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NIO/W

26 August 1987

EAST ASIA

NORTH KOREA/SOUTH KOREA: Critical Juncture

Provisions in the new draft constitution--which would restrict voter eligibility and effectively ban Kim Dae Jung from running for the presidency--are obstacles that could lead to an impasse in negotiations to establish ground rules for a presidential election late this year. Should the current talks on constitutional reform falter, street demonstrations could erupt, and a breakdown of public order could result in the imposition of martial law. Disorder will encourage North Korea to consider mounting destabilization operations and foment anti-government riots and sabotage.

PHILIPPINES: Bolder Communist Insurgency

The NPA is gradually increasing its military operations and, since the beginning of the year, has killed some 660 government troops. Recent reporting indicates the communists plan increased violence leading up to the November elections--apparently to intimidate local voters into supporting Philippine Communist Party backed candidates. Statements by an NPA spokesman--threatening US personnel--reflect a change in the NPA's longstanding policy against targeting Americans and may presage future attacks against US interests.

NEAR EAST/SOUTH ASIA

Iran/Islamic States: Religious Violence

The chances of violence in early September in countries with large Shia Muslim minority populations are abnormally great. The traditional time of strife between Sunni and Shia during the festival of Muharram (26 August to 6 September) is nearly coincident with the 40-day memorial (9 September) of the martyrdom of Iranian "pilgrims" in Mecca. Lebanon, Saudi Arabia, Pakistan, and Persian Gulf states are especially vulnerable at this time.

AFGHANISTAN/PAKISTAN/USSR: Soviet Pressure

Soviet diplomatic initiatives and continued bombing and violations of Pakistani airspace are maintaining pressure on Zia to stop providing aid to the Afghan resistance and to reach an accommodation with Moscow.

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EGYPT: Prospects for Instability

In the face of economic deterioration and continued activity by religious activists, President Mubarak will be hard-pressed to maintain control during implementation of the newest IMF program. There are already indications that Mubarak is unwilling to take the necessary steps needed to implement the gradual economic restructuring required to prevent a future cutoff of IMF funds. If Mubarak fails to adequately address Egypt's growing economic crisis, extensive protests and labor strife could erupt, undermining Mubarak's hold on the presidency.

INDIA/CHINA: Risk of Confrontation

Chinese initiatives since mid-July to defuse the border issue--and New Delhi's conciliatory actions--have helped ease tensions along the Sino-Indian border, but there have been no confirmed troop withdrawals from the border. China may have relocated two more divisions to the disputed area and recently may have moved some troops forward. Should Gandhi not compromise, the level of tension is likely to remain high. A breakdown in the talks could result in new military confrontations.

INDIA/PAKISTAN: Continued Uncertainty and Nuclear Weapons

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Islamabad probably already has the capability to produce a nuclear weapon within a few days to a few weeks of a decision to do so. The Pakistani nuclear program enjoys widespread domestic support, and external pressures against the nuclear program are not likely to dissuade Pakistan from maintenance of the nuclear option. This has triggered Indian reassessment of its nuclear weapons options that will further fuel tensions in the subcontinent. NIO/Warning notes that we should be prepared for the eventuality of a weapons test in the subcontinent.

INDIA/SRI LANKA: Indian Invasion?

India already has committed most of an infantry division to northern and eastern Sri Lanka in recent weeks to help enforce the peace agreement concerning the Tamil insurgency and has put another 15,000 troops on alert for possible deployment. In addition to introducing a force that could dominate the whole Sri Lankan Army, the Indians have obtained Colombo's agreement to a virtual Indian veto of national security policy in Sri Lanka, including access to external military assistance, internal security in the north and east, and foreign ship visits. The growing Indian intervention may be a predatory move against a smaller neighbor, belying earlier assurances of nonintervention. It is not yet clear how far Prime Minister Gandhi intends to go in seizing power over Sri Lanka, but his military commitment continues to grow. Should President Jayewardene be deposed or an assassination attempt succeed, Gandhi almost certainly would move on Colombo. US interests in the country may be in jeopardy.

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IRAN/IRAQ/GULF ARAB STATES: Collision Course

Saudi Arabia and Iran may be moving toward military conflict in the wake of recent violence in Mecca and Iranian retaliatory moves. Iranian military preparations and its specific inclusion of Bahrain and an emirate in Tehran's list of direct enemies of Iran may be a harbinger of further actions against the US in the region or, in the short run, an Iranian attempt to seize new territory from the Gulf Arabs. Additionally, there would be serious repercussions in the region should Iran carry out its plans to occupy Kuwait's Bubiyan Island. The probability of a US combatant being involved in hostilities in the region is higher than ever before.

