

NIO/W
9 September 1987

WESTERN EUROPE

GREECE/TURKEY: New Problems in the Aegean

A new crisis may be brewing. Greece [redacted] will move a division from northern Greece to the Turkish border because of fears that Turkey may attack in October. Athens also has taken unusual security measures to prevent NATO from learning details of a large exercise planned for the island of Limnos 12-14 October. The exercise would violate a longstanding agreement with Turkey to demilitarize the island. Each side apparently believes the US will prevent war--an attitude that may encourage recklessness and trigger a sudden confrontation.

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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 the price for accepting Libyan economic inducements.

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[redacted] The pro-Western Maltese government will have to weigh Libyan promises to alleviate unemployment against the price of Libyan involvement on the island.

EAST ASIA

SOUTH KOREA/NORTH KOREA: Rocky Road to December

Agreement by the major parties on a new draft constitution sets the stage for a presidential election late this year, but hardliners on both sides continue to oppose the pact. The radicals are likely to call for street demonstrations. Additional, perhaps greater, unrest could result from labor strife. There appears to be general popular belief that a major breakdown in order could occur before December. A collapse of public order could yet result in the imposition of martial law. Disorder would encourage North Korea to consider mounting destabilization operations and fomenting anti-government riots and sabotage.

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PHILIPPINES: Coup Ramifications

President Aquino is weakened--perhaps mortally. Unless one of her supporters can reunite the military, she will be unable to reestablish her own political prestige and leadership. Rebel leader Colonel Honasan remains at large with several hundred troops. The military is now split between supporters of Honasan, Defense Minister Ramos, and former President Marcos; each group could turn on the Aquino government. Because much of the military and populace is sympathetic to Honasan's grievances and blames Mrs. Aquino, another military uprising or coup attempt is likely.

NEAR EAST/SOUTH ASIA

AFGHANISTAN/PAKISTAN/USSR: Soviet Pressure

Soviet diplomatic initiatives and violations of Pakistani ground and airspace are maintaining pressure on Zia to stop providing aid to the Afghan resistance and to reach an accommodation with Moscow. Virtually daily cross border attacks on Afghans in Pakistan continue. In an effort that would boost pressure further, Moscow evidently will propose a timetable for Soviet withdrawal from Afghanistan during current talks in Geneva.

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 IMF program. 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 is little evidence of major troop withdrawals from the border. Moreover, the Indian Army Chief of Staff seems to be spoiling for a fight. Should Gandhi not compromise with the Chinese, the level of tension could increase. A breakdown in the talks could result in new confrontations.

INDIA/PAKISTAN: Continued Uncertainty and Nuclear Weapons

[redacted] Islamabad probably already has the capability to produce a nuclear device 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.

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INDIA/SRI LANKA: Indian Invasion?

India 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 and a corps headquarters on alert for 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. It is not yet clear how far Prime Minister Gandhi intends to go in seizing power over Sri Lanka, but his overall military commitment continues to grow and he is sending a commando battalion to Colombo, where there are no organized Tamil insurgent units. Should President Jayewardene be deposed or an assassination attempt succeed, Gandhi almost certainly would move in force on Colombo. US interests in the country may be in jeopardy. NIO/NESA recognizes India's aspiration for a dominant role in South Asia, but believes Gandhi would prefer to play that role without the use of military force. NIO/NESA sees the peace accord as a gamble by India that a short-term commitment of military force will help it achieve its broader strategic goal.

IRAN/SAUDI ARABIA/GULF ARAB STATES/US: Collision Course

The likelihood has increased that Tehran will raise the stakes now that the Saudis have called its bluff. Iranian military preparations and Tehran's specific inclusion of Bahrain and an emirate in its list of direct enemies of Iran may be a harbinger of further actions against the US or Saudi Arabia or, in the short run, an attempt to seize new territory from other Gulf Arabs. Additionally, there would be serious repercussions in the region should Iran carry out its contingency 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. Domestic military and civilian opposition to Husayn continues. Meanwhile, in Iran, Khomeini's death could lead to major instability within the post-Khomeini government.

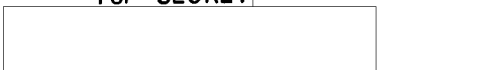
IRAN/LEBANON/MEDITERRANEAN: Revolutionary Guard Naval Threat

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.

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KURDS/TURKEY/IRAQ/IRAN: Kurdish Rebellion

Kurdish separatist activity is increasing in southeastern Turkey, drawing Ankara closer to border conflict. In May, Iran conducted a raid inside Turkey following two Turkish raids against Kurdish targets in Iran. Turkish intelligence has identified six Kurdish camps located in Iran and states that 94 Iranian irregulars recently captured while infiltrating intended to attack Iraq's pipeline through Turkey. Tehran's continued support of the Kurds is seriously straining Turkish-Iranian relations.

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. The army is tightening security on the eve of trials of fundamentalists and the government has released 2,500 thugs from prison to form a special police battalion designed to keep fundamentalists under control. 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.

LATIN AMERICA

Brazil: Military Plotting

Partly as a result of proposed provisions in the new constitution reinstating leftist officers expelled after the last coup, [redacted]



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[redacted] The next few months will be critical as Congress debates the constitution. 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

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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.

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HAITI: Descent Into Anarchy

The situation continues to deteriorate rapidly. Street violence and acts of anti-Americanism will continue to endanger the safety of US citizens. Radical Catholic priests and communists are increasingly involved in anti-government activities. In addition, former President Duvalier continues to plot a military coup. Economic problems--plus harsh military reactions--increase the likelihood of a governmental crisis before the presidential elections scheduled to be held in November. Even General Namphy seems to yearn for a return to strongman rule.

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.

PANAMA: Stalemate

Anti-government protests are tapering off, 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; at least two have already decided to leave. 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. Although the situation is stabilizing and a military clash appears unlikely, both Colombian President Barco and Venezuelan President Lusinchi have asked the US to speed delivery of missile shipments. The dispute is complicating cooperation in counterinsurgency and antinarcotics operations.

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SUB-SAHARAN AFRICA

ANGOLA: Prospects for Clash with South Africa

The risk of direct South African-Cuban clashes clearly is growing, as the Angolan government accelerates its measured two-front offensive against UNITA positions in southeast Angola. Satellite photography shows Angolan forces converging toward UNITA-held Mavinga, which South Africa intervened to protect in 1985. Pretoria is deploying more aircraft to northern Namibia and Luanda has moved more fighters to forward bases; either side could strike without further warning. Should the South Africans attack Cuban strongholds, Cuban contingency plans--as reported by defector General del Pino--call for retaliatory airstrikes against South African air bases in Namibia, thus increasing the chances for escalation.

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 that 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.

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 are especially great in Romania, where 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.

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Should they decide to move against the ailing Ceausescu, we may have little additional warning. Moscow would seek to draw Bucharest back to the fold.

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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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