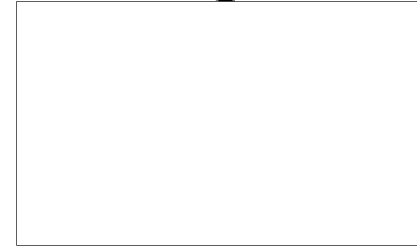




**Director of
Central
Intelligence**

~~Top Secret~~



National Intelligence Daily

**Monday
27 July 1987**



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CPAS NID 87-173JX

27 July 1987

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Contents

Persian Gulf: Developments	1
Philippines: New Congress Convenes	3
Haiti: Tensions Still High, Election May Slip	4
India: Parliament's Monsoon Session Opens	5
Central America: Preparations for Summit	6



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Notes

Sudan: Government Anxiety Increasing	8
Suriname-Brazil: Bouterse Seeking Support	9
Honduras: Civil-Military Tensions Rise	9
In Brief	10



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Special Analyses

USSR: Gorbachev and the Soviet Military	11
Angola: Struggling With Declining Export Earnings	13



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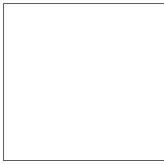
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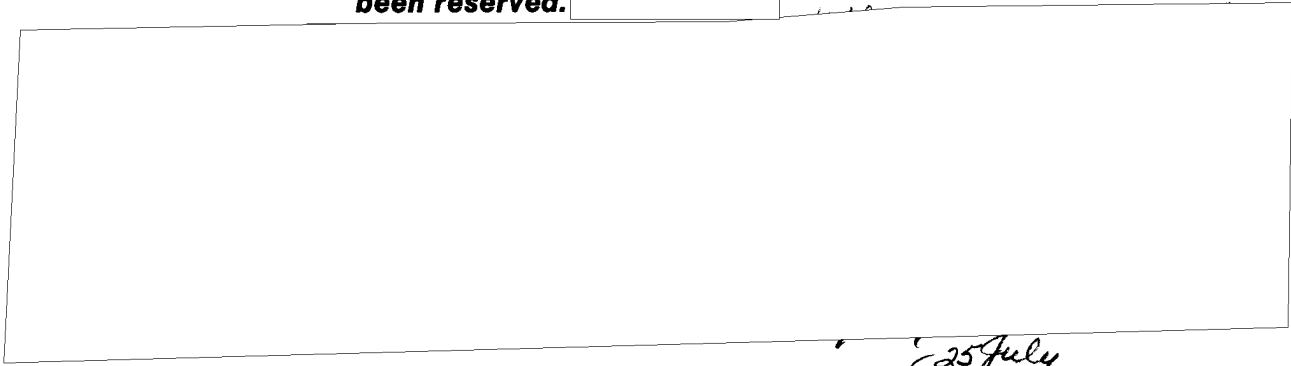
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PERSIAN GULF: Developments

Iranian preparations for possible antishipping operations and martyrdom maneuvers continue while responses from the Arab states on the Persian Gulf to last week's mining incident have been reserved. 


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In a meeting with the US Ambassador on ^{25 July} Saturday, Kuwaiti Defense Minister Sabah said his country would cooperate with ~~the US and Saudi Arabia on~~ minesweeping operations but would not send its ships into international waters for fear of provoking Iran. The Crown Prince and Defense Minister of Bahrain told the US Chargé that Washington could count on Bahrain's help, ~~but that Kuwait and Saudi Arabia should take the lead.~~ Meanwhile, Saudi Defense Minister Sultan received, with reservations, a US request for Saudi minesweeping assistance, ~~asking why Kuwait and Bahrain could not provide the necessary support.~~ 

25X1

Comment: Iran probably laid several mines in the area of Farsi Island, and more are likely to be found. Tehran may refrain from identifiable, direct attacks on shipping as long as Baghdad stops its ship attacks, but preparations probably will continue. ~~Even if a de facto cease-fire in the Gulf develops, Iran is likely to continue harassing the US convoys with mines and possibly other measures.~~ 

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The Arab states' initial responses are designed to encourage the US efforts while limiting their own exposure to possible Iranian retaliation. ~~Kuwait and Saudi Arabia appear unwilling to antagonize Iran by allowing US forces to stage from their bases for countermining operations and probably will not change those policies.~~ Kuwait does not have a minesweeping capability, and Saudi abilities are questionable, but ~~both~~ could patrol areas likely to be mined, possibly deterring Iranian operations. 

