National Intelligence Daily

Saturday 25 July 1987

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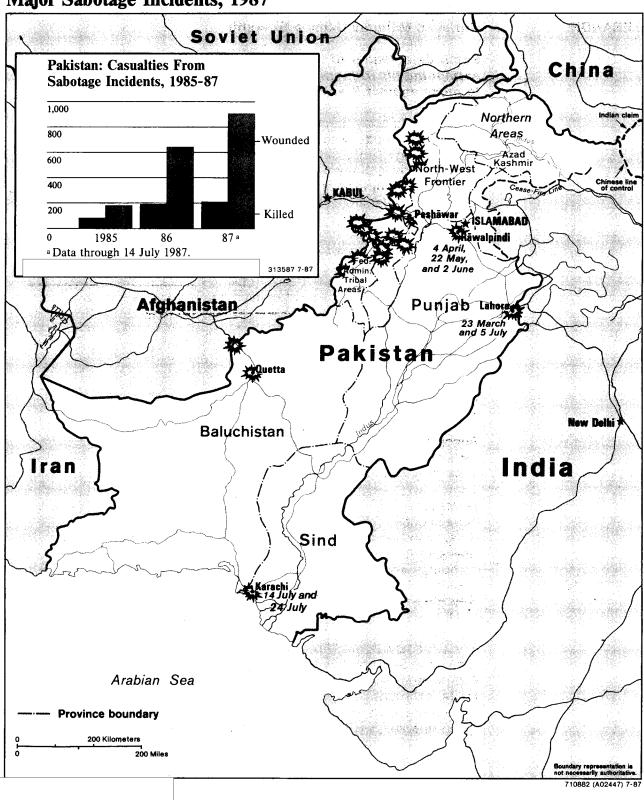
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PERSIAN GULF:	Sea Mine Incident
I ENGIAN GOEL	
	The mine attack on the reflagged tanker Bridgeton will reinterce / Iran's conviction that it can frustrate the US escort program and
	eventually drive the US out of the Persian Gull 25X1
	Iran has not directly claimed responsibility for the mine attack, but
•	Assembly Speaker Rafsanjani's announcement of the mine incident to
	a large group of Iranians generated thunderous applause, according to Iranian press reports. Iranian Prime Minister Musavi-Khamenei
•	asserted that "it was not the Kuwaiti tanker which hit a mine today, but rather US credibility has been damaged by the explosion." 25X1
	but rather US credibility has been damaged by the explosion.'
	Rafsanjani added that Iran will now attack economic targets of the Arab states of the Gulf allied with Baghdad in retaliation for Iraqi
	attacks on Iranian economic targets. 25X1
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	Comment: ran probably expects a limited US response to the mine
	attack but is unlikely to be deterred from continuing its activities to end the US presence in the Gulf. The Iranian leaders' statements are
•	intended to increase the fears of Gulf states about an expanded
(conflict and fan concern [in the US]a bout the wisdom of the escort pregram.
•.	The success of the mine attack will encourage Iran to lay more mines
	randomly along shipping lanes to harass convoys. Mine-clearing
*	operations may slow the progress of the convoys and make them more vulnerable to attack by small boats. The depth of the moored
	contact mine struck by the Bridgeton—about 24 feet (7.5 meters)—
	suggests Iran may be targeting the tankers linstead of US escorts, which have a much shallower draft ?
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AFGHANISTAN:	No Letup in Resistance Activity	
	The Afghan resistance, despite four major Soviet-Afghan operations in the last two months to interdict insurgent logistic routes and clear guerrilla-dominated areas is maintaining heavy military pressure throughout the country—including areas in which traditionally there is little activity.	
	The major Soviet-Afghan sweep operations in Paktia and Vardak Provinces, which ended in mid-June and mid-July, respectively, did little to reduce insurgent activity in the east joint Soviet Afghan operation is under way at the Sarowbi Dam, following insurgent attacks on road security poets and electric pylons	•
	lecated along the Kabul-Jalalabad roatt	·
	1000(100-unon-y-uninated-unotational and to	
	Comment: The resistance traditionally takes the initiative in late spring or early summer. Therefore, the recent insurgent activity almost certainly means that Soviet and Afghan forces were unsuccessful in significantly reducing the flow of men and materiel into Afghanistan.	
	The level of fighting in central Afghanistan—which usually sees little activity—indicates that the insurgents are well armed and supplied	
	and that the chronic intra-Shia factionalism may be declining.	

