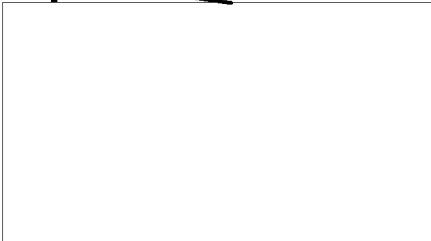




**Central
Intelligence**

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National Intelligence Daily

**Saturday
19 September 1987**



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GPAS NID 87-219JX

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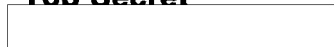
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Iran-Iraq Developments, 18 September 1987



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PERSIAN GULF:

Situation Report

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Iranian Political Maneuvering

~~In talks with UN Secretary General Perez de Guellar, Iran avoided a clear rejection of UN Security Council Resolution 598, and there is no evidence Tehran's position has changed. The Iranians say they will agree to a comprehensive cease-fire, but only after the UN identifies Iraq as responsible for starting the war in 1980. Iran offered to observe a de facto cease-fire during such a process.~~

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Comment: Iran hopes some Security Council members will see establishing responsibility for the war as a way to move toward a negotiated settlement. Iranian public statements, however, indicate that Tehran views these proceedings not merely as a forum to determine blame but as the equivalent of "Nuremberg trials" in which Iraq—particularly President Saddam Husayn—would be tried and punished as the aggressor. ~~US officials at the UN report Iran's strategy appears to be having some initial success and will make it more difficult to obtain followup sanctions against Tehran.~~

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Iraq's Response

~~Baghdad regards Iran's proposal as a rejection of the cease-fire resolution because it sets a precondition not linked to implementation of the entire resolution. A senior Iraqi diplomat says Iran is stalling progress while trying to bulldoze the Council into labeling Iraq as the aggressor.~~

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~~**Comment:** If Iraq perceives that efforts to impose sanctions are flagging, it will probably increase its attacks against Iranian oil shipping. Baghdad continues to see such attacks as its trump card to obtain international support for efforts to end the war.~~

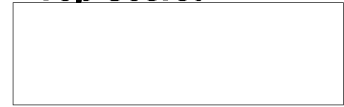
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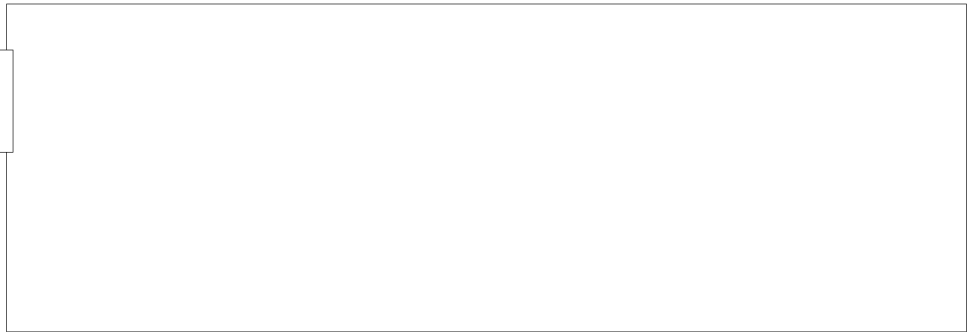
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The Soviet Stance

on 17 Sept

Reportedly

Deputy Foreign Minister Petrovskiy told a press conference at the UN Thursday that efforts to bring about peace in the Iran-Iraq war had "reached a new stage" and that there should be no hasty moves toward an arms embargo resolution. ~~Meanwhile, an Iraqi official told US Embassy officers in Baghdad that the Arab League delegation visiting Moscow last week rebuked the Soviets for their recent actions. Kuwaiti Foreign Minister Sabah warned Foreign Minister Shevardnadze that, in the absence of responsible Soviet actions in the UN Security Council, Kuwait would be forced to depend entirely on the US and to grant the US access to Kuwaiti military facilities.~~