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French Naval Alert

France has placed a four-ship Mediterranean carrier task force on 24-hour alert, the Defense Ministry announced yesterday. A Ministry spokesman said the alert was ordered because of the situations in Lebanon and in the Persian Gulf. [Redacted]

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Comment: The French alert is probably a precautionary move to have a more capable, more flexible force available to respond if the situation with Iran deteriorates further. The carrier's aircraft could conduct retaliatory strikes against targets in Lebanon or, if deployed to the Indian Ocean, provide limited air cover for French ships operating in the southern Gulf. [Redacted]

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The Opening Agenda

Land reform

Presidential decree gives Philippine Congress only 90 days to resolve contentious details, including size of holdings landowners may retain . . . senate President Jovito Salonga urging support . . . strong opposition likely in house where landowners have more influence . . . decree seen by many as attempt to force legislature's hand.

US military facilities

Foreign Affairs committee already tasked to examine status of US bases after 1991 . . . [Redacted] congressional leadership pragmatic on future of US bases . . . wants to avoid precipitate action . . . opponents of bases likely to try to use antinuclear provision of constitution against US presence.

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Other issues

National budget . . . festering Communist insurgency . . . foreign investment code . . . [Redacted] . . . controversial autonomy arrangements for the Muslims of Mindanao and for other ethnic minorities.

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[Redacted]

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27 July 1987

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PHILIPPINES: New Congress Convenes

The opening of the Philippine Congress today marks a new era of government power sharing that will be tested quickly by such controversial issues as US military facilities and land reform.

[Redacted]

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Many of the organizational details affecting the Congress remain unresolved. Only 23 of 24 senators will be seated because the election commission has not yet certified the final winner, pending the outcome of a recount that a losing pro-Aquino candidate requested. The final seat probably will end up going to former Defense Minister Enrile. In the House of Representatives as well, a number of defeated candidates have filed legal challenges to the election results, and President Aquino has yet to name 25 sectoral representatives to the seats the new constitution allocates to disadvantaged groups. Struggles among lawmakers whose seats are certain have delayed committee assignments. [Redacted]

25X1

In a related development, Aquino signed 42 additional executive orders yesterday, one day before ceding lawmaking powers to the new Congress. [Redacted]

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Comment: The opening of the legislature reduces Aquino's executive power sharply and will challenge her political skills and those of the emerging congressional leadership. The constitution gives the Congress wide powers to check presidential actions, and legislators appear eager to exercise their prerogatives, according to US Embassy reporting. The lack of discipline in Aquino's congressional coalition, the absence of a shared agenda, and the political inexperience of many members will hamper the efficiency of the new Congress. Personal ambitions, rivalries, and disputes over committee assignments have begun to divide Aquino's supporters, according to press reports. [Redacted]

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Aquino's decision to issue 43 executive orders—including last week's controversial land reform decree—just before Congress opens has set executive-legislative relations off on a sour note and raised doubts about her ability to forge a working partnership with lawmakers. Although her popularity and close ties to key legislators increase her influence, disorganization and inexperience in both the palace and the Congress are likely to limit the government's effectiveness. According to US diplomats, Aquino has not yet devised a legislative program or set up an office to handle liaison with Congress. [Redacted]

[Redacted]

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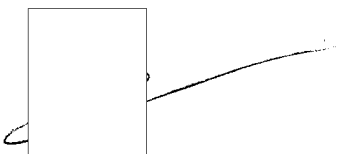
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HAITI:

Tensions Still High, Election May Slip

Violent protests have resumed in Haiti, and the election set for this fall may be delayed by the electoral commission's plan to establish a large bureaucracy to oversee the voting. [Redacted]

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~~The US Embassy and~~ media reports indicate that at least five Haitians were injured during a demonstration and that several US citizens were attacked by mobs last week. Soldiers are said to have beaten journalists and arrested several protesters. ~~According to unconfirmed press reports,~~ at least 30 people were killed and hundreds injured in the remote town of Jean-Rabel, following several days of violence between peasants and former militia elements over land reform.

