

NIO/W  
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NEAR EAST/SOUTH ASIA

AFGHANISTAN/PAKISTAN/USSR: Soviet Pressure Mounts

Soviet/Afghan bombing and airspace violations of Pakistan--the Pakistani's report 757--increased in quantity and aggressiveness in 1986. The Pakistani Air Force has authorized hot pursuit into Afghanistan of intruding Soviet or Afghan aircraft. [redacted] the Soviets are planning to replace Afghan combat units along the Pakistan border with Soviet units greatly increasing the chance of serious confrontation. Soviet exploitation of tribal restiveness in Pakistan and a subversion campaign continue to be growing problems for Islamabad. [redacted] suggest the Afghans have extended their destabilization campaign to harrassment of foreign missions supporting the insurgents as evidenced by the recent attempt against the US Consulate in Peshawar with a car bomb.

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EGYPT: Prospects for Instability

In the face of acute economic deterioration and increasing activity by religious activists, President Mubarak will be hard pressed to maintain control. A sweeping restructuring of the economy is needed, but implementation would be certain to provoke extensive protests and riots that will threaten Mubarak's tenure in office. Mubarak seeks closer relations with Arab states both to improve Egypt's access to financial assistance and to enhance his political situation at home.

INDIA/CHINA: Border Dispute

The renewed border dispute could lead to limited military clashes. The Chinese have alleged Indian intrusions and both sides have reinforced their troops in the area. Beijing has been unusually tough in demanding that India withdraw its forces and dismantle military posts in Chinese territory. China's decision to deploy fighter aircraft to the region for the first time since 1978 and probable recent Chinese VIP visits to the disputed area probably presage more forceful action. India's recent inclusion of the disputed area into a new state will likely exacerbate the situation. Even so, Gandhi will seek to avert escalation of the dispute, but missteps or overreaction by local commanders could precipitate an exchange of fire.

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INDIA/PAKISTAN: Border Tensions

Several unprecedented features of BRASS TACKS--such as size, use of reserves, and use of live ammunition--are causing increased Pakistani military concern that it may be more than an exercise. As India and Pakistan deploy their forces in unusually large numbers for field maneuvers along sensitive sectors of the border, the chances rise of an inadvertent incident sparking widespread hostilities with little additional warning. Recent frenzied press coverage will increase the chances of an explosive incident.

INDIA/PAKISTAN/USSR: Nuclear Weapons and Leverage

Moscow's warnings to Islamabad on nuclear weapons and its support for the Afghan resistance represent attempts to intimidate Pakistan that are unlikely to work. It affords Pakistan, however, greater opportunity to pressure the US to overlook its unabated nuclear weapons development and deployment program--

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in order to meet its increased military and security needs. Moscow also has been heightening India's fears of Islamabad's intentions. NIO/Warning notes that we should be prepared for the eventuality of a weapons test in the subcontinent within a year because India, like Pakistan, has the technical capability to manufacture and detonate nuclear devices within a short time of a decision to do so.

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IRAN/IRAQ: Internal Developments

Political stakes in the war are high. The potential for sudden collapse of either government is out of proportion to actual or likely military results. Rising casualties and continued Iranian advances into Iraqi territory are likely to provoke increase civilian discontent and military opposition to Husayn. Within the Iranian regime, differences over conduct of the war have sparked substantial--and still unresolved--infighting and recent Iranian gains most likely have strengthened the hand of those who favor a more aggressive prosecution of the war. NIO/Warning notes that if Iranian casualties have been as high as reported and Iraq recovers lost ground, the situation in Tehran might quickly change. Khomeini already appears to have lost some control of the power struggle among his would-be successors and his death could trigger chaos.

GULF ARAB STATES: Spillover of the War

In the wake of concerted Iranian attacks on Kuwaiti shipping, Kuwait has been attempting to hide the identity of its tankers by substituting the names of foreign flags such as Panamanian ships. Iran might, in consequence, resume attacks against any shipping target of opportunity. The use of Soviet warships to escort Soviet arms carriers and Soviet leased tankers to Kuwait may lead to a more nearly continuous presence of Soviet warships in the Gulf and increases the possibility of confrontation between Iran and the superpowers. Kuwait's recent \$416 million cash subsidy to Egypt may indicate it is looking for a new protector in the Persian Gulf security situation.