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. Military and civilian opposition to Husayn continues. Meanwhile, in Iran, Khomeini seems to have lost some control over the power struggle among his successors; and his death could lead to major instability within the post-Khomeini government.

IRAN/LEBANON/MEDITERRANEAN: Revolutionary Guard Naval Threat

Iranian Revolutionary Guard naval forces in Lebanon apparently are increasing and soon may present a new kind of threat to US and allied maritime interests in the Mediterranean Sea. Israeli targets probably have highest priority, but the Iranians might choose to retaliate for US or allied actions in the Persian Gulf with attacks or mine laying in the eastern Mediterranean.

KURDS/TURKEY/IRAQ/IRAN: Kurdish Rebellion

Continued Iranian support and manipulation of the Kurds, coupled with increasing Iranian-assisted insurgent activity in the Kirkuk oil region, are drawing Turkey closer to the conflict in the region.

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Tehran's continued support of the Kurds is rapidly straining Turkish-Iranian relations.

LIBYA: Domestic Troubles Ahead

In the wake of yet another embarrassing military defeat by Chad, Qadhafi may face a dramatic increase in domestic opposition. Should Libyan forces be driven from territory claimed as their own, Qadhafi's domestic popular and military support is likely to erode further. Disaffected soldiers could respond with another assassination attempt.

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SYRIA: Internal Struggle

Assad's poor health could leave him incapacitated at any time. In the absence of a named successor, with new pressures in Lebanon, and with an ever-deteriorating economic situation, the chances of a sudden change of government continue.

TUNISIA: Increasing Instability

Bourguiba's campaign to suppress all political opposition is escalating with harsher crackdowns on Islamic fundamentalists as demonstrations and bombings become more frequent. Far from ensuring smooth succession, however, the regime's efforts are drastically increasing discontent and ensuring chaos, uncertainty and confusion when the succession crisis comes. The Libyan threat almost certainly will increase in the post-Bourguiba period, and Algeria too seems poised to influence the succession struggle.

WESTERN EUROPE

EAST GERMANY/WEST GERMANY/USSR: Honecker's Trip

The Soviets may use the 7-11 September visit of East German leader Honecker to West Germany as bait for West German concessions on arms control issues, particularly the Pershing 1As. Honecker's trip is a dramatic development. Moscow scuttled a similar 1984 visit at the last minute and has held rescheduling in abeyance since. Always worried when Germans get together, the Soviets seem to have decided to satisfy Bonn's litmus test for improved relations with the USSR -- closer intra-German ties. The trip entails risks for the Soviets, however, including a strengthened and more independent Honecker and revival of the "German Question". Such concerns could yet threaten the trip if West German concessions appear unlikely.

GREECE/TURKEY/CYPRUS: Troubled Waters

Turkish allegations that the Greek Cypriot government has established a training camp in southern Cyprus for Turkish separatist--plus efforts by the Greek Cypriot government to obtain advanced weapons from France--are increasing tensions in the Aegean. Each side apparently believes the US can prevent war--an attitude that may encourage recklessness and lack of restraint, which could trigger sudden confrontation through miscalculation and escalation.

MALTA/LIBYA: Warming Relations

The Maltese government--which wrested control from the pro-Libyan opposition party in May--may be debating the price for accepting Libyan economic inducements.

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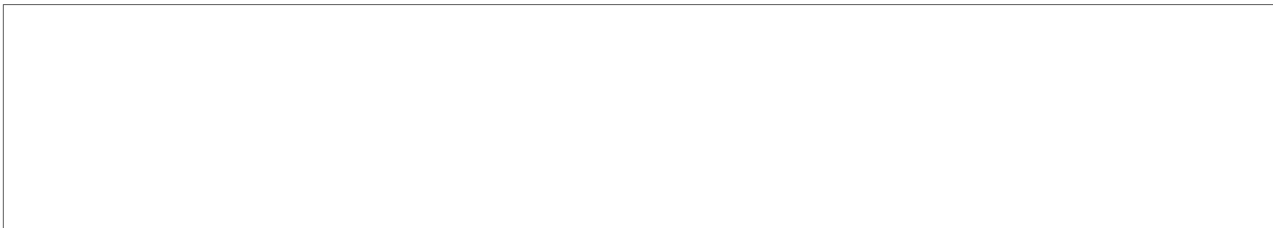
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LATIN AMERICA

Brazil: Military Plotting



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Increasing economic problems could lead to broad based protests, providing a pretext for military intervention.