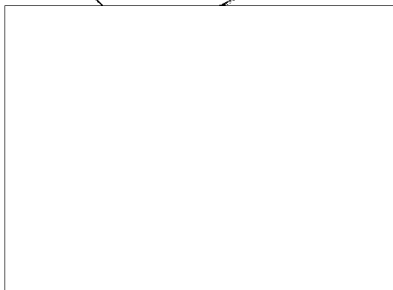


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Comment: Moscow is attempting to take advantage of the UN Security Council's lack of consensus on the Iranian response to continue to make gains with Iran without damage to its relations with Iraq. However, the Soviets' positive assessments of Tehran's response to the Secretary General and their actions to stall a sanctions resolution will add to the Arab perception of a tilt toward Iran by the USSR. Petrovskiy's remarks indicate Moscow probably has calculated it can weather the current tensions in its relations with the Gulf Arabs, despite Kuwaiti and Iraqi warnings. Kuwait is seeking Soviet support for increased UN pressure on Iran but almost certainly would not carry out the threat to permit the US blanket access to Kuwaiti military facilities.



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ARAB LEAGUE: Foreign Ministers To Meet

The Arab League Foreign Ministers, meeting tomorrow in Tunis, probably will issue no more than a strongly worded condemnation of Iran's refusal to accept UN Resolution 598 but will lay the groundwork for an Arab summit later this year that would consider further action against Tehran. 

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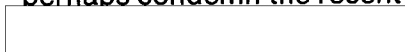
The agenda for the meeting includes setting a date for an emergency or regular Arab summit and a discussion of relations with Tehran, according to a senior Jordanian official. The adviser to Arab League Secretary General Klibi told a US diplomat this week that the meeting will last for only one day, and he predicted that there will be no opposition to the proposed summit. 

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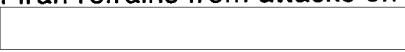
The Foreign Ministers are likely to discuss the recent closing of the Palestinian Information Office in Washington. According to the Secretary General's adviser, the closing has created "a very bad impression" within League circles. 

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Comment: At their meeting late last month, the Foreign Ministers threatened to consider a break in relations with Iran at their next session if Tehran rejected Resolution 598. A League consensus to sever relations does not exist, however, partly because Iran has not formally rejected the resolution. The Foreign Ministers probably will instead reiterate criticism of Iran's intransigence in the war, call for continued international pressure on Iran to stop the fighting, and perhaps condemn the recent Silkworm missile attacks against Kuwait.



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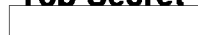
Saudi Arabia, the principal advocate of a break in relations with Tehran, probably is willing to postpone discussion of the subject if a summit can be convened in the next month or two. Riyadh might, at that time, soften its stance if Iran refrains from attacks on Gulf Cooperation Council states. 

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Saudi Arabia, Kuwait, and Jordan probably will try to avoid discussion of issues that would deflect attention from the Iran-Iraq war. Libya, which would rather avoid the Iranian question, may try to raise such other issues as Chad's military incursions. Some members reportedly will push for a condemnation of the US over closing the Palestinian Information Office. 

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PHILIPPINES:

Effect of Cabinet Changes



President Aquino's dismissal of her most controversial aides was a major concession to the military, but the threat to her government from disgruntled soldiers will remain at least until she replaces armed forces chief Ramos and takes steps to undermine Vice President Laurel's efforts to exploit military discontent. 

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Sources of the US Embassy report that former Executive Secretary Arroyo will leave the government and return to his law firm. Former presidential counselor Locsin, although out of the Cabinet, will remain as a consultant and speechwriter for Aquino. The military is probably pleased with the appointment of retired General Yan as acting foreign minister and retired General Mison as customs commissioner. Ramos had intended to announce his retirement during a press conference on Thursday,  but Aquino told him she needed more time to find another position and a suitable replacement for him. 

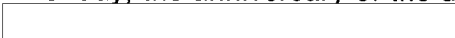
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 Laurel is strengthening his ties to military officers, has approached opposition Senator Enrile, and may be trying to ally his UNIDO party to Enrile's Grand Alliance for Democracy. Laurel also plans to travel around the country to "present his case," highlighting the seriousness of the Communist threat, the alleged deterioration of law and order, and Aquino's inability to handle either problem. 

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The loyal military is on alert for a possible coup attempt during anti- and pro-government demonstrations expected this weekend and on Monday, the anniversary of the declaration of martial law in 1972. 

