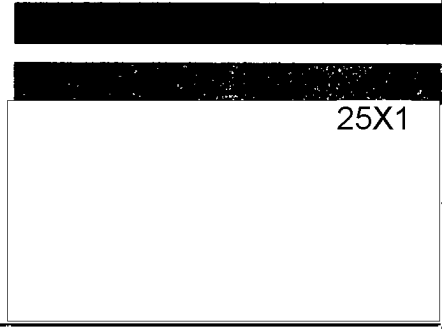




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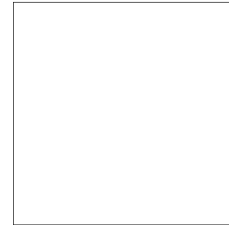
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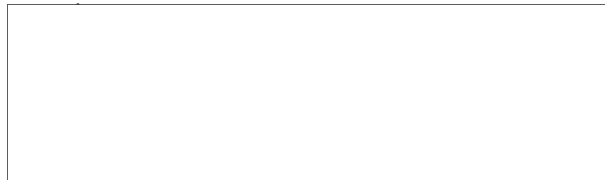
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National Intelligence Daily

Saturday
7 February 1987



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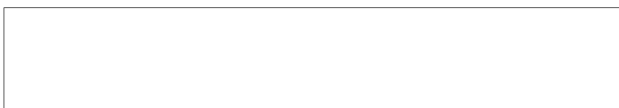
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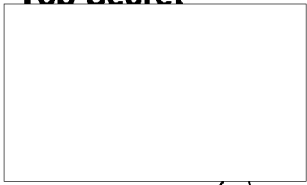
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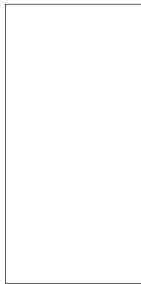
PHILIPPINES:

End of Cease-Fire Imminent

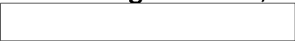
The 60-day truce with the Communist insurgents expires at 2300 EST tonight, but hostilities may not resume immediately. 

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President Aquino has called publicly for an extension of the truce. The Communist negotiators, who walked out of the peace talks two weeks ago after a clash between leftist demonstrators and the military near the presidential palace, have not responded. Despite the breakdown of the negotiations, both sides have continued to honor the truce.



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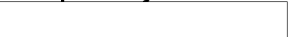


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Comment: Aquino probably is disappointed with the Communists' failure to resume discussions.  she and her advisers believe there is popular support for the cease-fire. They favor an extension that would give the government's recently launched program to get Communists to defect time to take effect. If the Communists refuse to extend the truce, the government may try to negotiate cease-fire agreements in various regions with local insurgent commanders. There have been signs that rebel commanders in the Visayas and on Mindanao are interested in continuing the truce 

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The initial Philippine military response to expiration of the truce is likely to be low-key. The armed forces, whose leaders are convinced that the cease-fire has primarily benefited the insurgents, are anxious to regain the initiative, but they do not want to be blamed for starting hostilities. The military will probably resume fighting in those parts of the country where the rebels refuse to negotiate. Such a strategy would be compatible with the armed forces' limited capability to sustain a nationwide counterinsurgency offensive. 

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The Communists' plans following expiration of the cease-fire are not clear. They may be reluctant to initiate attacks that would give the government a big propaganda advantage. The Communists must be troubled by the demonstration of popular support for Aquino in the constitutional plebiscite last Monday. 

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 insurgent leaders suspect an imminent military crackdown and are considering preemptive attacks, they may decide to wait for the government to make the first move. 

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PERSIAN GULF STATES-EGYPT:

Closing Ranks

[Redacted]

Fears that Iran is winning the war with Iraq and that instability in Egypt is mounting are prompting Saudi Arabia and the other Arab states on the Persian Gulf to seek closer ties to Cairo.

[Redacted]

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Gulf leaders have been responsive to Cairo's efforts to improve its contacts with other Arab states and, in fact, facilitated Egypt's attendance at the Islamic summit late last month.

[Redacted] it was Saudi Arabia and Kuwait that brokered the talks

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between Syrian President Assad and Egyptian President Mubarak at the meeting. According to the US Embassy in Riyadh, Saudi King Fahd's two meetings with Mubarak were designed to signal that Saudi-Egyptian relations are improving steadily.

[Redacted]

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[Redacted]

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UAE President Zayid, in a rare initiative, received Mubarak immediately after the Islamic summit. The US Embassy in Abu Dhabi speculated that the highly publicized meeting centered on the war and possible financial assistance to Egypt. Oman, which never broke diplomatic relations with Cairo, also hosted Mubarak in an attempt to demonstrate its support for closer Gulf ties to Egypt.