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BANON:	Christian Militants Gaining Strength	
	Samir Jaja, leader of the Christian Lebanese Forces militia, is expanding his influence in the Christian enclave and threatening	
	to move against President Gemayel.	2
	A struggle to sway the balance of power is being played out in the Lebanese Armed Forces' Christian units. The Lebanese Forces militia	
	is increasing its efforts to recruit Christian Army officers either to work directly with the militia or to remain neutral in the event of a	
	cenflict; The Lebanese Forces are	2
	planning to oust Gemayel if he negotiates with Syria, possibly in	2
	September, according to Lebanese press reports.	2
	dynamic leader in the Christian community, according to the US Embassy. Little has been done to dispel the widespread opinion that the Lebanese Forces were responsible for the assassination of the late Prime Minister Karami. The Embassy reports Christian militia-controlled media, are emphasizing the militia's growing involvement in public administration of the Christian enclave.	2
on 24 Jul	In recent weeks, Jaja has stepped up his challenges to the government. Press reports indicate clashes between Jaja and Gemayel supporters erupted yesterday northeast of Beirut. Jaja has also publicly called for a government independent of Syrian dictates. According to the Embassy he is strong-arming parliamentary support for a government more sympathetic to the militant Christian viewpoint.	2
	Comment: Until recently, Gemayel and Jaja have had a partnership of convenience against Syrian influence, but Jaja now seems	
	determined to achieve preeminence in the Christian community. The timing of this challenge is closely linked to the 1988 presidential campaign and to the efforts of Christian hardliners to deal from a position of strength. Jaja probably also believes he needs to take dractic initiatives before his many enemies move to assassinate him.	
		2
	The Lebanese Armed Forces have played a critical role in maintaining a balance between the competing Christian forces. Although Commander Aoun is likely to continue supporting the President, the militant rhetoric of the Lebanese Forces appears to be gaining favor among the lower ranks; and their support in a confrontation is	•
	questionable.	2