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Comment: The dismissal of Arroyo—Aquino's closest and most loyal adviser—was a political and personal watershed for the President that increases the chances that she can defuse civil-military tensions. Aquino now apparently concedes that Ramos must also be replaced if she is to improve relations with the armed forces. 

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If Aquino fails to follow through on the removal of Ramos or on her other promises to the military, the rebel soldiers who remain at large after last month's mutiny may attempt another coup. Moreover, Laurel may have increasing success exploiting the military's outstanding grievances as well as fear in some business circles that the Cabinet changes will not improve policymaking or policy implementation. Even Aquino's political and business supporters are urging her to address the military's concerns to preempt destabilizing actions and to relieve political tensions. 

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Nicaragua's Verification Proposal

Political Committees

- To be formed in each Central American country to verify compliance with peace accord provisions on dialogue, amnesty, and democratization.
- Will be made up of representatives of the diplomatic missions of all members of the international verification commission (the Contadora group, the Contadora support group, the Central American countries, and representatives of the UN and OAS Secretaries General).
- Will consult reports of the national reconciliation commissions to verify the accord, but will not make its own investigations.

Security Affairs

- Committee to be formed by members of the international verification commission who wish to participate.
- Four-member executive group, consisting of representatives from the Contadora mediators, the Contadora support group, the OAS Secretary General, and the UN Secretary General, whose representative will preside.
- Executive group will coordinate a permanent group of advisers in security and defense affairs; the Central American countries may suggest where they may be permanently stationed in the region.
- Subcommittees to be installed 1 October, with headquarters in San Jose, Costa Rica; work will begin immediately.
- Subcommittees and advisers to have full access to all government and private facilities; no limitations on on-site inspection.
- Central American countries may present accusations of violations to the executive group or the international verification commission, beginning 5 November.
- International verification commission may request extraregional countries to permit testimony on compliance; may bring continued violations by extraregional countries to the UN Security Council.



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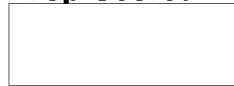
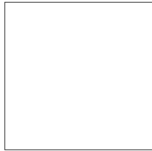
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CENTRAL AMERICA:

Verification Talks Begin

Nicaragua's strategy for the meeting of the international verification commission in Managua this weekend focuses on ensuring that external aid to insurgent groups is halted, but the democracies do not have a united position of their own.



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Nicaragua will propose that the 15-member verification commission create committees on political and security affairs.

The committees for political verification would not be empowered to make their own investigations but would rely on the reports of national reconciliation commissions. The Contadora countries and the UN Secretary General would be given the primary role in verifying security provisions, and the work of the committees would begin in two weeks.

Officials of the democracies recently told the US they would not allow the Contadora countries and the UN to dominate verification and would propose giving the OAS a larger role. Guatemala and Costa Rica have prepared working documents on verification that are not as detailed as Nicaragua's proposal.

Meanwhile, even though Costa Rica does not have to contend with an insurgency, it has announced that it will form a national reconciliation commission because it says the peace accord does not allow exceptions. US Embassy reports indicate San Jose reportedly previously that the verification commission decide if some countries do not need to appoint a commission.

Comment: Nicaragua's detailed proposal probably will appeal to the Contadora countries, and the democracies' failure to coordinate their own strategy will put them at a disadvantage. The democracies have proposed that the national reconciliation commissions should report directly to the Central American Foreign Ministers on questions of political compliance, but they are likely to argue that the international verification commission be granted investigative powers as well. They probably will oppose formation of an executive commission on security matters from which they are excluded.

El Salvador and Guatemala have previously supported Costa Rica's interpretation that all the Central Americans should form reconciliation commissions because they wish to deprive Nicaragua of one potential excuse for noncompliance. Nevertheless, Costa Rica's unilateral action will likely force Honduras to reverse its opposition to naming its own commission, introducing new tensions in Core Four relations.