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[Redacted]

reportedly

reportedly

29 July

~~The Embassy reports~~ massive antigovernment demonstrations are planned for this week — tomorrow is the 72nd anniversary of the US occupation of Haiti, and ~~Wednesday~~ marks the anniversary of the founding of the former militia. Opposition groups demanding the council's ouster have called for a five-day general strike beginning on 3 August. The government's ruling council issued a decree on ~~Thursday~~ requiring protesters to obtain official approval for demonstrations and to give authorities 72-hours notice of such activities. [Redacted]

23 July

25X1

millions of dollars

23 July

The electoral commission recently issued a new election decree and on ~~Thursday~~ requested \$11.5 million from the council to organize the election. ~~The Embassy says~~ the commission's plans for the creation of a large electoral bureaucracy will be difficult to organize in time for the presidential election in November. In addition, the decree reportedly makes no provisions for holding local and legislative elections. [Redacted]

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reportedly

Comment: Efforts to calm the monthlong crisis have done little to reverse the polarization between the council and its critics. Despite public weariness with strikes and unrest, the opposition probably still has the ability to sponsor a successful general strike by threatening public transportation drivers and preventing people from getting to work. [Redacted]

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The commission's unwieldy and expensive election preparation plans probably will lead to new disagreements with the council. Such discord may cause further delays, at least in the schedule for local elections, which might provoke a new round of unrest. [Redacted]

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INDIA:

Parliament's Monsoon Session Opens

Prime Minister Gandhi will face further attacks from opposition politicians intent on linking him to damaging revelations about government corruption as the Indian parliament opens its annual monsoon session today. [Redacted]

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The parliamentary opposition plans to convene a committee to investigate allegations that Indian middlemen received kickbacks on several large defense contracts, including an artillery contract with the Swedish company Bofors, according to press reports. The committees also will investigate reports that several close Gandhi associates have been involved in illegal foreign exchange dealings. According to the US Embassy in New Delhi, no clear evidence ties Gandhi directly to the corruption, but the Bofors allegations suggest kickbacks went to members of his Congress Party. [Redacted]

25X1

Comment: The opposition attacks come in the midst of growing Congress Party disenchantment with Gandhi's performance and policies. During the past two weeks, Congress Party dissidence has led Gandhi to fire a handful of government officials and expel others from the party. Meanwhile, Gandhi's opponents are trying to rally around former Finance Minister V. P. Singh, the most popular of the ousted Congress Party officials, who has charged the government with trying to cover up the scandals. [Redacted]

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The fallout from the kickback revelations will weaken Gandhi's leadership at least into the fall, especially if more officials in his inner circle are forced to resign. Gandhi may face a parliamentary no-confidence challenge if inquiries link him directly to the corruption. His proposed visit to Sri Lanka this week to sign the Sri Lankan peace accord would help divert some attention from corruption issues as the Indian parliament opens. [Redacted]

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Gandhi is likely to try to bolster his political standing by seeking the support of powerful party traditionalists sidelined early in his administration. These senior party members, often left-of-center politicians who oppose Gandhi's overtures to the West and his economic liberalization program, will urge him to tone down the reformist rhetoric of his early administration. Gandhi may in the coming weeks look to fill his understaffed cabinet and is likely to appease the old-guard faction by appointing some of their representatives. [Redacted]

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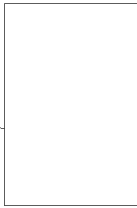
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CENTRAL AMERICA:

Preparations for Summit

Agreement on preparatory meetings has removed a key obstacle to the regional summit, scheduled for 6 August, but the democracies still appear unlikely to formulate a joint position.