[Redacted]

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Comment: Saudi Arabia and the other Gulf states probably believe that closer ties to Egypt are essential to counter the Iranian threat in the region. In exchange for financial assistance, they probably expect Egyptian guarantees of security assistance in the event of future Iranian aggression

[Redacted]

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Despite these initiatives, the Gulf states are unlikely to restore diplomatic relations with Egypt soon, for fear of provoking Arab radicals. However, they see the importance of a moderate regime in Cairo and will try to build a consensus within the Arab League for Egypt's reintegration into the Arab fold.

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[Redacted]


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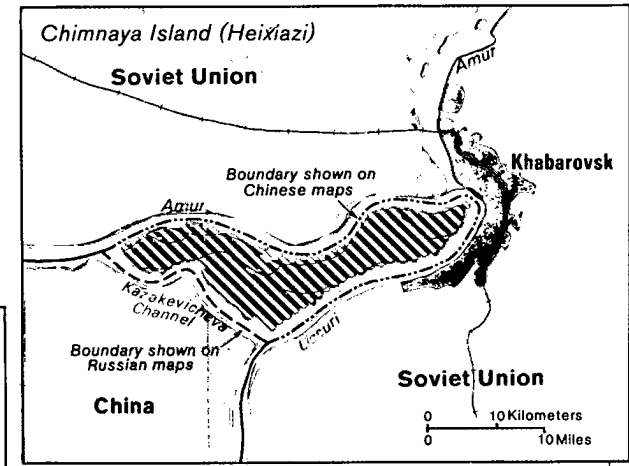
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Disputed Areas on the Sino-Soviet Border

 Principal areas in dispute between China and the Soviet Union. Chinese claim the Soviets hold islands in the Amur and Ussuri and areas in the Pamirs which were not given to Tsarist Russia even by the "unequal treaties" of the 19th century.



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USSR-CHINA:

Boundary Talks

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The Sino-Soviet boundary talks reopening in Moscow on Monday after a nine-year hiatus are unlikely to produce quick solutions to the many deep-seated territorial disputes, but their resumption marks a significant broadening of the dialogue.

[Redacted]

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[Redacted]

The talks were agreed to by the Foreign Ministers in September. Chinese officials have acknowledged ~~to US diplomats that~~ their decision to resume was a direct result of General Secretary Gorbachev's statement at Vladivostok last July that the Amur River boundary could pass along the main channel or thalweg of the river. If this approach were also used for the Ussuri River boundary, it would require the USSR to return most of the 600 to 700 islands in dispute.

[Redacted]

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The negotiations will be chaired by Deputy Foreign Ministers Rogachev and Qian, who also head delegations to the semiannual talks on political normalization. ~~One Soviet who will participate told a US Embassy official that~~ the talks will last two weeks and that Moscow hopes to secure a firm schedule for follow-on meetings.

[Redacted]

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The Soviet negotiator added that the most difficult issues are likely to be: defining main channels for the two rivers, in particular where they have shifted over the years; resolving which state owns the islands at the confluence of the rivers opposite the Soviet city of Khabarovsk; and—along the western sector—deciding which ridge in the Pamir Mountains was agreed to as the border in a 19th-century treaty. ~~Other Soviets have said privately that Gorbachev's statement at Vladivostok did not apply to the islands opposite Khabarovsk.~~

[Redacted]

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Comment: Moscow evidently is trying to improve the atmosphere for the talks by having Rogachev head its delegation rather than Deputy Foreign Minister Ilichev who was uncompromising when he led the Soviet side in the 1970s, and by announcing the planned withdrawal of about 20 percent of the Soviet troops in Mongolia this spring. The Kremlin probably hopes that a modicum of progress on border issues would persuade China to accept Gorbachev's offer to open another forum to discuss mutual troop reductions along the border.

[Redacted]

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The Soviets' keen interest in improving relations with China suggests they will make some concessions in an effort to be accommodating. Their stated intention to keep the islands opposite Khabarovsk, however, might scuttle an overall settlement.

[Redacted]

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The Chinese probably agreed to resume these talks to encourage Moscow's courtship. They are likely to interpret Gorbachev's eagerness as a softening of his resolve on border issues and will probably press for further concessions without offering much in return on boundary matters or in possible future talks on troop reductions.

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EASTERN EUROPE: Reaction to Soviet Party Plenum

[Redacted]

The East Europeans probably are relieved that Soviet party leader Gorbachev did not win full endorsement for his reform package at the recent plenum of the Soviet party's Central Committee.

[Redacted]

[Redacted]

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Comment: Soviet party secretary Medvedev who is responsible for relations with ruling Communist parties, this week briefed the East European ambassadors in Moscow on the plenum. Soviet Foreign Minister Shevardnadze took advantage of a previously arranged trip to East Germany and Czechoslovakia to stress the plenum's significance. The Czechoslovaks seem the most concerned to appear in step with Gorbachev, while the East Germans remain studiously cool.

