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NIO/W  
14 July 1987

NEAR EAST/SOUTH ASIA

AFGHANISTAN/PAKISTAN/USSR: Mounting Soviet Pressure

The Soviets are escalating pressure on Pakistan and may have upped the ante significantly against US interests there.

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Meanwhile, more aggressive Soviet/Afghan bombing and airspace violations continue apace--475 this year, both deeper and more deadly than last year's 750 violations.

EGYPT: Prospects for Instability

In the face of economic deterioration and increasing activity by religious activists, President Mubarak will be hard-pressed to maintain control during implementation of the newest IMF program. Should extensive protests and labor strife erupt, Mubarak's hold on the presidency could be threatened. At the same time, the stability of the Egyptian government and its relations with the US and Israel depend on Mubarak, who is a constant target for assassination by external and internal foes. Further violence against US personnel is possible.

INDIA/CHINA: Border Clashes

Both Chinese and Indian military preparedness and hardened diplomatic positions make further showdowns almost inevitable, despite New Delhi's recent conciliatory actions. Beijing's unyielding stance--three new forward positions have been established recently--seems calculated to force New Delhi to withdraw from last summer's encroachments or fight. India's inclusion, however, of the disputed area into a new state, and domestic focus on the situation, make it tough for Gandhi to compromise. Should Gandhi not compromise, larger more serious military confrontations are likely before the end of this year.

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INDIA/PAKISTAN: Continued Uncertainty and Nuclear Weapons

[redacted] Islamabad already has the capability to produce a nuclear weapon within a few days to a few weeks. This appears to have triggered another 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.

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INDIA/SRI LANKA: Invasion?

New Delhi is considering increasing its supply of arms to the Tamil insurgents, which would prompt extensive fighting in the north, high civilian casualties, and spur India to consider military intervention.

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IRAN/IRAQ/GULF ARAB STATES: Damn the Torpedoes

The war at sea has reached yet a new level of seriousness, as Iran feels compelled to demonstrate it is not intimidated by US warships and Iraq and Iran continue aggressive operations in the northern Gulf. Their attacks on neutral shipping--done deliberately or through errors in target acquisition and discrimination--could result in an attack on an American or Soviet combatant on escort duty at any time.

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Tehran

[redacted] may now judge the benefits of attacking or mining a US-flagged vessel to outweigh the risks of retaliation. Additionally, there have been reports of Iranian plans for direct action against Kuwait, including invasion of Bubyion Island, which also would have serious consequences for the US in the region.

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. In Iran, differences over conduct of the war reportedly have sparked unprecedented discontent from a war-weary populace in several cities. Khomeini seems to be losing control of the power struggle among his successors, and his death could cause major instability.

KURDS/TURKEY/IRAQ/IRAN: Kurds Weighing In

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. Iran recently conducted a raid inside Turkey to retaliate against two Turkish raids against Kurdish

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targets inside Iran. Meanwhile, Baghdad's scorched-earth policy of forcibly relocating 1700 Kurdish settlements from northern Iraq has caused many formerly pro-Iraqi Kurds to join the insurgency. Ankara's concern over Tehran's continued support of the Iraqi Kurds and involvement in terrorism against Turkey could rapidly worsen Turkish-Iranian relations.

LIBYA: Debacle

As Libyan public appreciation of the extent of Qadhafi's failures in Chad grows, backlash against Libyan defeats seems certain. The political and psychological repercussions of these debacles may not reach their full effect for several months, but Qadhafi's chances of retaining power will lessen in the face of public discontent and continued plotting in the military officer corps.

SYRIA: Internal Struggle

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

TUNISIA: Increasing Instability

Bourguiba's campaign to suppress all political opposition is escalating with crackdowns on Islamic fundamentalists. 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

BERLIN/USSR/GERMANY: New Initiatives?

The Soviets and East Germans are continuing to probe Allied unity on arms negotiations and sensitive Berlin issues. Proposals for easing military confrontation in Europe and reducing the risks of surprise attack are designed to undercut the credibility of traditional NATO and pro-US policies and hasten the trend toward independent European accommodations with Moscow. During this anniversary year of Berlin, further Soviet probes designed to challenge the status of Berlin are likely.

GREECE/TURKEY/CYPRUS: Troubled Waters

Tensions in the Aegean continue. Implementation of Greek plans to deploy one or two armored brigades in northern Greece to Thrace would be perceived by Turkey as a provocative act. New military developments in Cyprus provide further flashpoints for conflict. A significant increase in the number of

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Turkish tanks on Cyprus

[redacted] [redacted] are further irritants that could trigger confrontation. Alienation of Turkey by European governments' actions is likely to push Ankara toward more aggressive solutions to the problems 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.

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MALTA/LIBYA: Warming Relations?

The Maltese government--which wrested control from the pro-Libyan opposition party in May--may be debating accepting Libyan rewards for honoring bilateral agreements reached formerly by the Labor Government.

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## EAST ASIA

NORTH KOREA: Mobilization

North Korean ground forces have assumed a heightened state of readiness, and P'yongyang continues unusual steps to significantly augment its war preparedness, including: the stockpiling of grains, despite an ongoing food shortage, for wartime consumption; implementation of various Supreme Commander Orders transferring parts of the country to military logistics administration; and issuance of a wartime transportation plan. Additional North Korean actions will be strongly influenced by its perception of political developments in the south. NIO/Warning notes that as P'yongyang changes its war preparedness, its intentions to capitalize on perceived disorder in the south will be strongly influenced by its perception of continued US commitment to defend South Korea as evidenced by US political and military actions.