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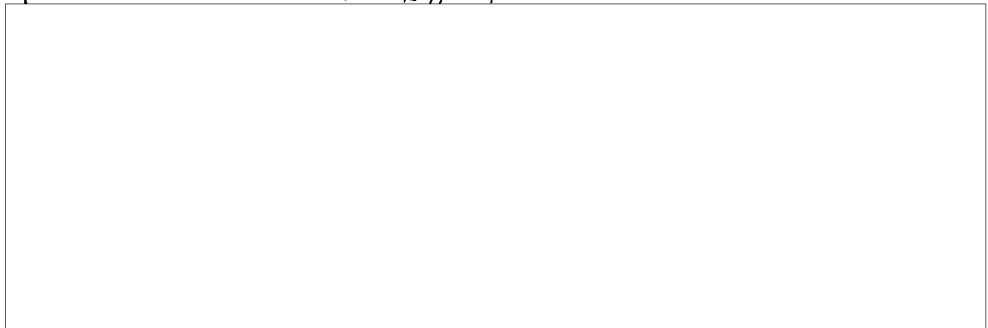
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All five Central American governments have agreed to hold a Foreign Ministers' meeting on 30-31 July in Tegucigalpa and to invite the four Contadora representatives, ~~according to a US Embassy report,~~ ^{reportedly} Salvadoran President Duarte has publicly stated that a second meeting in Guatemala immediately before the summit should be confined to the Central Americans. Nicaragua's Vice Foreign Minister, visiting Guatemala ~~last Thursday,~~ ^{on 23 July} said Managua "preferred" that the Contadora mediators attend both meetings.

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~~Costa Rican President Arias, who has told US officials he is prepared to accommodate Salvadoran and Honduran objections, was traveling yesterday and today to the other Central American capitals. Embassy reports indicate Arias strongly opposes the involvement of the Contadora mediators, even though he has accepted their presence at Tegucigalpa.~~

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reportedly

Comment: The agreement on preparatory talks increases the prospects the summit will be held on schedule. Arias's last-minute consultations are intended to save his plan and defuse the other democracies' recent efforts to involve the mediators to protect their interests. He is unlikely to make sufficient concessions to gain agreement, but his disposition to make changes may stem the other democracies' inclination to jettison his plan entirely.

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Guatemalan and Salvadoran intentions to introduce proposals focusing on Nicaragua reduce the likelihood the participants will be faced with an all-or-nothing vote on the Arias plan. El Salvador and Honduras fear that Nicaragua and Costa Rica could announce willingness to sign the original draft, which would put the others under great pressure to agree to a plan with which they have serious problems.

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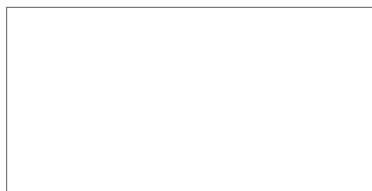
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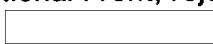
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SUDAN: Government Anxiety Increasing


25 July

On ~~Saturday~~ Chairman of the Sovereignty Council Ahmad al-Mirghani declared a state of emergency to last one year. An indefinite suspension of classes in secondary schools and colleges in Khartoum was announced. These moves represent the government's bid to halt regime-threatening demonstrations and strikes. Mirghani—in the absence of Prime Minister Sadiq al-Mahdi—claimed the new emergency law was aimed at stopping all activity by unspecified groups that led to economic shortages and ultimately to the current chaos among Sudanese consumers. The main opposition party, the Islamic National Front, rejected the government's proclamation yesterday. 