[Redacted]

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The plenum probably has convinced the East Europeans of Gorbachev's determination to pursue his domestic program. They will see the lukewarm endorsement of his ideas in the plenum resolution and rumors about opposition to his leadership, however, as preserving maneuvering room for them.

[Redacted]

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Few East European leaders are seriously interested in adopting Gorbachev's more aggressive proposals, such as on personnel policy or intraparty democratization. They will continue to wait to see how the Soviets define these ideas in practice. If Gorbachev is successful at home, potential successors to the aging East European leaders might follow his lead in order to further their careers.

[Redacted]

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The multilateral ambassadorial session, while consistent with Gorbachev's efforts to forge closer unity by keeping his allies better informed, was also the first such meeting since he became party boss. It may also have been designed to remind the East Europeans that they too should take steps, especially in the economic sector, to overcome their deficiencies.

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**EC-
CENTRAL AMERICA:**

Meeting in Guatemala


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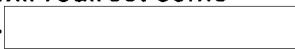
European Community officials will meet on Monday with representatives of the Central American and Contadora countries and probably will oppose any Nicaraguan attempts to include strong anti-US statements in the conference communique. 

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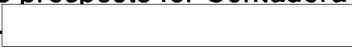
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Comment: The West Europeans see the meeting in Guatemala—the third in a series that began in 1984—as a means of demonstrating the EC's continued interest in the region and support for the Contadora peace process. The Central American states hope for increased European economic assistance. Nicaragua probably wants to persuade the West Europeans to voice openly their criticism of US support for the anti-Sandinista insurgents. 


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The meeting is unlikely to produce major initiatives. Budgetary constraints probably will prevent the EC and most individual West European countries from providing much more than their currently modest levels of economic assistance. They have been reducing aid to the Sandinistas—largely because of growing disenchantment with Managua's human rights record—and probably will redirect some assistance to the Central American democracies. 

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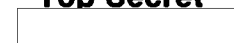
The West Europeans' hopes that these meetings might contribute to regional peace, democratic reform, and economic development have largely faded. Most West European governments are increasingly pessimistic about the prospects for Contadora but want to maintain their role in the area. 

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The conference almost certainly will issue a statement reiterating support for Contadora. It is also likely to condemn human rights abuses in the region without singling out any regimes, urge the adoption of democratic reforms, and call for an end to outside intervention in Central America. The West Europeans probably will oppose any Nicaraguan effort to add strong anti-US statements that would antagonize Central American moderates and the US—although West European leaders remain opposed to US military support to the anti-Sandinista insurgents. 

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SURINAME:

Increasing Disarray

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As economic and military pressures mount in Suriname, disagreements are growing within leadership circles, policymaking is becoming more confused, and Head of Government Bouterse may be considering asking the US for help.



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_____ numerous officials blame Foreign Minister Herrenberg for encouraging Bouterse to expel the Dutch Ambassador last month. _____ a key labor leader blasted Bouterse for expelling the Ambassador at a time when renewed Dutch development aid is vital to the economy.

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Bouterse may regret the expulsion. Various press reports say that Paramaribo has asked The Hague to name a new ambassador and has offered to upgrade Suriname's diplomatic presence in the Netherlands.

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_____ Bouterse expects Herrenberg and Prime Minister Radhakishun _____ to resign by the end of next month, which is the deadline for presenting a constitution. Finance Minister Mungra reportedly is calling for an austerity program designed to obtain IMF assistance, but the labor leader and the Central Bank director are opposed to such a plan.

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According to a US diplomatic report, Bouterse recently raised the "hypothetical possibility" of US military forces protecting the US-owned Suralco facilities and asked about help in restoring electricity to the capital. Since late December, official press statements have suggested that Paramaribo wants to improve relations with the US.



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Meanwhile _____ officials of the Libyan People's Bureau are trying to meet with rebel leader Brunswijk to discuss possible support for the insurgents.

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Comment: The economic crisis seems to be bringing to the surface ideological and personal rivalries among government officials. Bouterse's past erratic behavior and his growing desperation over the regime's mishandling of the insurgency and the economy portend increasingly confused domestic and foreign policies.

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Tripoli probably sees a deal with Brunswijk as its best option for maintaining a presence in Suriname should Bouterse fall from power. The rebels might accept Libyan military aid but, if they came to power, would probably expel the Libyans, particularly if Libyan ties precluded Western help.