SOUTH KOREA: Breakpoint?

The potential for a major upheaval continues. A breakdown in public order could embolden North Korea into considering precipitous and dangerous military actions against the south.

PHILIPPINES: Tiger by the Tail

Recent attacks against US facilities are likely to increase as the US is further targeted by both right and left wing forces in the Philippines. The movement toward intensified guerilla operations in urban areas--which may include targeting of American interests--will further increase strains between the military and the Aquino administration. Unless Aquino implements

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her land reform program before losing her decree-making powers on 27 July when the new congress convenes, it is not likely that any tangible reform program will be enacted that is imperative to arrest the growing insurgency.

#### LATIN AMERICA

##### CHILE: Intransigence

Pinochet has surrounded himself almost completely with hardliners who will not provide significant policy dissent. Pinochet appears more determined than ever to maneuver to remain in power beyond 1989. Prominent military leaders, including some in the junta, are already expressing discontent. Pinochet's actions to maintain control may precipitate a new crisis of confidence over his leadership within the armed forces and fuel momentum for decisive change before 1989.

##### HAITI: Storm Warning

Despite the Ruling Council's decision to rescind the controversial electoral decree, a general strike in several cities continues and the overall situation worsens. Incidents of anti-Americanism probably will grow. These developments--in conjunction with the massive pressures on the government of a country whose unemployment rate exceeds 50 percent--may imperil the scheduled transfer of power to an elected civilian president in February 1988.

##### JAMAICA: Hard Times Aid Manley

Political tensions continue, and economic woes are deepening. As national elections approach, Manley's chances of winning the election are good, as long as his health holds.

##### MEXICO: Political Crisis?

Acute economic problems, austerity measures, and corruption will continue to generate widespread popular and business dissatisfaction and prompt sporadic civil disturbances, especially in the northern states.

##### 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 aimed at embarrassing Tegucigalpa. NIO/Warning notes that the potential for Sandinista forces inside Honduras to fire on US military personnel continues.

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PANAMA: Upheaval?

With the lifting of the state of emergency, a new round of street violence could occur at any time. Widespread opposition to Military Chief Noriega's rule guarantees a protracted political crisis and disruptive confrontations. Noriega already has laid the groundwork for a demagogic campaign against alleged US interference and a conspiracy to oust him. Noriega, who controls the level of violence against US interests, could increase that level at any time should he feel threatened by the US. President Devalle could resign at any time, and subsequent developments are likely to have a more conspicuous anti-American flavor. Chances of raids on or sabotage against Canal facilities or US business, official, or military personnel will increase as the crisis evolves.

SURINAME: Quagmire

A year of insurgent military and economic attacks by Brunswijk's 200-person forces has not significantly eroded Bouterse's grip on power. The recent announcement of a new constitution and dates for a referendum and general elections are means to perpetuate the military in power. Nonetheless, governmental collapse remains possible.

## SUB-SAHARAN AFRICA

ANGOLA: Prospects for Clash with South Africa

The risk of direct South African-Cuban clashes appears to be growing, as preparations for a large-scale government offensive in southeast Angola mount. Cuban contingency plans [redacted] for retaliatory airstrikes against South African airbases in Namibia increase the chances for escalation.

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NIGER/LIBYA: Succession and Libyan Activities

President Kountche reportedly is recovering from brain surgery in Europe, but jockeying for succession could result in a military coup. Increased Libyan meddling and subversion can be expected if Kountche suffers a relapse and uncertainty over the succession takes hold.

SOMALIA/ETHIOPIA: Tense Border

Border tensions continue, and Ethiopia may participate in shallow cross-border raids into northern Somalia in support of Somali dissidents at any time. Mogadishu consequently has looked to the US for reassurance in the form of more military aid--and may eventually threaten to abrogate the 1980 bilateral access agreement if new military aid is not forthcoming. Siad also may make additional overtures to Moscow in an attempt to induce more US military aid.

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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. In extending the emergency decree to a quasi-permanent condition and stifling otherwise legitimate dissent, the government's actions have almost guaranteed continued and increasing violence. Externally Pretoria's increasingly coercive measures against the Frontline States afford greater opportunities for both the West and the East to capitalize on the Frontline States' heightened sense of vulnerability.

SUDAN/ETHIOPIA: Precarious Tenure

Prime Minister Sadiq faces increasing challenges to his authority as the economy worsens and military reversals in the South continue. The Sudanese military believes that Ethiopian troops are directly supporting insurgent attacks against Sudanese garrisons along the border. These developments, plus reductions in US aid, will encourage a frustrated military reluctantly to seek to overthrow the government.

## SOVIET UNION/EASTERN EUROPE

EASTERN EUROPE: Under Pressure

Dissent is increasing throughout much of Eastern Europe. To various degrees, the present governments are under new pressures:

- Growing economic and political problems, coupled with Gorbachev's glasnost campaign, 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 will grow as the impact of recent economic austerity measures are felt.
- Pressures also are great in Romania, where the continuing debt and liquidity crises have exacerbated already abject living conditions. Civil unrest continues, and as conditions worsen, the Soviets will be in a position to exert even more pressure than before.

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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