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PAKISTAN:	Political Fallout From Bombings	
	Despite calling up the Army and imposing a curfew this week,	25X1
	unrest broke out again yesterday in Karachi. KHAD, the Afghan	25 X 1
	intelligence service, is likely to continue its terrorist campaign	0EV4
	that has sparked the Pakistani unrest.	25X1 25X1
•	Rioting erupted again yesterday in Karachi, leaving 15 dead and more	20711
	than 55 wounded. Earlier, protests over the bombings on 14 July,	
•	which killed 73 people, quickly turned into ethnic clashes and antigovernment riots. The Army was ordered into troubled	25X1
	neighborhoods and a 24-hour curfew was imposed Wednesday in	
	response to charges that the government could not maintain law and	25X1
	order.	25X1
	Islamabad has ordered all foreigners and landlords with foreign	20/(1
	tenants to register with the police, according to the US Consulate in-	
	Karachii Requirements for obtaining national identification cards have been tightened, and the government may try to move all refugees	25X1
	outside the city.	25X1
	Officials in the Ministry of Interior believe the poorly trained and	
	equipped police are outmatched by KHAD saboteurs.	25X1
·	Well-trained KHAD agents have been infiltrating	25X1
	Pakistan for at least two years and presumably are well equipped. Islamabad, has set up new training programs for the police, created	25X1
	special tribunals to try terrorism cases quickly, and sought to raise	
	security awareness.	25X1
	Comment: The bombings are likely to continue.	
•	dissevered a bomb on 17 duly outside the main bazaar; the next day	
	border police in Baluchistan arrested an Afghan on a motorcycle packed with explosives.\KHAD's strategy of targeting crowded public	
	areas suggests there could be a succession of high-profile terrorist	
	incidents.	25X1
	Key Pakistani officials are concerned that domestic political support	
	for their Afghan policy may erode if the bombings continue, although	
•	there is no sign that Islamabad will alter its position soon. It may	
•	consider compromising with Kabul and Moscow on a successor Afghan regime and withdrawal timetable if opposition to the	
	government's Afghan policy becomes widespread over the next year.	
•	Claimabad is likely to use the threat of growing instability to try to	
	forestall any cutoff of US aid in reaction to developments relating to Pakistan's nuclear program.	25X1
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		ISRAEL-EGYPT: Results of Abdel Meguid Visit	
		Egyptian Foreign Minister Abdel Meguid's visit to Israel this week—the first in five years—probably was intended to demonstrate Cairo's resolve to move the peace process forward. The press says Abdel Meguid expressed Egypt's continuing interest in holding an international conference and hinted that Cairo might accept non-PLO Palestinians within a Jordanian delegation. Israeli Prime Minister Shamir reiterated his well-known opposition to an international conference, while Foreign Minister Peres noted his continuing support for one as a means to direct Israeli-Arab negotiations. According to US Embassy reporting, Israeli officials did not press for a quick resolution of disputed bilateral issues, including obstacles to increased trade and monetary compensation for the families of seven Israelis killed at a tourist site in Egypt last year	25X1
		Comment: Egyptian officials probably expected Shamir and Peres to disagree over peace negotiation strategy, but they may have been surprised by Israel's low-key stance on bilateral problems. Shamir probably hopes to cultivate a personal relationship with Egyptian officials to facilitate a future summit with President Mubarak. He may also hope his moderation will improve his image inside Israel as a	
		leader with international credibility.	25X1
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	LIBYA-BRAZIL: Possible Missile Agreement	
	Brazilian industrialists signed a preliminary agreement with Libya in March for the coproduction, in Libya, of a mobile, surface-to-surface	
	missile, The solid-propellant missile—	25X1
	a derivative of Brazil's Sonda III rocket—will be inertially guided and will carry a 450-kilogram warhead to a range of 40 to 100 kilometers.	
•	og. a.m. warnoad to a range of 40 to 100 knometers.	25X1
	Comment: The Brazilians are seeking funding for the missile, which is	
•	still under development. Libya's unreliability in past coproduction	
	agreements may prevent this agreement from progressing beyond the	
	negotiation phase and could at least delay any Libyan production well past the missile's initial availability in Brazil. In any case, the missile	
	probably will be unavailable to Libya before the early 1990s.	
	Technology transfer, which would also benefit Libya's indigenous ballistic missile program, is not likely without Brasilia's authorization	
	and probably will be the subject of future negotiations. Tripoli's	
	ongoing missile projects are continuing with assistance from West German engineers and Poland. Libyan leader Qadhafi may be turning	
	to Brazil to diversify suppliers should Bonn's investigations threaten	
	Tripoli's relationship with West German firms.	25X1
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	BRAZIL-IRAQ: Tank Sale	25X1
	Irog has ardayed firm Brazil 200 Ocaria walls to the little of the same of the	25 X 1
	Iraq has ordered from Brazil 300 Osorio main battle tanks armed with a 105-mm gun.	25 X 1
	Delivery schedules for the tanks—worth at least \$400 million—were	
	not reported. Brazil is also pursuing sales of Osorio tanks with Saudi-Arabia. which is currently putting the tank through a second round of	25 X 1
	triale.	25X1
,	Comment: The order has not been confirmed but if realized will be a	25X1
	boost for the Brazilian arms industry, which has been touting the	20/(1
	Osorio for two years in an effort to market advanced weapons and	
•	increase and diversify its arms exports. The Brazilians probably offered Iraq attractive unit prices, concessionary financing, and to	
•	accept payment in oil, in order to effect the sale! Iraq has a large	
	inventory of tanks already, and the addition of the Osorios will only marginally improve its armor forces. Deliveries are at least a year	
	away because the tank is not yet in production.	25X1