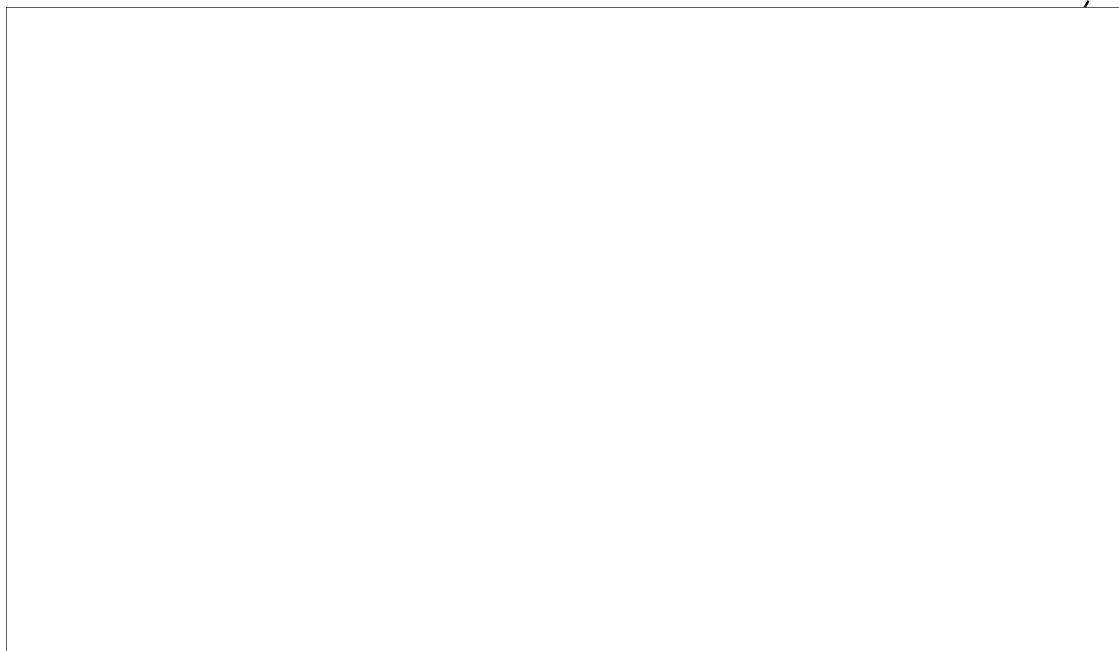
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26 July

Comment: Mirghani's proclaimed state of emergency suggests growing concern among Sadiq's Democratic Unionist coalition partners that public opinion in Khartoum is turning against them because of growing economic grievances for which they have few answers. The new restrictions are likely to erode among civilians the image of the government as a democratic institution and to anger some in the police and military forces who themselves are disgruntled by worsening living conditions and who are reluctant to keep civilians in check by force. 

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[Redacted]

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SURINAME-BRAZIL: Bouterse Seeking Support

Surinamese Head of Government Bouterse is likely to portray Brazilian President Sarney's decision to meet with him *on 27 July* as support for his democratization scheme. [Redacted]

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Comment: Bouterse is unpopular in Brazil, but Sarney probably agreed to the visit to show Brazilian support for a return to democracy in Suriname. Bouterse, however, is likely to exploit the visit to imply Brazilian backing for his regime, as well as for his election plan. The Surinamese strongman probably will also use democratization as a pretext for requesting additional Brazilian economic and military assistance. As the National Assembly election in November approaches, the regime will increase efforts to solicit Western support for its plan. [Redacted]

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[Redacted]

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HONDURAS: Civil-Military Tensions Rise

Relations between civilian judicial and military authorities have deteriorated following the killing of a Supreme Court justice at a roadblock earlier this month by a member of the national police, a component of the Armed Forces. Key politicians are demanding a civilian trial and calling for the ouster of the police chief, Colonel Riera. [Redacted]

reportedly

reportedly
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~~One Supreme Court justice told a US official that he and his colleagues, although anxious to avoid a confrontation, have decided to resign if the Armed Forces pressures them on the jurisdiction issue.~~ [Redacted]

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Comment: The military believes politicians are exploiting the incident to discredit the Armed Forces and is adamant that civilians not interfere in military matters. The Armed Forces ultimately may accept a face-saving solution to avoid a direct challenge to the civilian government. ~~that might lead the US to suspend military aid~~ President Azcona, who so far has refused to enter the dispute, probably will try to work out a compromise. [Redacted]

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[Redacted]

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[Redacted]

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In Brief

USSR

[Redacted]