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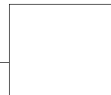
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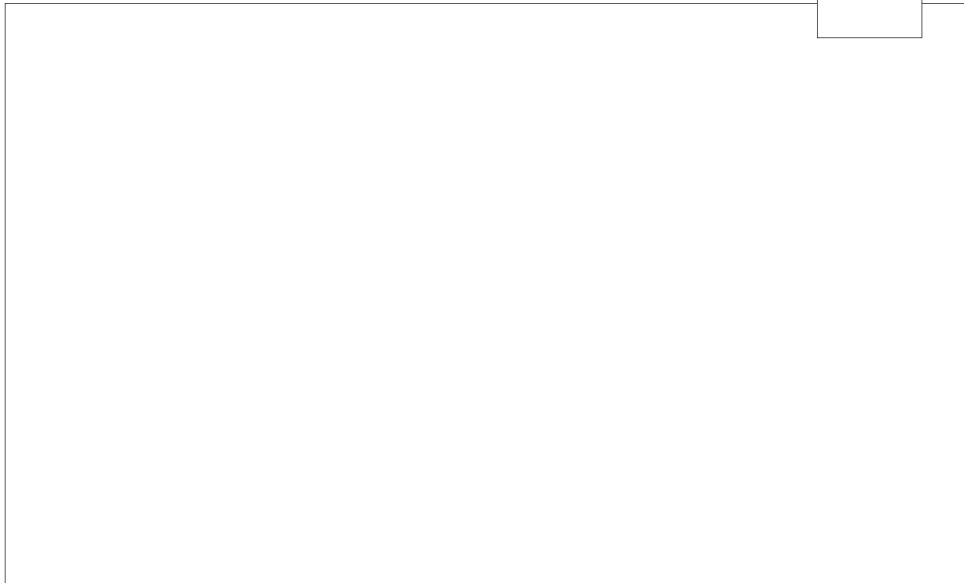


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SAUDI ARABIA: Tank Competition Concluded

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The US M1A1 and the Brazilian Osorio main battle tanks finished first and a close second in trials completed recently in



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rating improved as a result of the gunnery tests, while the British Challenger and French AMX-40 performed relatively poorly in both the mobility and gunnery exercises.

although the US tank demonstrated superior fire-on-the-move capability.

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Comment: The overall performance of the Osorio—particularly in gunnery tests—was better than expected, but senior Saudi officers are still concerned about Brazil's dependence on foreign suppliers for key components for that tank.

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resulted from the US team's use of training ammunition; the competition fired combat rounds. The Saudis probably will not make their \$500 million- to \$1 billion-purchase decision for several months.

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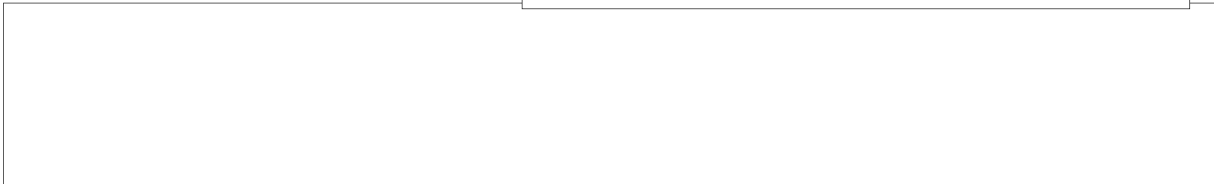


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UGANDA: Government Losing Ground in East

Insurgent strength in eastern Uganda is growing, and President Museveni is convinced that Kenya is providing sanctuary for rebel assassins. ~~According to the US Embassy in Kampala, Museveni told the US Charge on Monday that~~ ^{reportedly} over recent months, insurgents had killed 27 senior local officials in the east; the government imposed a dusk-to-dawn curfew in Busia on ~~Tuesday~~ ^{reportedly} after three more officials ^{15 Sept} were assassinated.