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	In Brief	*
Terrorism	— Motives of Lebanese Shia hijacker of Air Afrique plane still uncle Swiss believe he acted alone or with small group, probably related to Iran-France tensions press links it to bid for Hammadi's release by West Germany	ear 2
East Asia	Philippine military on high alert against possible violence timed opening of new Congress Monday police believe extremists from left and right may try to embarrass government suspect weapons entering Manila.	rt ×
Americas	— Cuban President Castro giving "Rebellion Day" anniversary speech tomorrow in Artemisa, near Havana, according to press. likely to focus on austerity, anticorruption drives may touch alleged, spying.	
South Asia	India yesterday brought Tamil insurgent leaders to New Delhi to approve accord with Colombo, reports press Gandhi may believe he can hold both sides to commitments Sri Lanka's Jayewardene must still persuade domestic Sinhalese.	, ω: 2
Middle East	Kuwaiti Defense Minister reportedly traveling to Moscow Tuesd probably will discuss arms purchases, including BMP-2 armored personnel carrier	ay 2
Africa	Zimbabwe has issued directives to cut imports from South Africation preparing to restrict exports, says-US Embassy President's impulsive reaction to Frontline States refusal to impose sanction will compound Zimbabwean economic problems.	
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	Special Analysis	
WESTERN EUROPE:	Limited Persian Gulf Involvement	
	The US reflagging program has not prompted any change in Allied public policy toward merchant shipping in the Persian Gulf, although the French may be reassessing their options.	
•		25X1
•	Paris is fine-tuning its public statements about its policy of not escorting merchant ships in the Gulf. France has warned its	
	commercial fleet against entering the Gulf, and French Navy officials	
	reiterated to the this week that their	25 X 1
	warships will not escort merchant ships.	25 X 1
	Defense Minister Giraud subsequently announced the Navy would	
	"accompany" a tanker scheduled to enter the Gulf this week. He	
	made a distinction between "escorting"—which he defined as a	
	defensive position—and "accompanying"—which he said could have	
	medical or technical aspects. Meanwhile, the French commander on the scene told US Navy officers on Wednesday that one frigate would	
	"escort" a French tanker out of the area while the other would	
	"escort" the ship that was hit last week as it makes its way out of the	
	Gulf.	25 X 1
	Paris undoubtedly feels obligated to do something to help ships that	
	were already in the Gulf or en route there before the announcement	
	that French ships plying the Gulf will now do so at their own risk. It	
	evidently is unwilling to define its role as "escorting," however, not	
	only to avoid any linking of its efforts to those of the US but also because it believes the term implies guaranteeing the safety of	
	merchant ships. "Accompanying," on the other hand, might only	
	involve assisting ships under attack, already part of Paris's avowed	
	policy.	25 X 1
	The French Navy's presence in the Gulf has increased slightly since a	
	French merchant ship was attacked last week. Three frigates plus the	
	auxiliary that serves as the Indian Ocean flagship are in or near the	
	Gulf, according to US Navy sources. They normally operate in the	
•	Strait of Hormuz and the southern Gulf, calling occasionally as far north as Bahrain	0574
	north as barrain	25X1
•	Giraud announced Wednesday that a destroyer would be added to	
	the French presence. The ship is equipped to receive AWACS data; it	
	left France on Wednesday and is scheduled to arrive in the Gulf early next month, The destroyer will be able	25X1
	next month, The destroyer will be able	23 X I
	continued	

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to defend itself more effectively than the frigates against air attack,
and its presence will enhance French command and control
capabilities. It will not, however, expand significantly French
capabilities to escort merchant ships effectively.
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The Royal Navy's Armilla Patrol consists of a destroyer and two
frigates; two ships are routinely on station. The destroyer's medium-
range surface-to-air missile system and the frigates' point defense systems provide a reasonably effective defense against cruise missile
attacks when combined with electronic countermeasures
London has said that Kuwaiti ships could apply for registration in
Britain, but these applications would be considered on a case-by-
case basis if routine legal procedures are observed. Such a move
would not automatically provide British protection, but London may imply to the Kuwaitis that these ships would be covered by the current
policy of protecting British-flagged ships if a British warship is in the
area.
The Netherlands and Italy
The Hague has decided against any role in protecting maritime traffic
in the Gulf outside of a UN-sponsored peacekeeping effort, although
the Netherlands Navy favors establishing a presence in the region.
Italian officials have reacted negatively to past US suggestions of an
increased Allied presence in the Gulf, and the period of uncertainty
surrounding the formation of a new government in Rome is likely to preclude any change in Italian policy for now.

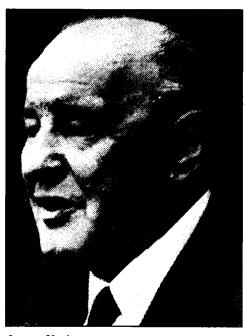
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Hungary



Janos Kadar

Communist Party leader Janos Kadar's hold on the reins of power has loosened in recent years, and the disarray in the party may reflect his growing disengagement from day-to-day decisionmaking. Kadar, age 75, takes monthlong vacations three times a year and is totally out of touch with party affairs during those periods. Rumors that his health is worsening probably stem from the general perception that his grasp on power has weakened as well as from some physical decline. Perhaps in an effort to dispel that perception and assert his authority, he made a strongly worded speech this week supporting economic reforms and calling for firing managers who do not implement them. At the same time, Kadar conceded that Hungarians face tough times ahead as the regime institutes austerity measures.