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ISRAEL/SYRIA: War

Broad Israeli military action remains likely because Damascus' quest for dominance in Lebanon and its expanded coverage of Israeli airspace is on a major collision course with Tel Aviv's interests. From Syria's side, the absence of a major Israeli reaction to Assad's moves may encourage the usually cautious President to believe he can manage step-by-step confrontation with Israel in a way that will leave him in control of the escalation. In this event, we believe he is more likely to miscalculate than to control an escalation. Although neither side appears to want a general war, there is a substantial probability--we believe now greater than one in three--that conflict on a larger scale will break out in the next year.

KURDS/TURKEY/IRAQ/IRAN: Kurdish Tinder, Iranian Match

[redacted] suggests Iran's manipulation of the Kurds in Iraq in active support of Kurdish attacks on the oil economy of northern Iraq have involved Turkey in the region. Kurdish separatists reportedly are receiving some financial support from Libya who is now pressuring for attacks against U.S. resources in the area. Turkish forces in the areas bordering Iraq are in the process of being heavily reinforced amidst rumors in Ankara of awakened Turkish Kirkuk irridentist interests in the area. Although without significant foundation, these rumors have evidently influenced Baghdad and may complicate Turkish and Iraqi efforts to control the Kurds in their mutual border areas. It seems clear that Turkish warnings to Iran concerning Tehran's meddling in the Kurdish problem are serious and could, given no improvement in the situation, presage a significant Turkish incursion into the Iraqi/Iranian Kurdish regions sometime in the coming year.

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LIBYA/US: Qadhafi on the Rebound

[redacted] continues to indicate Qadhafi is conducting a broad range of belligerent and subversive activities against US and other targets. Libya is in the process of converting C-130 cargo aircraft into tankers and will acquire a mid-air refueling capability in the near future. This will enable the Libyan air force to operate at longer ranges and to intercept aircraft--especially commercial aircraft--farther from Libya.

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SYRIA: Internal Struggle

Assad is facing new opposition from senior military officers and is responding by replacing some while granting more power to family members. These changes reflect Assad's view that he is under special pressures. As the already bad economic situation deteriorates further--in tandem with Assad's health which could soon leave him incapacitated--the chances of a sudden change of government grow.

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TUNISIA: Rapidly Increasing Instability

Bourgiba's attempts at rapprochement with Libya are not likely to deter Qadhafi from attempting to influence events in Tunisia. Tensions from Tunisia's ever-deteriorating economic situation will fuel discontent and could destabilize the country during the succession crisis when it comes. The post-Bourguiba period almost certainly will offer new opportunities for Libyan-sponsored subversion.

NORTH YEMEN/SOUTH YEMEN: Subversion and Political Instability

Economic problems and tensions within the North Yemeni military--over its casualties in the Iran-Iraq war--are making internal political stability more problematic for Salih. Loyalist forces in North Yemen have encountered decreasing support from countries that had previously provided aid, and Salih's recent suggestion that North Yemen should resume normal relations with South Yemen could terminate loyalist operations in North Yemen. Meanwhile, factional infighting continues unabated in South Yemen where growing internal disputes could erupt into violence and exile groups in North Yemen may attempt to exploit the situation. Moscow most likely will seek to protect its interests in South Yemen and could be drawn deeper into the situation.

## EAST ASIA

PHILIPPINES: Business As Usual?

Despite plans for the ratification of a new constitution in early February, Aquino will still have to deal with the fundamental problems facing the country--particularly the continued economic decline that fuels the spread of the insurgency. Mounting opposition from military leaders over her policies for dealing with the insurgency and opposition from politicians over the constitutional provision extending Aquino's term to 1992 will precipitate further attempts to discredit her and stimulate efforts to remove her from office in the longer term, possibly, again, through a coup.

SOUTH KOREA: Flames Beneath the Smoke?