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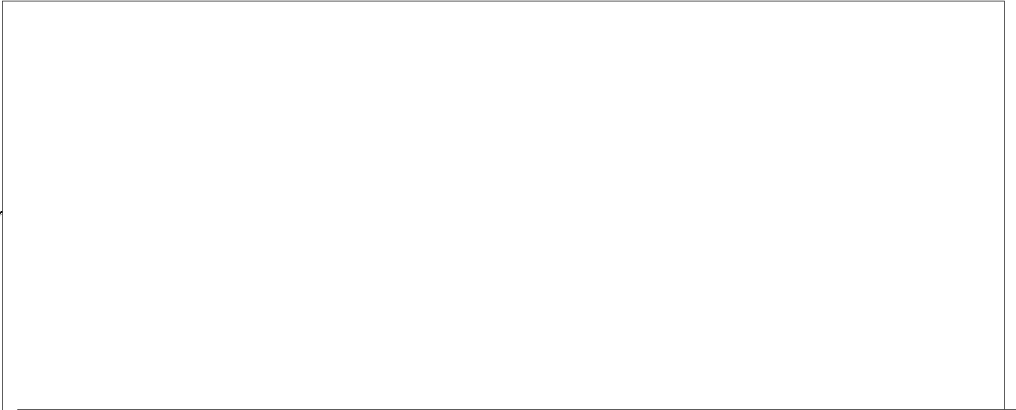
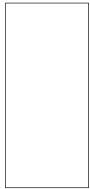


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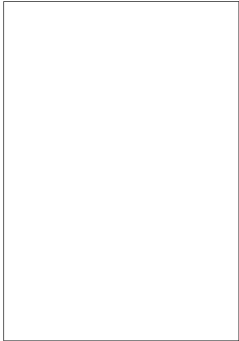


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EGYPT: Election Likely

Next week's referendum called by President Mubarak to dissolve the People's Assembly is likely to have little trouble passing. If it passes, a new election must be held by 17 April. Although opposition leaders have praised the move because it could expand their representation, they are calling for additional steps toward a more open system before they participate, according to the US Embassy.

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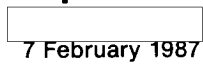


Comment: Mubarak needs a valid People's Assembly to ensure that his reelection next fall is legitimate, and the referendum in part may be an effort to preempt a court decision invalidating the election law under which the current Assembly was elected. The initiative gives opposition groups greater leverage, and Mubarak may have to make further concessions if he is to ensure their participation and escape a court challenge. The election campaign also will provide him with excuses to temporize on badly needed, but potentially divisive, economic reforms.

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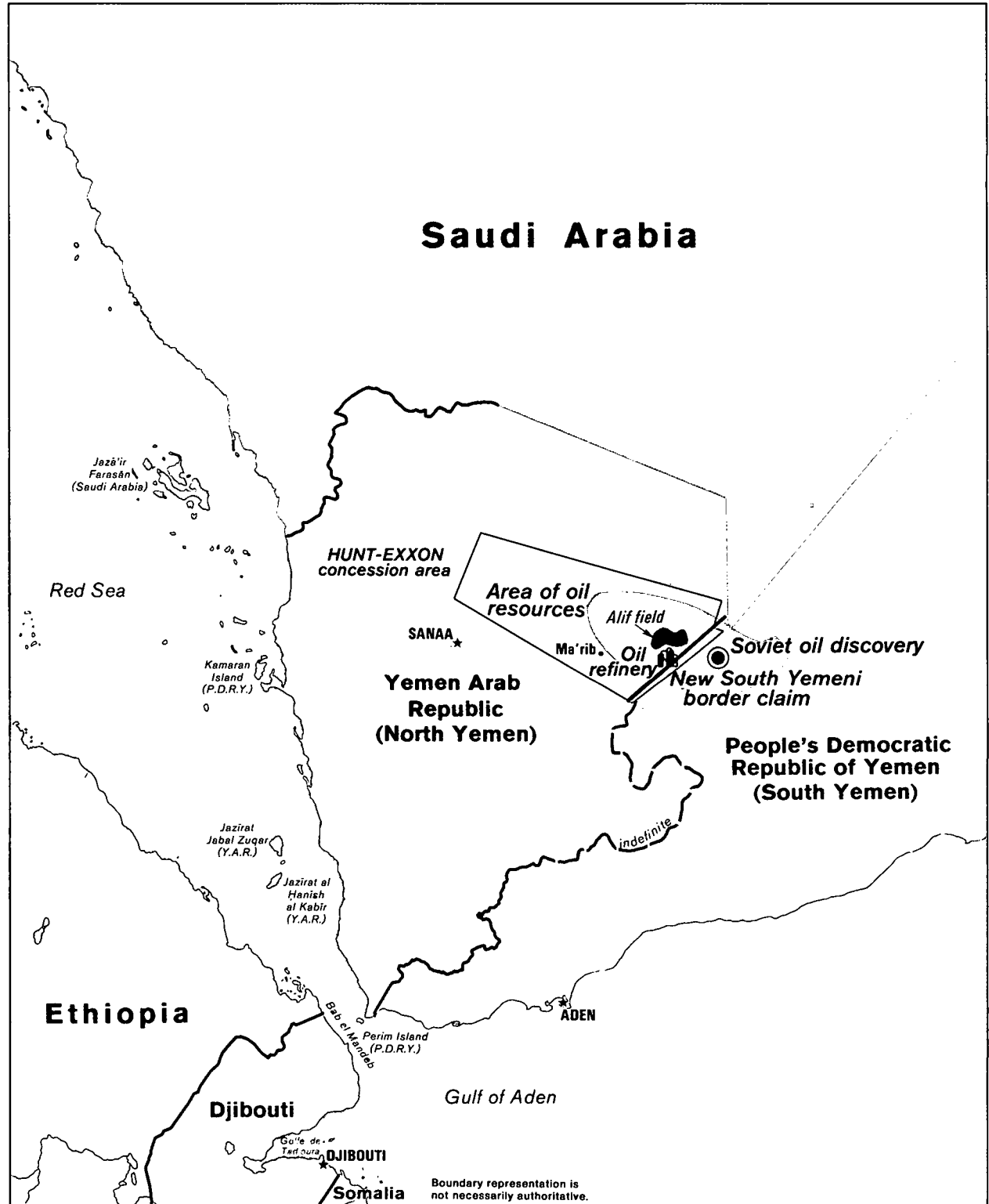
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Yemeni Border Tensions



