

ROUTING AND RECORD SHEET

SUBJECT: (Optional) Highlights of Monthly Warning Reports for April 1988

FROM: Charles E. Allen
National Intelligence Officer
for Warning

EXTENSION

NO.

NIO-01670-88

DATE

12 May 1988

STAT

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

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	TO:	DATE		OFFICER'S INITIALS	COMMENTS
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3.	Chairman/NIC	<i>16 May</i>		<i>[Signature]</i>	
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The Director of Central Intelligence

Washington, D.C. 20505

18 May 1988

National Intelligence Council

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

FROM: Fritz W. Ermarth
Chairman

SUBJECT: Comment on Monthly Warning Highlights

Attached are the NIOs' monthly warning notes and a summary of their highlights by NIO/Warning, to which I wish to add some comments of my own.

Soviet Leadership

I personally believe that the Community tends at the present moment to overrate Gorbachev's political strength. That tendency is reflected in the warning note and the highlight. On the other hand, it is soberly resisted in today's PDB (at TAB A). It looks to me like Gorbachev has failed to create a mechanism that will "pack" the June party conference with reformers. Hence, the conference will probably represent more of a stalemate than the victory he originally planned in consolidating his power base and advancing his program. At any time there could be a showdown in the Politburo, such as Khrushchev faced in 1957 and 1964, whose outcome would be hard to predict. More likely, however, Gorbachev faces a long slogging struggle to enlarge his power base and to institutionalize his reform program.

We tend to forget that Gorbachev really hasn't been at it very long. With a far stronger power base in the party apparatus and the military than Gorbachev started out with, Khrushchev took four years to fully consolidate his power and, even then, did so as a result of winning a showdown called by his enemies in the Politburo. Moreover, he was removed by just such a power play seven years later which, his son now tells us, he actually saw coming several weeks in advance.

Gorbachev faces formidable obstacles to his success and threats to his political survival. On balance, the odds still favor him. Even though he lacks an institutional power base outside the Kremlin walls, the wholesale support of the intelligentsia -- so important in the Russian context -- partly makes up for this. He is skillful and bold, but not rash. Most important, his conservative opponents have fears and resentments but no program or even sense of direction that can match his. If the party conference is not the victory he planned on, he will doubtless come up with another strategy, perhaps a series of "issue" plenums of the Central

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Committee at which he could make Politburo changes. He must fairly soon, however, do two things to secure his Kremlin position for the long haul: Remove Ligachev from the Secretariat and put his own man in charge of the KGB.

The apparent leadership statement suggests that, for the moment, Gorbachev will avoid foreign policy initiatives that would be controversial internally, e.g., announcing a large unilateral Soviet military troop cut in Europe. The trouble is that you never know with this guy, so we and the policymakers must remain prepared for such initiatives.

Korea

The deployment of SA-5s in North Korea adds a new dimension to the warning problem there.

General

Warning meetings convened monthly by the NIOs are an excellent way to keep the Community tuned up and focused. The monthly warning reports are good devices for recording the evolution of Community thinking. But they don't seem to be very timely devices for getting that thinking to you. I'm going to look into fixing that.



Fritz W. Ermarth

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NIC-01670-88

17 May 1988

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

FROM: Charles E. Allen
National Intelligence Officer for Warning

SUBJECT: Highlights of Monthly Warning Reports for April 1988

Herewith are summaries of key warning issues compiled by the NIO for Warning from the monthly Intelligence Community meetings conducted by the NIOs in March. The judgments expressed are those of the Community unless otherwise noted. The NIOs' complete reports are attached.

USSR/US

The Moscow summit will occur in the midst of the most dramatic ferment in the Soviet leadership in the last thirty years. Gorbachev has strong incentives to force the leadership dispute with "Second Secretary" Ligachev to a head before the party conference in late June.

- o Gorbachev aims to bolster his authority in negotiations with the President and to gain control of preparations for the conference.
- o There is some chance--perhaps one in five--that Ligachev will beat back this effort, casting a doubt on Gorbachev's ability to press his foreign and domestic agenda.