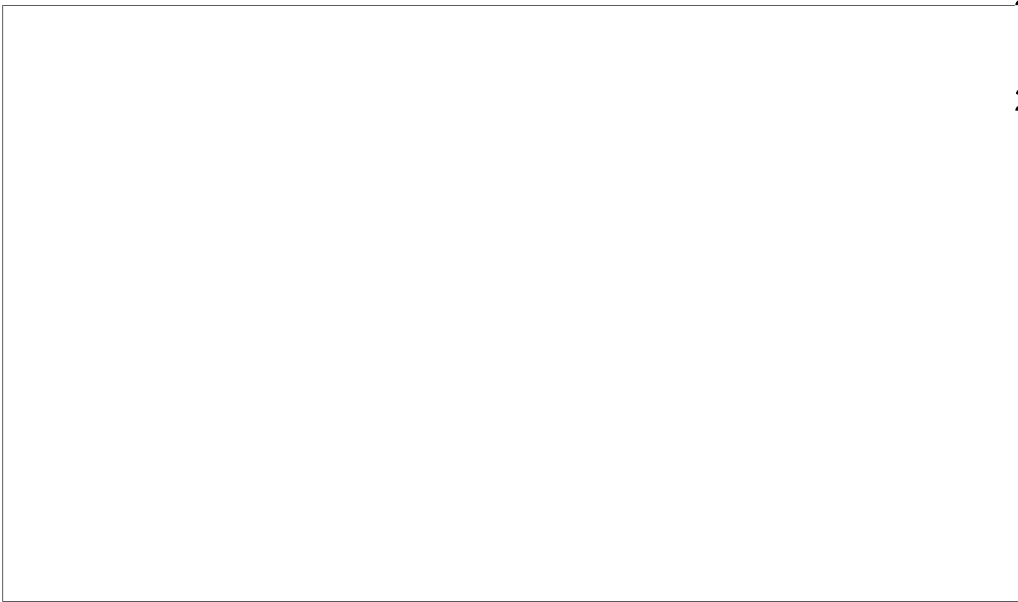


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Comment: Museveni is gradually losing control over eastern Uganda to supporters of former President Obote, but neither side is likely to gain a decisive edge soon. More rebel assassinations and ambushes in the east are probable. The northern Army offensive is not likely to regain the initiative and may further weaken the government in the east if its forces there are diverted northward. Uganda's relations with Kenya probably will deteriorate further because of Museveni's unsubstantiated conviction that Nairobi is assisting rebel assassins.



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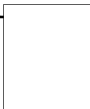
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In Brief

USSR



— **USSR** apologized to Norway yesterday over collision of Soviet fighter with Norwegian P-3 reconnaissance aircraft over Barents Sea last Sunday . . . claim both pilots followed "incorrect procedure" . . . both governments consider matter closed.

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— TASS ^{on 18 Sept} ~~yesterday~~ announced meeting of Supreme Soviet for 19 October on 1988 economic plan and budget . . . will probably be preceded by **Soviet** Central Committee plenum.



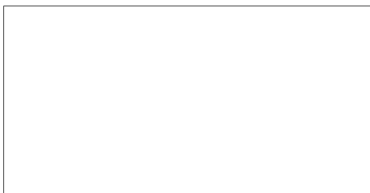
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— **Soviet** Politburo member told Western diplomat individual Tatars will be allowed to resettle in the Crimea . . . other officials said small Tatar autonomous region being considered . . . moves may be effort to split moderates from militants.