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NORTH YEMEN-SOUTH YEMEN: Border Tensions Over Oil

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The possibility of a border clash between the two Yemens has been heightened by South Yemen's formal claim to territory near a recent oil discovery. [redacted] the claim was made after North Yemen protested the buildup of South Yemeni military forces in the disputed area near Ma'rib following a major oil discovery south of there by the USSR. [redacted] Sanaa believes the Soviet discovery is in North Yemen. [redacted]



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Comment: Geologic studies known to the North Yemenis suggest that the disputed area includes several large oilfields containing at least several hundred million barrels of oil. The Soviet discovery probably confirmed South Yemeni suspicions that the oil-bearing area in North Yemen extends into South Yemen, and Aden will push the border issue. North Yemen has permanent military facilities at Ma'rib, however, and maintains a decisive numerical advantage over South Yemeni forces in the border area. Even so, the oilfields are vulnerable to sabotage. [redacted]

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INDIA: Military Pushing Resumption of Exercises

Indian officials have reacted to the Indo-Pakistani border withdrawal agreement with relief, but the military appears determined to continue with the Brass Tacks exercises. [redacted] the Army Chief of Staff seems to have persuaded Prime Minister Gandhi to continue the Brass Tacks IV exercise at full strength despite misgivings in the Cabinet and Foreign Ministry. The US Embassy and Indian press commentators speculate that Gandhi's aggressive stance will enhance his party's political standing in the key spring elections in two northwestern states. Critics, however, are accusing Gandhi of vacillating between appeasement and confrontation during the crisis and of making India appear a bully. [redacted]



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Comment: Some Indian troops at the border are likely to move to the Brass Tacks exercise area over the next few days rather than return to garrison—probably sparking renewed Pakistani protests. Gandhi and his Congress Party almost certainly will translate the Army deployments into votes from Hindus in the northwest, who will welcome additional troops in Punjab as evidence of New Delhi's commitment to combat Sikh extremists. Gandhi should easily weather press criticism that his recent actions were ill considered and inconsistent. [redacted]