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— Crimean Tatars suspended two-day demonstration after receiving offer to meet with **Soviet** President Gromyko ~~today~~ . . . follows scuffles with police ~~Saturday~~ . . . Moscow conciliatory but unlikely to meet demand to restore homeland. [Redacted]

CW 25X1

on 25 July

on 27 July

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Americas

— Support building for two-day general strike beginning today in **Panama** . . . opposition insisting on ouster of Noriega . . . unlikely to be mollified by replacement Friday of military officers as heads of three government agencies. [Redacted]

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[Redacted]

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25X1

Middle East

[Redacted]

CW — **Ethiopian** aircraft in **Sudan** last week mistakenly dropped ammunition to Sudanese Army, not rebels

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[Redacted]

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[Redacted]

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[Redacted]

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Gorbachev's Program for the Military

Since becoming General Secretary in March 1985, Gorbachev has been tackling the military in a variety of ways. He has:

- Downgraded the status of military leaders at official appearances.
- Increased civilian involvement in defense issues.
- Been considerably more energetic than his predecessors in making arms control initiatives, some of which the military reportedly opposed.

While Gorbachev's public moves to reduce military influence clearly are intended in part to present a more peaceful image to the West, he has also made specific moves beyond the symbolic to reduce military influence in resource allocations and national security decision making.

One of Gorbachev's principal efforts has been to demand that the defense industrial sector—the military's weapons supplier—devote greater effort to his economic modernization program. To this end he has:

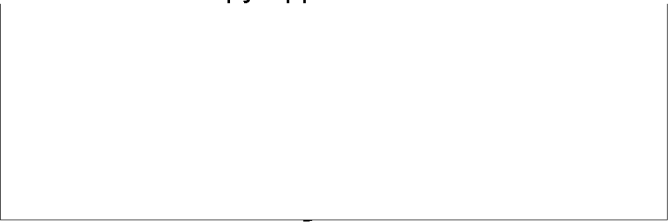
- Levied extensive open criticism of the quality and timeliness of defense industry ministries' production of goods for the civilian sector despite grumbling from the military; and
- Introduced a quality control program (*Gospriyemka*) at defense industry enterprises producing civilian goods.

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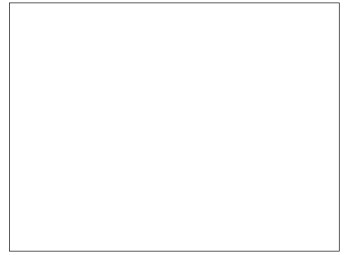
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Special Analysis

USSR:

Gorbachev and the Soviet Military



General Secretary Gorbachev is apparently exploiting the West German Cessna intrusion to accelerate his program of restructuring the Soviet military. Remarks by the new Minister of Defense, Dmitriy Yazov, strongly suggest that he has a mandate to increase efficiency and personal accountability within the defense establishment and that he intends to carry out a housecleaning and perhaps a reorganization. Gorbachev has no intention of sacrificing Soviet security, but he clearly intends to reassert the party's prerogatives in managing security issues and determining resource priorities. [Redacted]

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Reportedly

Gorbachev met with senior officers shortly after the Cessna incident of 28 May to discuss reorganizing the military, reducing forces and weapons, and retiring personnel, and to take up the impact of arms control on the armed forces. [Redacted]

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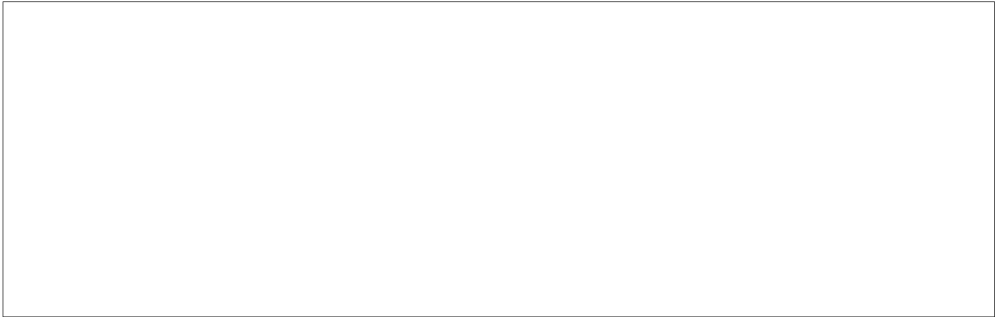