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CHILE: Intransigence

Pinochet appears more determined than ever to maneuver to remain in power beyond 1989. Having prepared plans for carrying out a major reshuffle of the army to force his critics into early retirement, Pinochet now seems determined to run as a civilian with junta backing. Pinochet's actions to maintain control may precipitate a new crisis of confidence over his leadership within the rank-and-file armed forces and middle class, fueling momentum for decisive change before 1989.

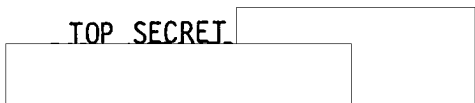
HAITI: Storm Warning

The situation continues to deteriorate rapidly. Street violence and acts of anti-Americanism will continue to endanger the safety of US citizens. Shortages of food, fuel, and water--plus harsh military reactions--will increase the likelihood of a governmental collapse before the presidential elections scheduled to be held in November. Namphy's private contention that Haiti needs a return of strongman rule seems almost certain to imperil the elections.

NICARAGUA/HONDURAS: Continuation of Hostilities

Nicaragua continues to maintain a limited presence inside Honduran border regions, thereby keeping pressure on the Honduran government to restrict rebel activities. Honduras is likely to seek concessions and further reassurances of support from the US, as Managua steps up activities in border regions. NIO/Warning notes that the potential for Sandinista forces inside Honduras to fire on US military personnel continues.

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PANAMA: Breakpoint

Last week's general strike was less than successful, but the opposition could yet unify and force Noriega's resignation. Noriega under siege will continue his demagogic campaign against the US, crack down roughly on the opposition and, if necessary, install a military junta. The strife has contributed to the flight of some 10 percent of the banking system's assets, increasing already considerable strains on the economy and leading foreign bankers to reassess their positions in Panama. As the crisis evolves, there will be an ever increasing risk that Noriega will target more sensitive US interests in Panama for subversion.

COLOMBIA/VENEZUELA: Border Dispute

Colombia and Venezuela again are squabbling over control of the oil rich Golfo de Venezuela. A military clash appears unlikely, but Colombian President Barco has asked the US to speed delivery of a TOW missile shipment. A major incident would complicate cooperation in counterinsurgency and antinarcotics operations.

SUB-SAHARAN AFRICA

ANGOLA: Prospects for Clash with South Africa

The risk of direct South African-Cuban clashes appears to be growing, as the Angolan government continues its measured two-front offensive against UNITA positions in southeast Angola. Should the South Africans intervene in the conflict and strike Cuban strongholds, Cuban contingency plans call for retaliatory airstrikes against South African airbases in Namibia, thus increasing the chances for escalation.

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SOUTH AFRICA/FRONTLINE STATES: Confrontation

Conservative electoral gains and deep divisions within the Afrikaner community have revealed increased domestic polarization that has further undermined the influence of moderate blacks and whites who seek compromise. Pretoria's gambit to co-opt South African blacks with a new constitution that allows for urban black participation in government--but which does not recognize the concept of one man, one vote--will not provide meaningful political power to blacks, nor satisfy their demands for full political representation. In extending the emergency decree to a quasi-permanent condition and stifling legitimate dissent the government has demonstrated its authority can be perpetuated only by force. Externally, until Pretoria's increasingly coercive measures against the Frontline States subside, there will be greater opportunities for both the West and the East to capitalize on the Frontline States' heightened sense of vulnerability. President Botha may be seeking a relaxation in tensions to facilitate his reform program as well as gain favorable publicity in the West.

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SUDAN/ETHIOPIA: State of Emergency

Prime Minister Sadiq faces increasing challenges to his authority as the economy worsens and the military stalemate with the southern insurgency continues. The breakup of his cabinet coalition adds to his immediate problems. These developments, plus further reductions in US aid and a cutoff of US security assistance--as required by the Brooke Amendment--will encourage senior military officers to overthrow the civilian government.

SOVIET UNION/EASTERN EUROPE

EASTERN EUROPE: Under Pressure

To various degrees, the regimes are under increasing pressures:

- Growing economic and political problems, coupled with Gorbachev's glasnost campaign and Soviet trade demands, have had unsettling effects on the aging East European leaderships. Prospective succession dilemmas, particularly in Hungary and Czechoslovakia, are adding to the potential for instability. In Hungary, strikes and demonstrations may grow as the impact of recent economic austerity measures are felt this fall.
- Pressures also are great in Romania, where the continuing debt problems and economic mismanagement have exacerbated already abject living conditions. Poor nutrition and worsening sanitary conditions are contributing to new outbreaks this summer of diseases like cholera. Popular discontent may reach its peak in late winter, when consumer goods supplies are lowest.

USSR: Massive Need for Hard Currency

The Soviets face substantial reductions in hard currency earning from oil this year at a time of increasing need for imports for modernization. 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 needed hard currency.

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