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Next 1 Page(s) In Document Denied

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The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

16 October 1986

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

FROM: John J. Bird
National Intelligence Officer for Warning

SUBJECT: Monthly Warning Reports for September 1986

1. Summary of Key Warning Issues:

Iran/Iraq

An Iranian offensive may involve a series of smaller attacks, not a single large push. In the north, attacks probably would be diversionary, with Tehran hoping Iraq would spread its forces thinly enough that Iran could make a successful larger push in the south. CIA believes an Iranian move in the south has slightly less than an even chance of success, with worse prospects if Iraq does not fall for the diversions in the north. On the Iraqi side, recent military successes against vital Iranian economic targets have boosted morale, but Iraq has failed to harass directly Iranian offensive preparations. The domestic impact in Iran of a failed offensive, coupled with substantial economic deterioration, will have serious repercussions. Public expectations for a decisive victory in 1986 are high, and NIO/Warning notes that serious unrest probably would erupt if Iranians were to believe they had suffered a big defeat. If worsening economic conditions result in demonstrations, they could widen the split among hardline and conservative elements within the Tehran regime.

Sierra Leone

Facing serious economic and political challenges, President Momoh may be ousted by the army within 6 months, notes NIO/Africa. Momoh lacks leadership skills and does not have a firm grip on his government. The economy remains in

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shambles, and Momoh's alienation of the country's Muslims, who comprise 50 percent of the population, increases the prospects of a military coup in the near-term.

Sudan

Prime Minister Sadiq, facing immense economic and political problems, has made little serious effort to address them to date. His ability to garner new weapons for the military, to keep adequate food supplies in Khartoum, and to avoid a military fiasco in the south will determine whether he remains in office over the next year. At present, the southern insurgents' siege warfare of government garrisons is creating major problems for the Sudanese armed forces. Coup-plotting is likely to increase, aided by pro-Libyan factions dissatisfied with the government's military and economic policies.

Chile

NIO/Latin America [redacted]

[redacted] concludes Cuba decided within the past year to make a major commitment to the effort to destabilize Chile, and Havana likely obtained Moscow's approval. NIO/Warning notes the military has rallied around Pinochet [redacted] but this probably is only a temporary development. Pinochet's determination to use the new state-of-siege to stifle dissent, over time, is likely to stimulate greater cohesion among the moderate opposition. If continued demonstrations of broad-based opposition convince a majority of senior military officers that Pinochet's policies are creating an irreversible polarization in the country, pressures for decisive change before 1989 will build.

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Nicaragua: Terrorism

Managua is likely to respond to new US funding for anti-Sandinista forces by assessing the prospects for a successful terrorist campaign against US interests--including steps such as contacting radical Honduran groups, assessing their strengths and making contingency plans. Because the Sandinistas know the US will hold them responsible for anti-US activity, target selection will be made with caution. NIO/Counterterrorism notes that the most likely targets will be those involved in supporting US anti-Sandinista efforts and rebels, particularly in Honduras, and only as a last resort will US assets be targeted directly. While NIO/Counterterrorism does not see an immediate Sandinista threat against US forces, action by some radical group seeking to attract attention from a potential sponsor is possible at any time.

Suriname

Ronnie Brunswijk's small rebel force in eastern Suriname poses no direct threat to the Bouterse government at present, but if Brunswijk sustains his operations and presence in the country, the possibility of a coup from within the military will increase. If Bouterse sees his support eroding and remains unable to get military support from the West, he may turn to Libya for assistance.

2. Trend Commentary:

USSR/Middle East

Soviet diplomatic activity in the Middle East has increased this year in, for example, trying to promote Palestinian unity; dealing with the problems of radical allies such as South Yemen; and in responding to Iranian overtures for better ties. However, none of these initiatives holds much promise of moving things in the direction the Soviets would like to go, and some--like promoting Palestinian unity under Arafat's leadership--exacerbate frictions with key allies like Syria. The Soviet approach to Israel appears likely to founder on Moscow's unwillingness to incur Arab wrath. Israel will pocket any Soviet concessions on emigration while continuing to protect its own interests toward Soviet Arab clients.