US/NATO/Warsaw Pact

Once the INF treaty is ratified and the Moscow summit concluded, the arms control spotlight will be on conventional force reductions in Europe. Under the best of circumstances, however, an agreement is unlikely in the foreseeable future.

- o The Warsaw Pact's numerical superiority gives it most of the bargaining chips. Even highly asymmetrical reductions would weaken NATO without significantly diminishing Pact strength.
- o In the absence of a NATO position, the West may be presented with a superficially attractive offer that it must reject in the face of

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public opposition. The Pact may make its proposal public this fall, when Moscow may figure that Washington will be distracted by the election campaign.

Panama

Economic sanctions will be insufficient to force General Noriega from power within the short-term. Noriega is resourceful enough to muddle through. Subordinate commanders and the rank-and-file within the Panama Defense Forces remain loyal and are unlikely to move against him.

- o Even a massive US military reinforcement is unlikely, by itself, to intimidate Noriega. He probably will increase pressure on US service personnel as the crisis drags on. Attacks on Americans by Noriega's leftist supporters cannot be ruled out.

Iran/US/Gulf Arab States

American military successes on 18 April have not intimidated Iran, but Tehran's options for response, given its setbacks elsewhere, are narrowing. In the wake of its Faw defeat and ongoing economic troubles, Tehran's major immediate goal is to rally public support.

- o The Community generally believes that a direct attack on US Naval vessels in the Gulf is still unlikely, but confidence in this judgment has diminished. The Iranians have a strong revenge motive.
- o There is general agreement that terrorism will be the most likely response against the US and Gulf Arab states.

North Korea

Despite the increased cause for concern stemming from recent events in and involving North Korea--such as the airliner bombing, leadership changes, and economic problems--the Community agrees that the threat has not increased substantially in recent weeks. However, Pyongyang's erratic behavior and [redacted] warrant continued wariness.

- o North Korea's handling of its fundamental problems could, over the medium- and long-term, affect its strategy and tactics to the detriment of stability on the peninsula.


Charles E. Allen

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

NIC-01486-1/88
21 April 1988

National Intelligence Council

MEMORANDUM FOR: See Distribution
FROM: Robert Blackwell
National Intelligence Officer for USSR
SUBJECT: Warning Assessment -- USSR

1. Attached is the assessment prepared following the monthly NIO/USSR Warning and Forecast Meeting held on 19 April 1988. Comments would be most welcome.

2. The next warning meeting will be held on Tuesday, 16 May at 1400 hours in Room 7-E-62, CIA Headquarters. Please have your clearances passed and call [redacted] with your attendance plans by COB Friday, 13 May. PLEASE NOTE: Due to the changes in the badging and entry procedures, anyone whose name and clearances have not been received by this office the day preceeding the meeting will not be admitted to the building. I solicit suggestions regarding any topics or contingencies you feel we may be overlooking and request that such recommendations be forwarded to me by COB, Wednesday, 4 May 1988.

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Robert Blackwell
Robert Blackwell

This Memorandum is Unclassified
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The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

NIC-01486/88
21 April 1988

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

VIA: National Intelligence Officer for Warning

FROM: Robert Blackwell
National Intelligence Officer for USSR

SUBJECT: April Warning and Forecast Report

1. The Leadership Situation and the Reform Debate

A. Discussion

On 19 April, intelligence community representatives met to discuss the exchange of polemics between party conservatives (the "Andreyeva letter" in the 13 March Soviet Russia) and reformers (a full-page Pravda editorial article on 5 April) and the implications of this confrontation for Gorbachev's reform agenda.

- There are some important differences within the community over the origins and implications of this dustup, especially over the extent of Second Secretary Ligachev's involvement with the Andreyeva letter.
- But judging from the meeting there is substantial agreement on critical issues: that the struggle between reformers and conservatives for control of the party is reaching a decisive stage as the June party conference approaches, that the Pravda editorial and subsequent developments signify a major victory for Gorbachev and reform proponents, and that Gorbachev is likely to move in the near term--if indeed he has not done so already--to effectively neutralize Ligachev's influence.

