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The Director of Central Intelligence

Washington, D.C. 20505

C/NIC Chron

National Intelligence Council

NIC 05352/1-85
5 October 1985

MEMORANDUM FOR: See Distribution

FROM:

[Redacted]

Assistant National Intelligence Officer for NESA

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SUBJECT:

Warning and Forecast Report for Near East and South Asia

1. Attached is my report to the DCI based on our meeting held 24 October 1985. If there are any significant amendments or additions you wish to make, please let me know.

2. Next month's warning meeting will be held on 14 November 1985 at 1015 in room 7E62, CIA Headquarters. Please have your clearances passed and call [Redacted] with names of the attendees by noon 13 November 1985.

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3. I also encourage you to phone in suggestions for the agenda and proposals to make opening presentations. It would be helpful to have your comments for the next meeting by Monday, 4 November 1985.

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Attachment

All paragraphs are classified SECRET

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NIC 05352-85
25 October 1985

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA: National Intelligence Officer for Warning

FROM: [Redacted]
Assistant National Intelligence Officer for NESAs

SUBJECT: Warning and Forecast Report for Near East and South Asia

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In a lively session, the NIO/NESA warning meeting discussed the fallout and implications--for the region and for the US--of recent developments in the Middle East such as the Achille Lauro hijacking, Israel's raid on the PLO Headquarters in Tunis, and whether there are still any prospects for the peace process.

NIO/NESA led off by positing two alternative views of October's developments. In the more widely shared view, the Arab-Israeli conflict is threatening to turn into an Arab-US conflict; the peace process has been severely--if not fatally--wounded; and, America's allies in the region--moderate Arab regimes like those in Tunisia and Egypt--have been weakened and alienated from the US. A more optimistic view holds that by finally asserting itself against terrorism, the US has broken a psychological barrier that stretches back to occupation of our Embassy in Tehran; reasserting US willingness to act to defend its interests in the region will force Middle Eastern and West European regimes to pay more attention to US interests; moderate Arab regimes are mad at Arafat for bringing them into conflict with Israel (in the case of Tunisia) or the US (in Egypt's case); and the limiting of Arafat's options may push him further toward pursuing the peace process option.

A key question for the next few months is how the PLO, and its Chairman Yassir Arafat, will react to recent events. Arafat is caught between wanting to maintain the PLO presence in Jordan--and thus having to make noises that he is still interested in the peace process--and PLO hardliners who advocate targetting US as well as Israeli interests. Fatah, Arafat's organizational base of support in the PLO, is



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increasingly hardline, and Arafat will have to listen to Fatah leaders if he is to keep his own position. Many analysts believe that, in fact, Arafat has largely become only a figurehead leader of a PLO that is increasingly splintered. He remains, however, an important symbol of the Palestinian movement for diaspora Palestinians.

There was broad agreement that, no matter how much Arafat and the PLO may be weakened at the moment or in disrepute with moderate Arab regimes (much less Israel and the US), there can be no meaningful peace process without the PLO. There was general agreement that while King Hussein may try to bluff Arafat that he would accept Peres' invitation to negotiate without the PLO, the Jordanian King is highly unlikely to do so, knowing that it would be tantamount to signing his own death warrant. Hussein does not have the independent power base or freedom of movement to make the unilateral moves toward peace that Sadat did.

In reality, the prospects for any successful outcome of the peace process may be nil, but too many parties--moderate Arabs, Arafat, the US, and Israel--have an interest in maintaining at least the illusion of a peace process, so the hopeful talk is likely to continue. But behind the talk, there are signs of potentially major realignments in Arab politics, including:

- A Jordanian-Syrian rapprochement, as Hussein concludes that the peace process is dead and that he should mend his fences with Damascus.
- A possible move of PLO headquarters to Iraq, along with disturbing signs that Baghdad may be easing its ban on allowing terrorists to operate from Iraq.
- The apparent splintering of the PLO and the diminution of Arafat's more moderate influence in Palestinian councils may result in a new wave of Palestinian terrorism aimed at non-Israeli targets as well as Israel. Should further terrorist incidents occur that result in US military operations against Palestinians (as opposed to Shia in Lebanon), the mainstream PLO as well as more radical fringe groups are likely to target US interests for terrorist attacks.

Warning Notes

The Community agreed that Middle Eastern politics are entering a period of unusual fluidity, and that the dynamics of developments in the region make it difficult to foresee all the possible consequences of recent developments.

Since Israel's invasion of Lebanon in 1982, the US has become ever more closely identified with Israel in Arab perceptions, and initial US praise for the Israeli raid on Tunisia and the denouement of the Achille Lauro incident reinforce that perception. Most analysts believe the US is therefore increasingly likely to become a target for Palestinian terrorism, with or without Arafat's sanction of such activities.

Further Palestinian terrorist attacks against Israel--especially a foreign-based terrorist "spectacular" that caused large civilian casualties--are likely to provoke Israeli retaliatory strikes like that on Tunisia. Such Israeli attacks against Algeria (from whence some intercepted Palestinian seaborne attacks have been launched) or Iraq (if the PLO sets up headquarters there) would greatly complicate the US position in the Arab world as well as with the country involved. There would be almost no downside risk for Israel in such an attack. The Peres government would also retaliate against Jordan if sufficiently provoked, but would hesitate a bit more to do so because of the likely US reaction and because it would completely end chances for a peace settlement with King Hussein.

Future US military action against Middle Eastern terrorists will always have its downside risks, although the potential costs are greater in actions against Palestinians--with whom all Arabs feel at least some sympathy--than if the US struck back at Lebanese Shias. The Achille Lauro incident has permanently affected--but certainly was not fatal to--the US relationship with Mubarak. Many aspects of the bilateral relationship appear to be getting back on course, but US-Egyptian military cooperation is likely to suffer some lasting damage. Egypt will continue joint military cooperation when it directly serves Egyptian interests, but is less likely to go along with CENTCOM or other cooperation designed for distant contingencies in places like the Persian Gulf.

Closer Iraqi-PLO ties could prove troublesome for the US, especially if Baghdad relaxes its ban on terrorism launched from Iraq. An Iraqi reassertion of leadership in Arab politics is likely to involve sharper criticism of US policies in the region, and further evidence of an Iraqi reinvolvement with terrorism would be likely to have major implications for US policy toward the Iran-Iraq war and Gulf security.

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MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

SUBJECT: Warning Meeting Report for Near East and South Asia

NIC/NIO/NESA

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