker and Deng Xiaoping embrace: the closer they get, the better each looks to the other. The Economist ©

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Secretary Hu Yaobang and further meetings with paramount leader Deng Xiaoping, President Li Xiannian, and Premier Zhao Ziyang. Honecker and Hu kissed, embraced, and recalled old times together in the international youth movement over cups of Chinese tea (pronounced the best in the world by Honecker). Similarly, Deng reminisced about his contacts during the 1920s with Communists in Germany. Hu and Zhao accepted the ritual invitation to make a return visit to the GDR; Zhao most likely will visit next year, while Hu probably will not visit until 1988.²

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² The East German news service ADN reported that Deng had also accepted such an invitation. This is probably a miscue, however, as the New China News Agency—silent on the subject—would typically have ballyhooed a foreign trip for Deng.

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Unpleasantness Avoided

Deng sidestepped the sticky issue of how to restore party ties by averring to Honecker that since these ties had never actually been severed, there was no point in discussing anything except moving them to a higher level. An East German diplomat in Beijing later remarked to a US Embassy officer that the GDR considered it significant that Deng chose to make this remark himself. The heads of the respective Central Committee international relations departments were directed to consult on arranging new delegation exchanges. Deng's tactic, which could be used with other East European states, served to play down the significance of the issue. [redacted]

When not reminiscing about the distant past, Honecker and his hosts spoke about future prospects for developing relations from the new foundation established by the visit. Left unreported—if not unsaid—was any mention of the deterioration in their relations in the past two decades because of the Sino-Soviet split or of the existing “three obstacles” to better ties between the USSR and PRC. The principal reference to the Soviet Union was in Honecker's fitful—and apparently unsuccessful—efforts to get the Chinese leaders to endorse the Soviet version of Reykjavik. There was no separate meeting between the foreign ministers. [redacted]

While avoiding references to China's reforms per se, Honecker praised Chinese economic accomplishments in general. Similarly, he implicitly acknowledged China's independent foreign policy. This is not surprising since it is the stock in trade of Honecker's foreign policy rhetoric that countries with different social systems should find ways to coexist. By this logic, what applies to relations with capitalists should certainly apply to fellow—if deviant—Marxists. In the end, Honecker told Chinese reporters that both sides reached unanimity on bilateral relations and “some” international issues. Honecker doubtless enjoyed hearing his Chinese interlocutors extol the GDR's *Westpolitik*, in particular Hu's praise for the East German leader's unremitting efforts to bring about international dialogue. The Chinese presumably regard the Honecker *Westpolitik* as a seemingly independent tendency to be encouraged, especially in view of the GDR-Soviet friction it caused in 1984. [redacted]

Economic Deals

Honecker's visit also focused on economic relations. The delegation contained two economic principals—party secretary for economics Mittag and Foreign Trade Minister Beil—and the major formal agreement was a 15-year economic, scientific, and technological accord. Both sides expressed optimism that the pact will help boost trade above the expected record of about \$500 million this year, double the 1985 level. [redacted]

China's modernization plans afford East Germany with an opportunity to boost its sales of industrial machinery and other manufactured goods to raise the PRC's share of trade above the paltry 0.4 percent registered in 1985. The East Germans offered mining technology in September and probably hope to sell strip mining equipment. During the visit, the two sides concluded another deal for 300 East German rail passenger cars worth \$100 million. East Berlin also sees China as a source of raw materials and light manufactures including consumer goods. [redacted]

No Communique: Soviet Concerns?

In contrast to an earlier working visit to Beijing by Polish leader Jaruzelski, there was no communique issued at the end of the Honecker visit. Also unlike Jaruzelski, Honecker did not stop in Moscow on his way home, a stopover that would have signaled quite clearly that the roads from China to Eastern Europe lead through Moscow. While there is no question that the Soviets approved of the long-discussed Honecker visit, some recent events may have stimulated Soviet unease about the pace of such developments:

- The haste with which Jaruzelski arranged his visit to China in order to arrive there ahead of Honecker may have given the impression of undisciplined action in East European efforts to cultivate ties to the PRC.
- Soviet Deputy Foreign Minister Rogachev apparently did not make much progress on any of the points dividing the two sides during his 6-14 October visit.

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- In the aftermath of the Reykjavik presummit, the Soviets may want to concentrate on organizing their arms control policy and not be diverted by the necessity to oversee closely the relationships of their allies with China.

For whatever reason, Honecker appeared to take his cue and considerably lowered the political profile of his visit by avoiding a communique and by taking along a relatively low-key delegation of political advisers that did not include either party international relations chieftain Hermann Axen or "crown prince" Egon Krenz.

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North Korea and Mongolia Also on the Itinerary

Honecker sandwiched his China visit with stops in North Korea (18-21 October) and Mongolia (26-28 October). Again in contrast to Jaruzelski (who had preceded him on this leg as well), Honecker and Kim Il Song issued no communique, most likely because the GDR is reluctant at this time to undermine the 1988 Olympics by supporting North Korea's demand for cohosting with South Korea. Commentaries on both brief visits were positive, and the economic agreements signed in each place unremarkable.

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Outlook

Neither the GDR nor the PRC is likely to have been surprised by go-slow signals from Moscow and will assume that even these are temporary. In any case, Honecker will have viewed his visit as a personal triumph. The new cooperation agreement should pave the way for at least modest growth in trade over the next few years, and Soviet concerns should not seriously affect routine commerce. The East German Consulate General established in Shanghai seven months ago, for example, will soon grow into one of the city's largest in the estimate of the US Consulate there.

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Economic News in Brief

Western Europe

West German Bundestag released \$115 million to begin design definition phase for Eurofighter and pay for already completed technology, components development . . . total cost for country's planned 200 to 250 aircraft projected to be \$9.55 billion. [redacted]

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Greece announced price freeze until February . . . will ease discontent with government restrictions holding wage increases below inflation, but shortages may result . . . prices over past year rose at rate of 24 percent. [redacted]

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Trade dispute resolved when Soviets agreed to maintain level of herring purchases from Iceland . . . herring one-third of Iceland's exports to USSR . . . price concessions angering producers . . . clears way for Iceland to resume imports from Soviets. [redacted]

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Eastern Europe

CEMA's international Investment Bank has received \$250 million loan from international banks, according to source of US Embassy in Moscow . . . unusually long, 15-year term may foreshadow future bond issues. [redacted]

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Hungary reportedly exploring prospects for closer ties to US nuclear industry . . . seeking technical guidance and, possibly, components . . . prompted by concern about reliability of their Soviet-designed plants in wake of Chernobyl. [redacted]

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