WHAT'S THE DISPUTE ABOUT? The radicalization of Gorbachev's agenda over the last two years has produced a fundamental split in the party between reformers (who want a decisive break with the command economy and rigidly centralized political system Stalin created) and conservatives (who believe tinkering will suffice and fear that Gorbachev's reforms are leading the country toward disaster). This split has reached the Politburo, where Ligachev's go-slow rhetoric has clearly established him as the conservative alternative to Gorbachev. The blistering Pravda rejoinder to the Andreyeva

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letter indicates that the dispute has come to a head as the two sides jockey for position in anticipation of the party conference.

WHO'S WINNING? Community analysts disagree on the extent of Ligachev's opposition to Gorbachev and whether he was behind the Soviet Russia attack on reform, as the Moscow rumor mill suggests. Even those who question Ligachev's association with the Soviet Russia article, however, agree that it has been used by Gorbachev and his allies as a pretext to launch a sweeping counterattack on party conservatives and to attempt to neutralize Ligachev's influence in the leadership. An incipient press campaign in support of Gorbachev's agenda since 5 April, and spreading rumors of trouble for Ligachev, suggest Gorbachev has scored a decisive victory.

OUTLOOK FOR THE NEAR TERM A decisive confrontation between conservatives and reformers in the Central Committee and the Politburo now seems likely in the run-up to the party conference. While conservatives remain powerful in the party elite--especially in the regional apparatus that forms the core of the Central Committee--the momentum now seems to be running in Gorbachev's direction. Some sort of move to neutralize Ligachev (as well as reshape the Central Committee) seems likely:

- Gorbachev could attempt to remove Ligachev from the Politburo altogether at a plenum preceding the conference.
- As a compromise, Ligachev could be kicked upstairs to replace former foreign minister Gromyko as President. Such a step, while effectively circumscribing Ligachev's influence, could be more palatable to party conservatives than an outright removal from the leadership.
- Moves to effectively strip Ligachev of his "second secretary" duties--relieving him of the important cadres and ideology portfolios--could be sufficient to neutralize his authority and signal the party ranks that those who attempt to undermine "perestroika" down below will no longer find protection at the top. Gorbachev could calculate that this solution would achieve his objectives while promoting a healing process in the party in the months ahead.

If Gorbachev is able to neutralize Ligachev in some manner, it could allow him to dominate proceedings at the party conference and give a powerful boost to the efforts of reformers to launch a decisive attack on the underpinnings of the Stalinist political and economic system. Given the magnitude of Ligachev's apparent challenge, if Gorbachev fails now to clip his wings, it will be a significant--perhaps fatal--political defeat.

B. Warning []:

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WARNING ISSUE The Moscow summit will occur in the midst of the most dramatic ferment in the Soviet leadership in the last 30 years. NIO/USSR believes Gorbachev has strong incentives to force the leadership dispute to a conclusion before the visit to bolster his authority in the negotiations with the President and to gain control of preparations for the party conference at the end of June. There is some chance--probably less than one in five--that Ligachev will beat back this effort, casting doubt on Gorbachev's ability to press his foreign and domestic agenda. But the odds are good that he will succeed. Indeed, the summit may help him achieve his objective by providing

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an occasion in which the Politburo will want to pull together for a show of unity.

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2. Nationality Unrest

A. Discussion:

Intelligence community representatives discussed the aftermath of the Soviet leadership's recent decisions on Armenian demands for the return of Nagorno-Karabakh region in Azerbaijan. Moscow's use of carrots and sticks --refusing to review the territorial status of Nagorno-Karabakh, offering concessions in the cultural and educational sphere (for instance, improved access to Armenian television for the predominantly Armenian population of the region) and a show of military force--appear to have worked to defuse the short-term crisis. The streets have been relatively quiet and the work stoppages in the capital city of Nagorno-Karabakh effectively ended on 5 April. Over the long run, the community believes that the cultural concessions Moscow has made so far will not be sufficient to satisfy the Armenians and Soviet authorities will come under growing pressure to take more substantial steps.

B. Warning and [REDACTED]:

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WARNING: The upcoming 24 April anniversary of the 1915 massacre of Armenians will provide a near term indication of the stability of the fragile peace that currently prevails. The regime will probably allow Armenian activists to march to the memorial commemorating the victims of the massacre. They will attempt to use moderate leaders to control the participants but there is still a risk of serious trouble.