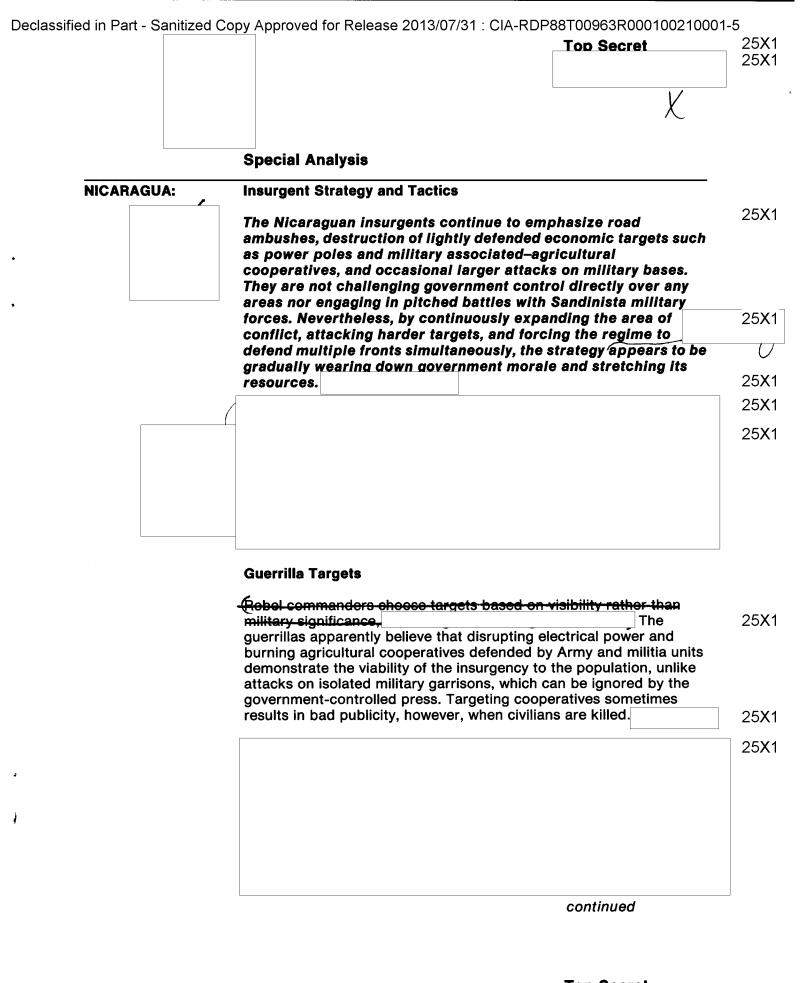
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Local party leaders often join with enterprise directors—many of whom are also powerful party members—to oppose reform initiatives	25X1
from Budapest that they fear would cause local economic and social dislocation. US Embassy officers on a recent trip outside Budapest found that all enterprise managers they met said they could not do without state subsidies to keep their inefficient plants running. One went so far as to say he was "wary" and "suspicious" of the latest reforms, like closing down money-losing enterprises and a tax reform that would increase incentives in the factory for productivity and	25X1 25X1
Outlook Widespread opposition will make it difficult to implement the austerity and reform measures the Central Committee announced earlier this month. To the extent these measures do get implemented, they will further alienate local functionaries by threatening their authority and their sinecures. An exchange of party membership cards will occur over the next year, giving Budapest the opportunity to weed out some opponents, and party leader Kadar has publicly expressed his determination to replace officials unwilling to go along with his policies. A massive purge, however, would leave the party under	
The party, in any event, appears unprepared to deal with a major increase in public discontent of the sort that might occur if the regime carries out its austerity and reform plans. The regime may have no choice but to rely on the increased use of police coercion to maintain its authority.	25X1 25X1

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•	Impact on Sandinista Forces	05.74
	The Sandinista regime remains in political and military control of	25 X 1
	every administrative jurisdiction, but the rebels, by avoiding pitched	
	battles and letting war weariness erode Sandinista morale, appear to	
	be having some success.	25 X 1
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		25 X 1
	What Next	
	The insurgents probably hope that more widespread and frequent	
*	attacks will eventually push Sandinista military resources close to the breaking point, forcing the regime to concentrate on defending key	
	areas and to abandon some territory to rebel control. Insurgent	
ì •	strategists may calculate that from such safehavens they could launch	
,	raids into the heavily populated Pacific heartland and thereby	
	undercut popular confidence in the regime. Such developments,	
	although not likely to occur soon, would boost the guerrillas'	25X1
	credibility and might win them some international recognition.	
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