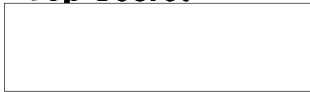
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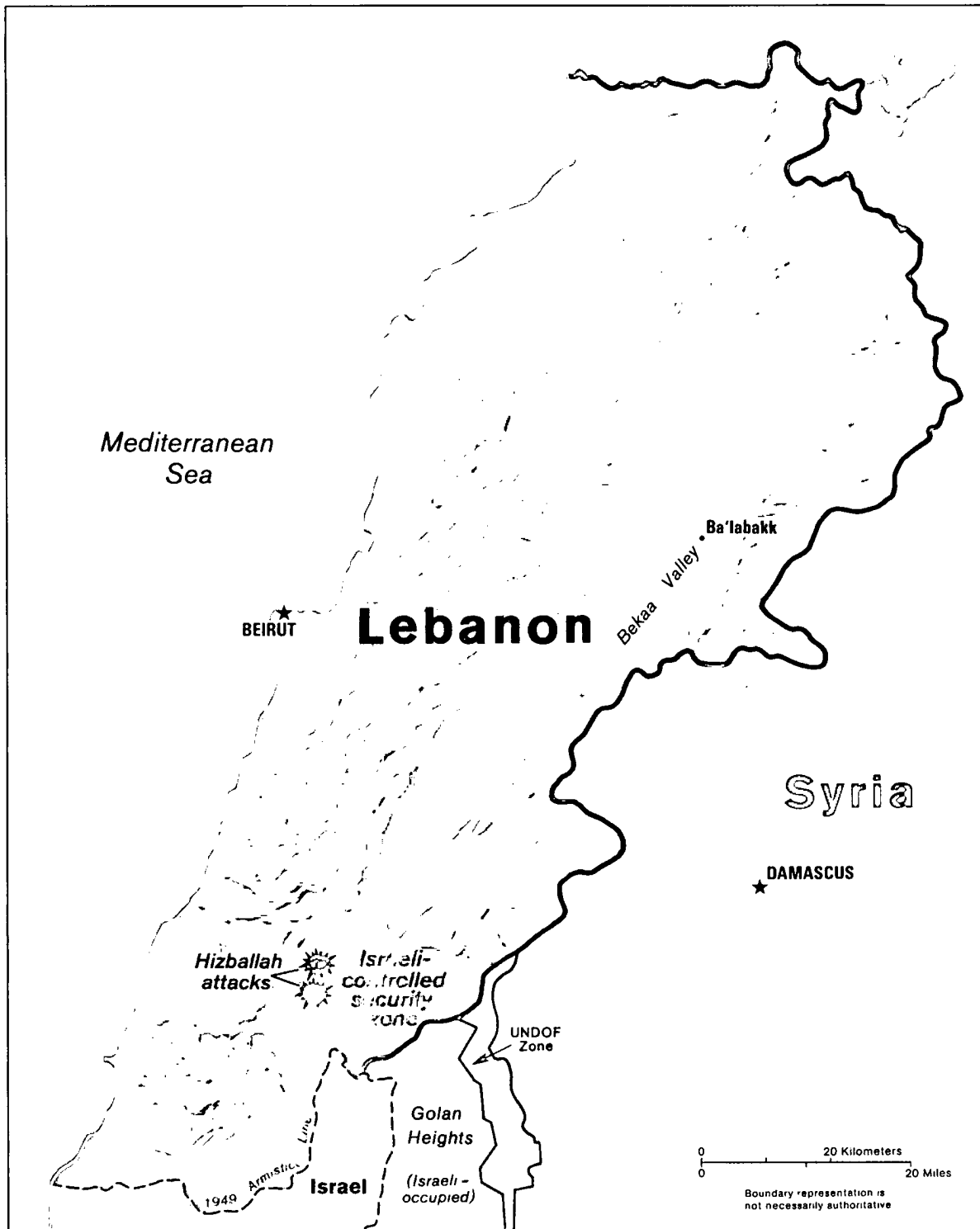


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ISRAEL-LEBANON: Fresh Attacks by Hizballah

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Hizballah's renewed attacks on Israeli troops and those of Tel Aviv's client, the Army of South Lebanon, in Israel's security zone in southern Lebanon will strengthen military leaders in Tel Aviv who are pressing for retaliatory strikes in the Bekaa Valley. According to the Israeli press, dozens of pro-Iranian, Shia guerrillas attacked positions of the Army of South Lebanon yesterday about 5 miles (8 kilometers) north of the Israeli border, killing one Lebanese militiaman and wounding six others. Three Israeli soldiers were wounded, and eight Shia attackers were killed in subsequent firefights.



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Comment: Israeli leaders may be relieved that these attacks were less damaging than those in December, in which at least 15 militiamen were killed. Israel has been able to pursue and kill retreating Hizballah attackers more effectively because of a recent increase in roving patrols by its elite infantry and paratroop brigades, but it has done no lasting damage to Hizballah's ability to renew attacks. Tel Aviv's willingness to act on the military's strong urge to retaliate against Hizballah may be affected by US naval maneuvers in the eastern Mediterranean, the seizing of four professors in Beirut earlier this month, and concern for Terry Waite's safety. The most recent attacks will nonetheless put added pressure on Israeli political leaders to strike at Hizballah bases in the northern Bekaa Valley—particularly the Shaykh Abdullah barracks in Ba'labakk.



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CHINA: New Restrictions on Overseas Study

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Recent student protests in China apparently have moved Beijing to consider tighter controls on overseas study. A Chinese diplomat in the US told a group of Chinese students that the protests had embarrassed Deng Xiaoping and forced him to impose new restrictions. The diplomat reportedly said the number of graduate students sent to the US will be significantly reduced; visiting scholars will be allowed to stay in the US for only one year; and students will have to sign a contract with the local party organization as well as their prospective employer before being granted permission to go abroad.



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Comment: The recent demonstrations have not been blamed on foreign-trained students, but the restrictions are probably a concession to conservatives, such as Vice Premier Li Peng, who pressed—largely unsuccessfully—for tighter regulations last year to encourage more students to return from abroad. Beijing's response to the protests—and uncertainties about the treatment of Chinese intellectuals in general—have probably heightened the concerns of students now abroad about how they will be treated on return. Over the near term, increasing numbers will probably try to prolong their stays in the West.