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3. The Soviet Withdrawal from Afghanistan

A. Discussion:

Some consolidation of forces in country is already underway in preparation for the withdrawal. Moreover, it is increasingly clear that the

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Soviet troops will be withdrawn by unit or garrison, not by thinning as some previously had speculated. Such military operations as are under way are aimed either at clearing withdrawal routes of insurgent activity and/or a final reprovisioning of the more remote Afghan garrisons. The requirements of the withdrawal accords--which mandate the removal of 50% of the Soviet force within the first three months--means that by 15 August the only Soviet forces left in Afghanistan probably will be those in a triangle between Jalalabad, Kabul and on the road north leading to the USSR. Community analysts believe Soviet military advisors in the countryside will be withdrawn as the Soviet units depart, but expect Moscow to try to maintain an advisory presence in Kabul through the withdrawal and perhaps even afterward.

Reporting on Soviet intentions with regard to the provision of military aid to the Kabul regime is mixed, with some Soviets intimating that there won't be any need for new deliveries after May 15 and others suggesting that Soviet military aid will continue, at least until the withdrawals are complete and/or the regime falls. We already have good evidence that the Soviets will be turning over some of the equipment and consummables they have stockpiled in Afghanistan to Afghan forces as they withdraw.

B. Warning Issues

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WARNING ISSUES: NIO/USSR believes we should expect a Soviet propaganda campaign denouncing continued assistance through Pakistan. If withdrawal becomes more complicated than anticipated, the Soviets may launch air strikes against main supply bases in Pakistan before the aid is shipped into Afghanistan.

Robert Blackwell
Robert Blackwell

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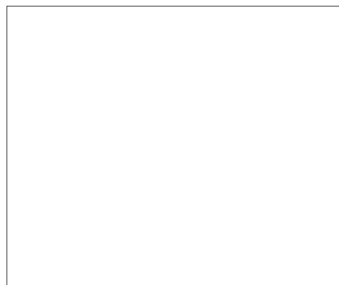
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NIC-01486/88

SUBJECT: Warning Assessment--USSR

Outside Attendees

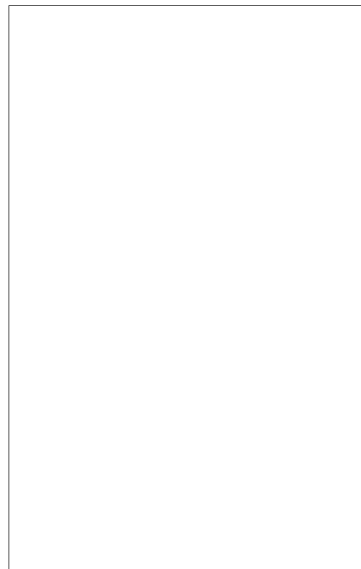


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Inside Attendees

Robert Blackwell



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

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National Intelligence Council

NIC #01478--88
22 April 1988

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

THROUGH: National Intelligence Officer for Warning

FROM: Walter L. Barrows
National Intelligence Officer for Africa

SUBJECT: Warning and Forecast Report: Sub-Saharan Africa (U)

1. Intelligence Community representatives discussed Ethiopia, chemical warfare, Sudan, and Ivory Coast at the monthly warning meeting on 19 April. There was consensus on the following warning notes

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2. Warning Notes:

- Continuing strong insurgent pressure in northern Ethiopia probably will delay the government's planned counteroffensive for several months. Meanwhile, the fighting and the government's hardline stance on foreign famine relief operations will lead to serious starvation and spur population movements to neighboring Sudan. We have not yet detected plotting by disaffected military personnel against President Mengistu but he has personally intervened to discipline and redirect his demoralized troops and cannot indefinitely evade responsibility for the course of the fighting. Further serious government setbacks would put Mengistu in jeopardy; were army leaders to conclude that he "lost" Eritrea, they probably would move against him. (see paragraph 4)
- There is a "medium likelihood" that Libya will use lethal chemical weapons in Chad. If so, the West may never learn of it because the locale is remote and the evidence perishable. (paragraph 5)
- Emergency food deliveries in southern Sudan will become even more difficult soon as seasonal rains begin to wash away the roads. (paragraph 6)