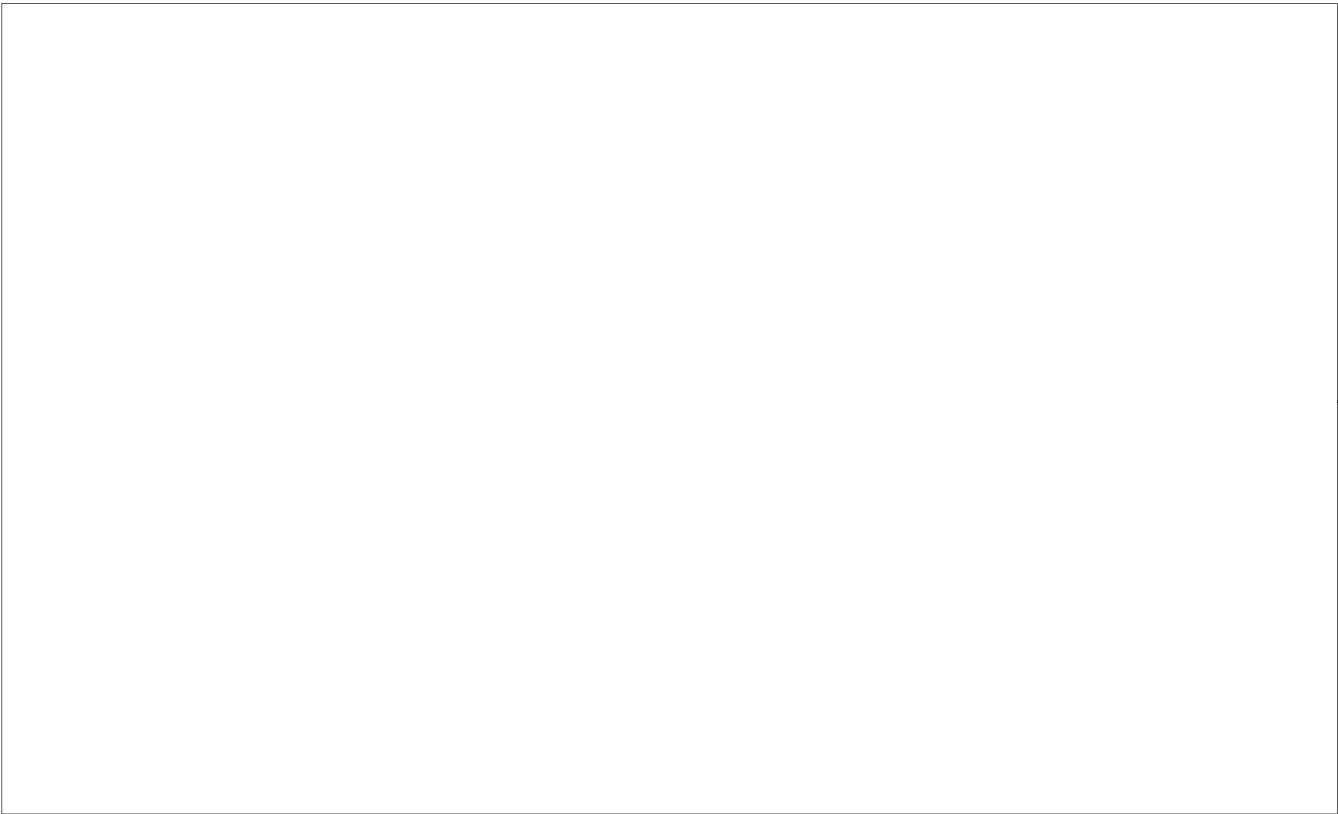


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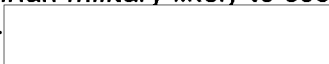
Africa



— **Zaire** to train 250 **Chadian** presidential guards, according to defense attache . . . Kinshasa has trained at least three battalions since 1983 . . . hard-pressed Zairian military likely to seek US, **French** equipment for program.

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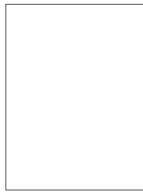


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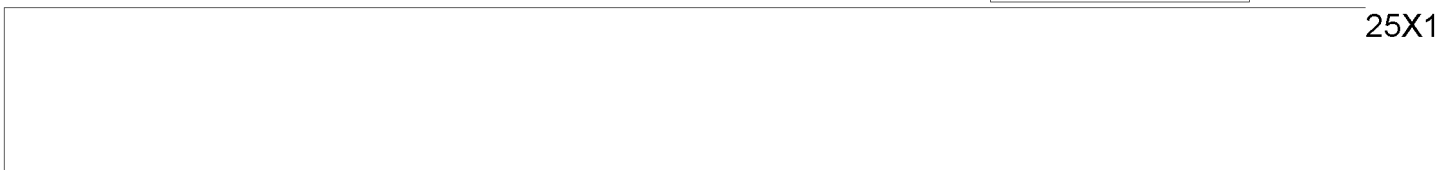
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Asia

- [redacted] — **South Korea** announced new guidance allowing substantive contacts with **North Korean** diplomats . . . echoes similar US policy . . . part of Seoul's effort to appear flexible while deflecting P'yongyang's calls for high-level talks [redacted] X 25X1
- [redacted] [redacted] 25X1
- [redacted] [redacted] 25X1
- [redacted] — **China** announced branch of official news agency will open in **Macau** . . . probably will serve as Beijing's de facto representation as Hong Kong branch does . . . will facilitate efforts to manipulate affairs before Macau reverts to China in 1999. [redacted] 25X1
- [redacted] — **Thailand's** unpopular Crown Prince promoted to major general, [redacted] . . . may increase meddling in Army operations, internal politics . . . Commander Chavalit faces difficulties keeping both Army, palace happy. [redacted] 25X1