President Chun may soon seek to take advantage of divisions in the opposition to push through the National Assembly his plan for a parliamentary government that he believes will allow him to retain a powerful backstage role after he steps down in 1988. Constitutional revision measures or National Assembly elections scheduled for April may spark disorders that may require military intervention. Should key military leaders view Chun as losing control they might choose to overthrow him, but we probably would receive little additional warning. P'yongyang may misintrepret developments in South Korea as loss of control spurring it to escalate activities against the South.

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## LATIN AMERICA

CHILE: Intransigence

Pinochet's political isolation is growing in spite of lifting the state of siege; support from the military at large probably will continue to wane as Pinochet continues to make statements expressing his intent to stay on beyond 1989. Non-Army junta members have publicly reiterated their calls for a dialogue with moderate parties and pressures for decisive change before 1989 are building from the moderate opposition and the Church.

ECUADOR: Tenuous Tenure

Febres-Cordero's decision to move against Vargas will keep the political environment polarized and virtually eliminate any prospect for compromise. The increasing political polarization and unresolved splits in the military will keep Febres-Cordero on the defensive and dependent on the Army. If he fails to back the Army's demands, he risks losing its support and increasing the possibility of a coup.

HAITI: Tense

Civil unrest continues, and more extensive illegal emigration is likely as unemployment passes 50 percent. The extreme right--threatened with the loss of key monopolies and an anticorruption campaign--may encourage discontent that it believes could develop into a military coup. Moderate elements--particularly the Church and business community--have little confidence in the government's ultimate ability to control the security situation. The government remains in danger of collapse. Continuing unrest will increase opportunities for foreign exploitation.

JAMAICA: Hard Times May Aid Manley

Political tensions are likely to remain high, and economic woes are deepening. Manley's chances of winning national elections--which President Seaga has called for August 1987--remain high.

MEXICO: Political Crisis

Rapid inflation, mounting debt repayment problems, flight of capital, depressed oil prices, electoral fraud, and austerity measures will continue to generate widespread popular and business dissatisfaction and prompt sporadic civil disturbances, especially in the northern states.

NICARAGUA/HONDURAS: Continuation of Hostilities

The Sandinistas remain militarily strong in the North and will try to maintain some presence inside Honduran border regions, thereby keeping pressure on the Honduran government to restrict rebel activities. [REDACTED]

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[redacted] as Managua steps up propaganda efforts aimed at embarrassing Tegucigalpa. NIO/Warning notes that the potential for Sandinista forces to fire on US military personnel in Honduras continues.

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SURINAME: Vulnerable to Collapse and External Influence

The internal security situation continues to deteriorate as the 200-300 person rebel force in eastern Suriname is using hit-and-run tactics to try to weaken support for Head-of-State Bouterse. Civilian discontent with Bouterse's mangling of the economy, chronic labor unrest, and his inability to obtain new economic assistance from the West--coupled with Bouterse's increasingly coercive means of maintaining control--increases the chances of a governmental collapse. New diplomatic initiatives by Bouterse designed to placate some Western concerns have gained little in easing the situation. Recent reporting suggests that Libya--with the evident arrival of some advisors/observers--is trying to capitalize on the Surinamese military's frustration in fighting the rebels to establish influence in the region.

WESTERN EUROPE

GREECE/TURKEY: Confrontation

The ever-present risk of unintended escalation to violence by either side continues--as recently evidenced by a brief border clash that left three dead. Greek intransigence on Aegean issues continues. Each side apparently believes the US can prevent war--an attitude that may encourage recklessness and lack of restraint that could trigger confrontation through miscalculation and escalation.

MALTA/LIBYA: Expanding Libyan Influence

Libya has proposed to increase its economic assistance to Malta in an attempt to help the Labor Party in its reelection bid. The general election, which is required to be held in May, could result in a decrease in Qadhafi's influence in Malta should the Labor Party lose. Libya's push to expand its military presence in Malta appears increasingly successful [redacted]

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SUB-SAHARAN AFRICA

ANGOLA: Prospects for Clash with South Africa Grow

The risk of direct South African-Soviet/Cuban clashes remains as the Angolan government is contesting ground in UNITA-controlled territory.