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DISCUSSION

4. Ethiopia. CIA/ALA began the discussion by recounting recent insurgent gains in Eritrea and Tigray Provinces.

-- Surprised government forces have adopted a defensive posture in the north while beginning to bring in forces from the Ogaden and elsewhere. Needing all available troops to confront the rebels, the Ethiopian government has negotiated with Somalia to ease tensions along their common border, stepped up recruitment; and recalled army veterans. The Soviet Union has loaned about 15 more air transports and offered more advisers. Addis Ababa almost certainly is apprehensive about army morale and discipline.

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-- Alarmed at the Ethiopian government's demand that all foreign relief workers leave the north, US officials appealed to Moscow to persuade Mengistu to rescind the order. However, the Soviet preliminary response has offered no encouragement. Nonetheless, a few UN officials have been allowed to remain, so UN trucks will continue to move food and UN officials will try to ensure that Ethiopian officials do not deny food to those they suspect of sympathizing with the rebels. Meanwhile, we still do not see the expected major population movements to Sudan, probably because both Khartoum and the Ethiopian insurgents are opposed to them.

-- Several representatives voiced additional warnings. [REDACTED] noted that Ethiopian army regulars--rather than conscripts or militia--have suffered most of the recent casualties. This adds to the likelihood that army discipline and morale may deteriorate in the weeks ahead. [REDACTED] noted that Ethiopia has asked Sudan to restrain the EPLF, but that Mengistu probably has an inflated expectation of Khartoum's influence with the rebels. Finally, Ethiopia might ask Cuba for more troops, possibly to replace Ethiopian troops in the Ogaden now needed in the north. Cuba could have difficulty complying, however, because it has sent several thousand more troops recently to Angola, and President Castro seems preoccupied with that situation.

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5. Chemical Warfare. CIA/OSWR provided a detailed review of the allegations, evidence, and prospects for chemical warfare in Africa.

-- Libya-[REDACTED]- has acquired a chemical warfare capability. Tripoli has a factory that produces chemical weapons and possibly biological agents. It apparently tried at least once to use chemical weapons against the Chadians, but the effort reportedly failed and killed Libyans instead. Libyan troops are not properly trained or equipped to employ chemical weapons. Although any use is risky, the Libyan forces still might try. One option might be to lay barriers of mustard agent which last one month or more. Chadian troops are ill-prepared to counter chemical warfare.

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-- Ethiopia probably has used fuel-air explosives in Eritrea, and we expect it to use riot control gas and napalm. Less than 10 percent of Ethiopian troops have protective gear, and Eritreans are improvising with goggles and charcoal-filled tubes for breathing--which can be effective. We have no evidence that Ethiopia possesses a chemical warfare capability, and it would run counter to Soviet practice for Moscow to provide it to a client.

-- Sudan has some napalm and riot control agents, which it may use against the southern insurgents. Neither the army nor the SPLA rebels have provided more than 2 or 3 percent of their personnel with protective gear.

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-- We have recorded about 600 allegations, mainly in the press, of chemical weapons use in Angola since 1978 but cannot document any of them. Until about 1984, most accounts accused South Africa of using chemicals against Angolan government troops and also to poison food and water. The claims were plausible because South Africa had been the second-leading producer of chemical weapons among the Western allies during World War II. Pretoria has used herbicides to clear a strip along the northern Namibian border, and it has a pesticide plant capable of producing tons of chemical agents daily. Cuba thus sent a laboratory to test samples found in Angola, but most turned out to be white phosphorus. Since about 1984, Pretoria and the UNITA insurgents have been accusing Luanda and its allies of using chemical warfare. Pretoria helped a Belgian investigator to go to Angola, but his claimed evidence seems specious. Nevertheless, South Africa has begun to equip its troops with protective gear, and its public statements claiming that the Soviets have used chemical warfare in Angola probably are meant to "reserve the right" for Pretoria to retaliate in kind.