Western Europe/US

New frictions among NATO's southern flank are likely as the result of projected substantial cuts in US FY1987 foreign military assistance to Turkey, Greece, Spain, and Portugal but probably will not lead to further base closures beyond those already expected. In Turkey, the government seems inclined to let DECA talks drag into 1987 rather than force the issue of increased aid in return for a new agreement. In Greece, Papandreou--evidently ready to renew most US basing rights--has been counting on increased US assistance to justify his turnabout to the left. In Spain, the military--a reserve for support of US bases--may lose clout if Spain incurs heavy financial costs. In Portugal, Prime Minister Cavaco Silva will react strongly to the perceived US diminution of recognition of Lisbon's contribution to NATO defenses. NATO's main concern will be setbacks to force modernization in the southern flank and to their potential reinforcement role. The EC will fear new demands from the southern flank countries to compensate for losses in US assistance.

West Germany

Buoyed by a strong economy, Chancellor Kohl's electoral prospects are bright. He needs a successful visit to Washington, notes NIO/Europe, to cement his standing before the electorate, demonstrate his statesmanship and ability to defend German interests, and defuse widespread antinuclear sentiment.

Japan/USSR

Though Gorbachev's Asian initiative aims at asserting Moscow's role as an Asian and Pacific power, it contains no flexibility on issues key to Japan such as the Northern Territories or reduction of SS-20s in Asia. While there may be improvements in economic relations between the two sides, substantial political improvements will be scarce, especially as the Soviets continue to place paramount emphasis on trying to create problems for US-Japanese cooperation. Nakasone is skillfully using the new Soviet style to create ever stronger

public support for his approach to defense. Soviet troop cuts along the border with China are unlikely to lead to greater domestic pressure in Japan for the government to reduce its commitment to a military buildup and erode defense cooperation with the US.

Liberia

Doe faces profound economic problems, including a local currency suffering rapid devaluation, late pay, and hard currency shortages. Although the political opposition now is generally moribund, NIO/Africa notes that the likelihood of strikes and an opposition renaissance in 1987 will increase Doe's vulnerability. NIO/Warning observes that Doe remains chronically vulnerable to assassination or removal, because he has bankrupted the economy, exacerbated tribal tensions, and alienated the military that has brought him to power.

Paraguay: Narcotics Threat

Narcotics trafficking and marijuana cultivation in Paraguay are rising, and Paraguay will remain a key spillover country for the cocaine trade. The country is fertile ground for expanding trafficking networks or relief from intensified antinarcotics efforts in neighboring countries because of: the existence of a tacitly accepted smuggling infrastructure, economic deterioration, and high-level official corruption. These conditions have facilitated the dispersal of Colombian and Bolivian narcotics operations to Paraguay to realize greater profits and to escape interdiction.

3. NIO/Warning notes these additional Areas of Continuing Warning Concern:

Haiti--civil unrest is intensifying, and more extensive illegal migration is likely as unemployment reaches 50 percent; government remains in danger of collapse.

Jamaica--political tensions remain high, and economic woes will deepen, even with new IMF agreement; Manley's chances to win national elections growing.

Israel/Syria--broad Israeli military action remains likely because Syria's quest for dominance in Lebanon and its expanding coverage of Israeli airspace is on major collision course with Tel Aviv's interests.

Persian Gulf Shipping/US--successful Iraqi attacks on vital economic targets seriously hurting Iran; Tehran has raised ante in Gulf, interdicting more shipping of major powers and threatening to halt all oil exports of Persian Gulf countries; US may be drawn into more direct role as friendly governments in area seek protection.

South Yemen/North Yemen/USSR--outbreak of overt fighting by Hasani guerrillas will trigger vigorous Soviet defense of Aden regime, including efforts to subvert the Sanaa government.

Greece/Turkey--risk of unintended escalation to violence by either side continues amid hostile rhetoric and provocations against "national honor and dignity."

South Africa/Frontline States--new South African attacks on ANC targets in neighboring countries imminent, and further actions by Pretoria in Angola, Mozambique, and other frontline states will spawn ever more intractable situation which affords new opportunities for Soviet exploitation.

Romania--vulnerability to Soviet pressure continues in face of dismal economic prospects, more incidents of worker unrest, and debt/liquidity crises; in the event of a succession crisis, Soviets will meddle to influence outcome.

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Next 5 Page(s) In Document Denied