At last month's Central Committee plenum, Gorbachev said "indiscipline, slipshod work, negligence, and irresponsibility" in the military have caused the periodic recurrence of "major emergencies" like the Cessna incident. At a meeting of the Moscow Air Defense District last month, Politburo candidate member Boris Yel'tsin sharply criticized military personnel policies; other speakers charged that the officer corps is riddled with "toadies, boot-lickers, sycophants, and window dressers." Central Committee member Valentin Falin, while perhaps overstating the case, told Western journalists on 19 June that Gorbachev intends "to totally reorganize" the Soviet armed forces and that "not everyone will be up to it." [Redacted]

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The Soviet Ministry of Defense

	Rank	Age	Date identified in position
Minister of Defense			
Yazov, Dmitriy Timofeyevich	Army General	63	May 1987 ^a
First Deputy Ministers			
Kulikov, Viktor Georgiyevich	Marshal	66	September 1971
Akhromeyev, Sergey Fedorovich	Marshal	64	September 1984
Lushev, Petr Georgiyevich	Marshal	63	July 1986 ^a
Deputy Ministers			
for Strategic Rocket Forces Maksimov, Y. P.	Army General	63	July 1985 ^a
for Ground Forces Ivanovskiy, Ye. F.	Marshal	69	February 1985
for Air Defense Forces Tret'yak, I. M.	Army General	64	June 1987 ^a
for Air Forces Yefimov, A. N.	Marshal of Aviation	64	December 1984
for Naval Forces Chernavin, V. N.	Fleet Admiral	59	December 1985 ^a
for Rear Services Kurkotkin, S. K.	Marshal	70	July 1972
for Main Inspectorate Sorokin, M. I.	Army General	65	July 1987 ^{a b}
for Construction and Billeting Shestopalov, N. F.	Marshal of Engineering Troops	67	February 1979
for Civil Defense Govorov, V. L.	Army General	62	July 1986 ^a
for Armaments Shabanov, V. M.	Army General	64	July 1978
for Personnel Sukhorvkov, D. S.	Army General		July 1987 ^{a b}

^a Took over after Gorbachev became General Secretary
in March 1985.

^b Tentative.

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27 July 1987

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Yazov's Role

The unusually rapid elevation of General Yazov from candidate member of the Central Committee to Politburo candidate member at last month's plenum gives him the clout to push for major changes. Yazov has little experience in Moscow; in the near term, he will be beholden to Gorbachev and can be expected to press for the changes Gorbachev wants. In the longer term, Yazov's position on the Politburo will enhance his ability to build an independent political base, and perhaps to become a powerful advocate for military interests. [redacted]

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In his first publicized speech as Defense Minister, Yazov strongly criticized his colleagues in the Ministry and implied that he intends to get rid of those who fail to eliminate their shortcomings. He said that some officers had lost the sense of duty and of responsibility and that this had led to "the most flagrant incidents in terms of negligence, carelessness, and irresponsibility." [redacted]

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With his first major appointment, Yazov signaled his intent to shake up the Air Defense Forces by appointing as its chief General I. M. Tret'yak, a career Ground Forces officer with limited experience in air defense. Tret'yak was Yazov's commander in the Soviet Far East. Appointments of such outsiders, particularly those with personal ties to Yazov, could be an effective way of overcoming expected resistance from senior officers who had grown accustomed to a laissez faire approach from above. [redacted]

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Prospects

Some of the accounts of friction between Gorbachev and the military are probably intended for Western consumption, but there is little doubt that significant changes will occur. Yazov may take time to assess the situation, and then it is likely he will carry out a broad shakeup. When Eduard Shevardnadze became Foreign Minister, for example, he waited several months before making personnel moves, but, by the end of the year, he had changed all the deputy ministers and made key organizational changes. [redacted]