6. Sudan. CIA/NESA led the discussion of the extent of famine in southern Sudan.

-- We know little about the scale of starvation in the countryside, but one indicator is reported population movements to Juba, Khartoum, southern Darfur and Kordofan Provinces, and to Ethiopia. The severely malnourished arrivals are dying at rates varying among the different camps from 2 to 8 per 10,000 people each day. Moreover, meningitis reportedly has broken out, and vaccinations so far have been limited to Khartoum. While conditions worsen, the UN has pulled its personnel out of the southern city of Juba because of the heightened insurgent threat.

-- The rebel movement has agreed to cooperate with the International Red Cross in delivering food, but the government in Khartoum continues to drag its feet.

7. Ivory Coast. State/INR led the discussion of political stability in the Ivory Coast.

-- President Houphouet-Boigny has not lost control and, despite his age, probably will remain in power at least until his current term expires in 1990. Constitutional provisions for selecting a successor probably would be followed if the President died in office, and all likely successors appear to be pro-Western moderates. Moreover, Ivory Coast has a history of stability, with an apolitical military and relatively little ethnic tension.

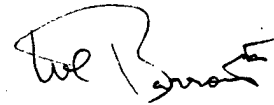
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-- Nonetheless, there probably is some substance to recent reports of plotting among army officers, and ethnic tensions could grow to infect the military. The worst possible situation probably would be a prolonged incapacitation of Houphouet coupled with a marked economic downturn. There are no constitutional provisions for replacing a disabled president, and economic problems already include a shrinking GNP, an insufficient IMF package of assistance, and a growing need to reduce government salaries. Under the worst-case scenario, the inevitable jockeying for power by aspirants to the Presidency against a backdrop of economic grievances could turn violent.



Walter L. Barrows

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

National Intelligence Council

NIC-01477-88
21 April 1988

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

VIA: Chairman, National Intelligence Council

FROM: Marten van Heuven
National Intelligence Officer for Europe

SUBJECT: Special Warning and Forecast Report:
Conventional Arms Control in Europe

1. Once the INF agreement is ratified and the Moscow summit concluded, the spotlight will be on conventional force reductions in Europe. Yet even under the best of circumstances, agreement on conventional arms control is unlikely in the foreseeable future. The gap between public expectations and the real prospects for agreement will create major problems for the United States and its West European allies. Sentiment in the Senate to link approval of a possible US-Soviet START (strategic arms reduction) agreement to conventional reductions would magnify the pressure.

2. The most optimistic scenario would have new Conventional Stability Talks (CST) beginning in late summer or early fall, with the long-stalled Mutual and Balanced Force Reductions (MBFR) talks disbanding then or soon thereafter. Even this early timetable -- which itself depends on the prior conclusion of the Vienna CSCE (Conference on Security and Cooperation in Europe) talks with adequate human rights provisions -- will leave East and West a long way from agreement. With a broader mandate and many more players than MBFR, the new conventional talks will face even more daunting substantive and procedural obstacles.

3. The West has made little progress toward a common position. The French have strong and different views of their own -- not so much over substantive positions (which are not so far from ours) as over their insistence on a multinational, CSCE-like forum assuring French independence from a joint NATO posture. These differences are now being aired in a confidential "Quint" of NATO's High Level Task Force (consisting of the US, the UK, France, West Germany, and Italy). Even assuming eventual agreement in the Quint, there are contentious issues affecting other NATO members: Turkey, for example, wants assurances that the eventual zone of reductions takes into account contiguous Soviet territory.

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4. The East, by contrast, almost certainly has a position ready to be tabled as soon as the new talks begin, if not before. And the Warsaw Pact's numerical superiority in tanks, artillery, and other major items gives it most of the bargaining chips, which it can play with little cost to its military capabilities. Even highly asymmetrical reductions -- on the order of 3:1 or even 4:1 in some categories -- would weaken NATO without significantly diminishing Warsaw Pact strength. But the prospect of such an agreement would stimulate strong public pressure on NATO governments to respond -- particularly if progress on nuclear reductions was seen to be held up by a deadlock on conventional forces. A unilateral Soviet reduction would have a similar effect.