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In Brief

Middle East

— **Lebanese** Druze official claims Terry Waite has not been shot or put on trial . . . Hizballah's spiritual leader Fadlallah's accusation in press yesterday that Waite on US mission could provide justification for prolonged detention. [Redacted]

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— Islamic Front for Liberation of **Bahrain** reportedly still operating out of **Iran** . . . earlier report indicated Tehran had cut ties . . . support of Front shows Iran continues trying to encourage Shia radicalism in Persian Gulf states. [Redacted]

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— **China** agreed in December to let **Iraq** delay repaying \$700 million, [Redacted] . . . raises amount Baghdad rescheduled last year to \$6 billion . . . will need at least \$3 billion in new reschedulings this year [Redacted]

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USSR

[Redacted]

[Redacted]

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[Redacted]

Yefrem Sokolov named party boss of **USSR's** Belorussian Republic yesterday . . . replaces Siyunkov, promoted to Secretariat . . . appears to be Gorbachev man selected over more senior republic officials . . . promotion could lead to Politburo seat. [Redacted]

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East Asia

— **South Korea's** contract with US firms for nuclear power plants in jeopardy because of disagreement over final terms, [Redacted] dispute could halt negotiations with other US firms, delay Seoul's nuclear reactor program. [Redacted]

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[Redacted]

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— **Taiwan's** Premier Yu may announce decision to build fourth nuclear power plant, [Redacted] local Atomic Energy Council planning publicity campaign . . . could meet resistance in legislature. [Redacted]

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Americas

— **Jamaican** seizure of 60,000 pounds of marijuana largest ever in country, [Redacted] serious blow to consortium attempting to corner marijuana market . . . could result in violence by traffickers. [Redacted]

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Special Analysis

MIDDLE EAST:

Response to US Naval Moves



Moderate Arab states welcomed the arrival of US ships in the northern Persian Gulf during the Islamic summit in Kuwait last week, but they have not said much about the buildup of US naval forces in the eastern Mediterranean and the Arabian Sea. The heightened US naval presence has prompted Arab leaders to speculate that military action is imminent and Tehran to cite the moves as a sign it is winning the war with Iraq.

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Saudi and Kuwaiti officials were pleased with the US naval moves in the northern Gulf, believing that the US presence enhanced the security of the moderate Arab participants at the summit. Leading Saudi officials appear concerned, however, about the possible use of US naval forces in the eastern Mediterranean against Lebanese targets.

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Israeli leaders probably are heartened by the US force deployments, hoping that the moves signal renewed US resolve in dealing with terrorists. Prime Minister Shamir stated publicly on Tuesday that Israel—if asked—would consider joint US-Israeli operations.

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Fears of US Military Action

Damascus believes that the recent deployments are part of US preparations to free US hostages in Lebanon or for an attack on Syria itself,

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Syria has been concerned about the possibility of a US or Israeli strike since late last year. Syria's military forces have been in a heightened state of alert since President Assad left the country last week to attend the Islamic summit.

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Libya has made no formal statement about the US naval moves, probably because of its preoccupation with the war in Chad. The opposition press in Morocco and the official press in Algeria see the moves as initial preparations for a US-Israeli assault on Lebanon in a bid to free US hostages. Algerian officials say that a sustained US naval presence in the area would pose enough of a threat to Arab interests for the Arab states to put aside other differences and call for unified support of Syria, according to the US Embassy in Algiers.

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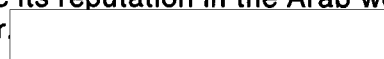
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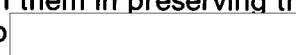
Cairo has made no official statement about the US forces in the eastern Mediterranean, but leading Egyptian journalists have criticized the moves in government-supported newspapers. Recent editorials assume that US military efforts to free the hostages would fail; they call on the US to restore its reputation in the Arab world in the wake of the Iran-Contra affair.



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The Gulf War Perspective

Iran is depicting the US moves in the Gulf as proof of its success in the war with Iraq and is trying to exploit them by putting more pressure on Iraq's Arab allies in the area. Iranian leaders say that the moves demonstrate how much Iran's recent military victories have weakened the Ba'thist regime in Baghdad and that the US presence risks drawing the Gulf states into a widening conflict. Tehran urges the Gulf states to stop supporting Iraq "while there is still time to do so" and is offering to participate with them in preserving the security of the region once they have done so.



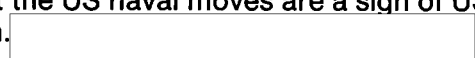
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Tehran undoubtedly seeks to avoid provoking US intervention in the war, but Iranian leaders have warned they will retaliate if the US attacks Iran. Because of the relative independence of the radical fundamentalist groups that the Iranian Revolution has spawned, there is some risk of an unprovoked attack on US forces that would not be sanctioned by the Iranian leadership.