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Gorbachev is now holding the entire military leadership to higher standards, and it is likely that no one is entirely secure in his position. More than half of the top officials of the Defense Ministry have already been replaced during Gorbachev's tenure; most of those there now are probably on board, but several may still not measure up to the new standards. Those most vulnerable are holdovers from the Brezhnev era such as Warsaw Pact Commander Kulikov or Rear Services Commander Kurkotkin, who are likely targets because of their age, tenure, or continued association with discredited policies. [redacted]

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Special Analysis

ANGOLA:

Struggling With Declining Export Earnings

Mounting economic problems caused by reduced oil revenues and the high cost of fighting the UNITA insurgents are causing Angola to seek increased aid and investment from the West. The economic decline alone, however, is unlikely to increase Luanda's flexibility on issues of importance to the US, such as talks with UNITA or Cuban troop withdrawal. [Redacted]

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Angola's oil earnings, a mainstay of the economy, fell by one-third in 1986 because of the steep decline in world oil prices. In the same period, attacks by UNITA on mines and transport facilities cut diamond production—formerly a distant second to oil in export earnings—by three-fourths. [Redacted]

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Angolan officials are becoming increasingly concerned that deteriorating living conditions caused by the economic decline could provoke domestic unrest, according to reports from the press [Redacted]

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[Redacted] the foreign exchange shortfall has forced Luanda to cut commercial food imports by more than one-third, causing severe shortages of basic goods. Although there is no evidence of civil unrest resulting from shortages, Luanda recently purchased riot-control gear from Europe, probably reflecting official concern. [Redacted]

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Looking for Economic Relief

Luanda has campaigned over the past year to win increased aid and investment from both Western and Communist countries with mixed results. In the West, Luanda negotiated bilateral deals with Brazil and Portugal to ease repayments terms on some loans and acquired new credits from Portugal, Spain, and France. In addition, Western financial institutions made new loans in excess of \$900 million this year for oil exploration and development in Angola. The Paris Club, however, turned down Luanda's request to renegotiate repayment terms on about \$1 billion, asking instead that Luanda apply for IMF membership and undertake a Fund-backed economic reform program, according to the US Embassy in Paris. [Redacted]

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Communist countries are pursuing about 20 long-term economic aid projects in Angola, primarily fishing, mining, and agriculture but have not been forthcoming in response to requests by Angola's senior Economic Minister during a recent trip to the USSR, Romania, and

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East Germany. The most recent major nonmilitary aid commitment by a Communist nation—a \$100 million loan promised by East Germany in late 1986—consisted of consumer goods and numerous items, such as trucks and miscellaneous equipment, that could serve either civilian or military uses. [redacted]

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Continued Communist Military Aid

The USSR, by maintaining the flow of military equipment, has kept the decline in oil earnings from endangering the security of President dos Santos's regime. Military deliveries by Moscow, probably in excess of \$1 billion last year, are continuing at high levels. Hardware shipments range from tanks and trucks to MIG fighter aircraft and air defense systems. [redacted]

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Outlook

The combined effects of budget and foreign exchange shortfalls, UNITA attacks, and poor management virtually rule out chances for significant improvement in economic conditions outside the oil sector during the next few years. Angola's relief from foreign exchange shortages will be limited to little more than increases in oil production, barring an unexpected rebound to pre-1986 world oil prices. Industry experts project production to rise slowly from 280,000 barrels per day in 1986 to about 310,000 b/d this year, and to no more than 400,000 b/d by 1990. While Angola may be able to cope with the dislocations caused by its present financial bind, the growing array of economic problems is likely to intensify the concern about internal security. [redacted]

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The economic slide and search for Western economic assistance are, by themselves, not likely to induce Luanda to negotiate with UNITA or consider asking Havana to withdraw the 37,500 Cuban troops supporting the government. President dos Santos's political position appears stronger now than at any time since he assumed power in 1979, and he has maintained consensus within the 13-man Politburo on opposing negotiations with UNITA. Moreover, Luanda's dependence on Soviet largesse and Cuban troops to continue the war will limit its flexibility on Cuban troop withdrawal. [redacted]

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