Europe

- [redacted] [redacted] 25X1
- [redacted] — **Turkey's** Defense and Economic Cooperation Agreement with US automatically extended for another year . . . Ankara not likely to ratify agreement for five-year renewal until bilateral irritants resolved and November election behind it. [redacted] X 25X1

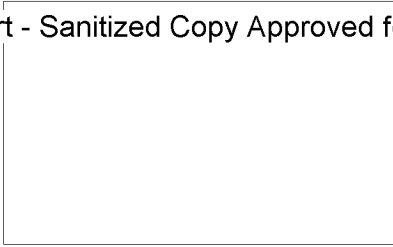
Oceania

- [redacted] — Native **Fijians** continuing violence against Indian businesses . . . bipartisan negotiations on makeup of caretaker government stalemated . . . deposed Prime Minister Bavadra suggesting separate government for Indian-populated regions. [redacted] X 25X1

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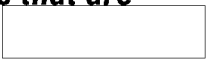
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Special Analysis

COSTA RICA: Political Agenda of President Arias

22 September

Costa Rican President Arias, who will visit Washington on Tuesday, regards the Central American peace plan as his crowning achievement and opposes actions that might cause it to unravel. Arias has urged publicly that the US not seek renewed funding for the Nicaraguan insurgents until at least 7 November, the deadline for many requirements of the peace accord. He is reluctant now to take a hard line toward the Sandinistas because he does not want to undermine the peace accord or diminish his acclaim as a peacemaker. Having achieved his primary foreign policy goal of demonstrating Costa Rican neutrality, Arias probably will turn his attention to domestic problems that are provoking increasing criticism of his administration.



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Arias has long opposed aid to the insurgents. He is convinced the guerrillas cannot oust the Sandinistas militarily and believes the fighting provides a justification for continued Nicaraguan repression and poses a long-term threat to Costa Rica itself.



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The President is openly skeptical about Sandinista intentions to comply with the accord's provisions for democratic reform but, other than publicly raising the issue, has done little to press Managua to negotiate with the rebels. ~~Although he has agreed to accept Nicaraguan prisoners held by the insurgents,~~



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~~he~~ he has played down his meetings with anti-Sandinista leaders and refuses to meet with the most prominent of them, Adolfo Calero. In contrast, Arias has held highly publicized talks with Salvadoran guerrilla leaders and is trying to promote a dialogue between insurgents and the government in El Salvador.



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This guarded approach by Arias is an effort to protect political gains flowing from the peace agreement. Besides enhancing his stature as a statesman, the accord demonstrated San Jose's neutrality and prompted Nicaragua to withdraw its World Court case against Costa Rica. Although no friend of the Sandinistas, Arias is evidently reluctant at this point to risk damage to improving relations with Nicaragua. ~~The Embassy reports that San Jose recently signed a border trade agreement with Managua and delayed protesting a border incident as a gesture of good faith.~~

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Turning to Domestic Issues

~~Now that the peace plan is signed, Arias plans to address pressing domestic concerns,~~ ~~Although his~~ ~~role of peacemaker has improved his popularity at home, his lack of attention to social programs such as housing and land reform has drawn criticism from his own party and the opposition.~~

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~~The most politically explosive issue Arias faces is his proposed tax package, which includes reform of income and property taxes. The unpopular measures have languished in the legislature for more than eight months, according to the Embassy, and Arias is now having to resort to controversial legislative maneuvers to get passage within 30 days. To attack Arias politically, the opposition has seized on the tax issue, which has also provoked dissension within the ruling party. The President, however, believes he must hold firm to meet IMF requirements~~

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Outlook

Arias is unlikely to speak out aggressively against the Sandinistas before the November deadline. Doubting the US has fully supported the peace accords, he would be reluctant to accuse the Sandinistas of violations, ~~for fear of being seen as a US lackey.~~

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~~Arias's problems in passing tax legislation show he is still unable to build a consensus for his domestic policies.~~ Although the increased international stature he has gained through his peace efforts probably will help him maintain his domestic popularity for awhile, his support may erode quickly if he proves unable to marshal enough backing for his domestic agenda.

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