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Iraq's silence on the US moves probably reflects Baghdad's desire to maintain the US tilt toward Iraq in the war. The Iraqis probably hope that the US naval moves are a sign of US determination to discourage Iran.



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Haiti's Electoral Timetable

March 1987	Referendum for ratification of constitution. Proclamation of constitution. Decree on elections.
May 1987	Election campaign begins in rural areas and municipalities.
July 1987	Election of rural sections and communal councils.
September 1987	Start of legislative and presidential campaigns.
November 1987	Legislative and presidential elections.
December 1987	Official proclamation of election results.
January 1988	Validation of powers of legislative assembly.
7 February 1988	Elected president takes oath of office.



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7 February 1987

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Special Analysis

HAITI:

One Year After Duvalier



Popular discontent with the economy and with the lingering political influence of Duvalierists has provoked sporadic antigovernment protests and violence in Haiti since the collapse of the regime of Jean-Claude Duvalier on 7 February last year. Although President Namphy apparently still intends to transfer power to an elected civilian president next year, growing dissatisfaction with the ruling council's performance will probably lead to more unrest, threatening the transition.

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The government intends to take strong measures against any disturbances today and has already arrested several potential agitators,



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The ruling council has made uneven progress toward democracy and stability over the past year. It failed to meet its deadline for a referendum on a new constitution and has rescheduled the voting for 29 March, but the council has generally been faithful to the transition timetable it set for itself last June. It has largely eliminated abuses of human rights and has allowed freedom of the press



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Still, the government's reticent political style, its failure to remove Duvalierists from positions of power, and the unrealistically high popular expectations of rapid economic progress have cost the council much of the public confidence it enjoyed initially.



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Mixed Political and Economic Signals

Namphy temporarily adopted a more activist role in orchestrating the transition after his visit to the US in November. In December he met with several prominent political moderates and reportedly reacted favorably to their proposal for the establishment of an independent commission to oversee the scheduled legislative and presidential elections. By implicitly conferring prestige on the political center, Namphy appeared to be taking steps to prune the large field of presidential candidates.



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Namphy and his influential deputy, Colonel Regala, have since lost interest in a dialogue with local politicians and in forming an electoral commission. suggest Regala may be laying the groundwork for manipulating the elections. Some leading moderates have reportedly begun to doubt seriously the ruling council's democratic intentions.



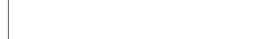
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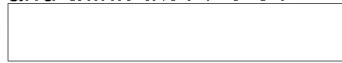
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Broad dissatisfaction with the country's unemployment rate of 50 percent remains a major contributor to instability despite signs that the economy is improving slowly. Finance Minister Delatour told US officials in December that the number of factory closures may have bottomed out and that the long-term employment picture is good. Many Haitians, however, apparently doubt that the council intends to improve their standard of living and think that the US has not provided enough economic aid.



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Opponents of Democracy

Extremists on the left and the right continue to plan strategies to manipulate or subvert Haiti's transition to democracy. The Communist Party reportedly has had success in expanding its influence beyond Port-au-Prince, partly by keeping a low profile and projecting a responsible image during the instances of unrest. Nevertheless, the Communists have been secretly involved in fomenting antigovernment protests through other groups, strengthening their links to radical Catholic priests, and developing a capability for armed struggle should they decide to pursue that course.



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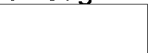
Other leftists continue to plot to destabilize or overthrow the government. For example, one radical group received \$5,000 from Libyan officials in Panama in November to facilitate subversive activities. In general, however, the far left apparently is fragmented into many groups and unable to carry out effective, coordinated action.



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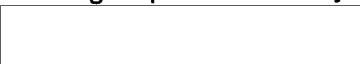
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Like the other political groups, the Duvalierists appear to be factionalized, but they have more money and political experience. They are likely to attempt to advance their rightwing interests through front groups and the buying of votes in the coming elections.



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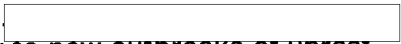
Outlook

In view of the ruling council's record of weathering periods of unrest, Haiti's military rulers probably have a fair chance to succeed in transferring power to a civilian president next February. Widespread disturbances or inadequate electoral preparations might persuade Namphy to delay the transition, however, although the evidence suggests that he remains committed to an elected successor.



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Widespread unrest might prompt a government crackdown that would jeopardize the transition process.



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Namphy intends to respond harshly to new outbreaks of unrest despite the military's questionable ability to contain them. The government will have difficulty maintaining order if agitators incite prolonged antigovernment demonstrations or clashes with Duvalierists or other rightwing factions.



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