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MOZAMBIQUE: Advantage to the Insurgents

President Chissano faces growing dissatisfaction in the government and ruling party that will make it difficult to maintain the fragile consensus between hardliners and moderates. Much increased insurgent attacks on the Beira railroad--and possible raids by South African commandos almost certainly will occur if neighboring countries divert substantial traffic from links through South Africa, despite Zimbabwean and Tanzanian military assistance. Pressures on the regime will increase as insurgent successes increase.

NIGER/LIBYA: Libyan Activities

Libya seeks to take advantage of Niger's inability to control its northern border area to assert a questionable territorial claim over the longer term, and ultimately Qadhafi would like to topple President Kountche. Kountche's recent health problems have highlighted the problem of succession. Increased Libyan meddling and subversion--probably using Libyan-trained Nigerien surrogates--can be expected as Qadhafi escalates activities in Africa, and as uncertainty over the succession takes hold.

SOUTH AFRICA/FRONTLINE STATES: Confrontation

The South African government's belligerent actions and massive extraconstitutional effort to suppress dissent--apparently including an assassination program targeted at internal opposition groups--continue on a collision course with most of the Churches, labor and students, and a majority of blacks. Domestic polarization will be exacerbated, and the influence of moderate blacks and whites who seek compromise weakened. Externally, new South African attacks on ANC targets in neighboring countries are likely, and further actions by Pretoria in Angola, Mozambique, and other frontline states will spawn an ever more intractable situation. Pretoria's increasingly coercive measures against neighboring states are affording new opportunities for Soviet exploitation, especially in Zimbabwe.

SUDAN/LIBYA/ETHIOPIA: Precarious Tenure

Sadiq's government continues to avoid risk-taking policies that might address pressing economic, political and social problems. The renewed pursuit of military efforts against the southern insurgency, while superficially successful, will raise costs and court reverses without making a dent in the insurgency. Sadiq's belligerent tack towards neighboring Ethiopia will be met by enhanced Ethiopian support to Sudanese insurgents and possible additional Ethiopian air incursions into Sudan, creating new pressures for more military aid. Sadiq's tenure will become more precarious as economic shortages stimulate political tensions in Khartoum.

## SOVIET UNION/EASTERN EUROPE

EASTERN EUROPE: Under Pressure

Through much of Eastern Europe dissent--and its causes--is increasing. To varying degrees the present governments are under new pressures:

--A recent series of bombing attacks on government buildings throughout Czechoslovakia, which included threats to blow up a rail line, underscores growing public dissatisfaction with Prague's economic policies. Crackdowns on 10th Anniversary commemorations of the founding of Charter 77, a human rights group, will certainly cause dissent to fester.

--Growing political and economic problems are making it increasingly difficult for Secretary Kadar to maintain effective Party leadership in Hungary. He could resign any time this year for "health reasons" in an attempt to facilitate governmental and economic reform. Widespread discontent among the populace will certainly mount if reforms are not initiated and if living standards continue to decline.

--Polish blue collar workers, farmers and retirees will soon join the ranks of the students and others opposed to the government should price increases and wage freezes plus a possible currency devaluation go into effect in January 1987 as expected. This combination of issues and political forces produced the Solidarity movement in the early 1980's. At a minimum the political temperature of the nation is likely to rise and may be reflected in mounting civil disorder in major cities.

--Pressures seem greatest in Romania where the continuing debt and liquidity crises have caused economic prospects and the quality of life to become more dismal as fuel commodities, electricity, medical care and basic foodstuffs become extremely scarce. Industrial production for 1987 is not likely to improve, even with the introduction of a seven-day work week. Incidents of worker and military unrest are likely to continue. More importantly, as conditions worsen the Soviets will be in a position to exert even more pressures than before.

USSR: Massive Need for Hard Currency

The Soviets face substantial reductions in hard currency earnings from oil this year, exacerbated by the consequences of the Chernobyl nuclear accident, which evidently have resulted in the shut-down of a number of nuclear power reactors for at least a year. Moscow increasingly will rely on Western credit markets; squeeze oil supplied to Eastern Europe to try to barter it on the international market; sell more gold; and try to promote new exports--arms, vehicles, metals, and shipping services--at bargain prices to gain the needed hard currency.

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