-- In the absence of an agreed NATO position, the West may well be presented with a superficially attractive Warsaw Pact offer that it must reject in the face of considerable public opposition. Such a scenario would further complicate the maintenance of a NATO security consensus.

5. To date, conventional arms control has been accorded low priority by Western governments preoccupied with nuclear arms negotiations and other issues, with the result that NATO is ill-prepared for the coming CST round. The moment of truth may come with a new Soviet/Warsaw Pact initiative some time in the fall, when our ability to exert a leadership role will be hindered by the presidential election campaign.

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Marten van HeuvenSECRET

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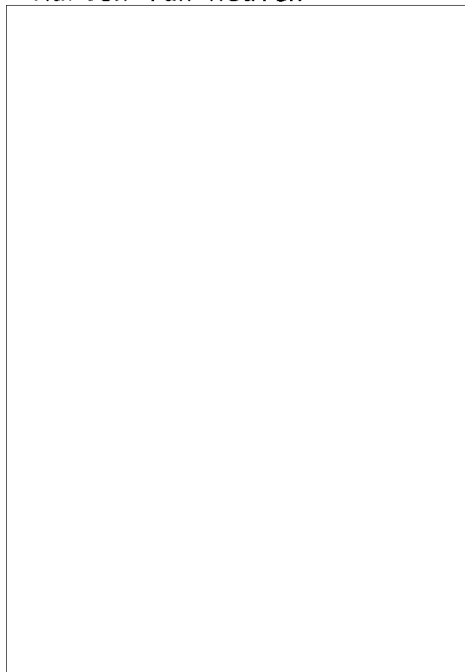
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NIO/EUR Warning and Forecast Report - 20 April 1988

ATTENDEES

CIA

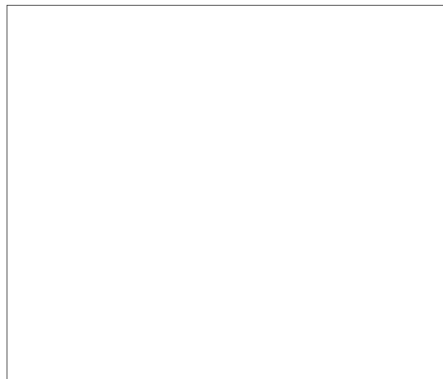
Marten van Heuven



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The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

NIC 01500-88
23 April 1988

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

VIA: National Intelligence Officer for Warning

FROM: Martin W. Roeber
National Intelligence Officer for Latin America

SUBJECT: Latin America Warning and Forecast Meeting
April 1988

1. The following four countries were discussed and major judgments of the Intelligence Community were that:

- Economic sanctions alone will be insufficient to force Panamanian military commander Noriega out of power within the next thirty days; subordinate commanders remain loyal and unlikely to move against him. Even a massive US military reinforcement in Panama is unlikely by itself to bluff Noriega.
- The current impasse in Nicaraguan peace talks between the Sandinistas and the Resistance probably will be overcome and a tentative accord eventually reached. Prolonged negotiations, however, are likely to split the insurgent movement and delays in resupply will erode the integrity of units inside Nicaragua.
- The Honduran military is unlikely to force President Azcona from office in the wake of strong public reaction to the illegal extradition of drug-trafficker Matta, even though the President's position has been seriously eroded. Anti-US sentiment among commanders has grown, discouraging pro-US military officers from speaking out, for example, against the Foreign Minister's efforts to reach a bilateral accord with Managua.
- Civil-military tensions in Peru have increased substantially and while a coup in the near term is not probable, a misstep by President Garcia could galvanize opposition to him and prompt his ouster. [REDACTED]

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2. Panama:Financial Issues:

Some money is almost certainly coming to the government in the form of taxes and other payments and possibly undetected small loans but, on balance, the Intelligence Community sees no external "financial savior" for Panama. Economic conditions and Noriega's ability to meet his financial obligations will continue to deteriorate. Loans, such as the possible \$20 million from Libya, will provide only short-term relief. [REDACTED]

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Nonetheless, the Intelligence Community believes it has consistently underestimated Noriega's resourcefulness. Even without external assistance, the majority of analysts believe he will "muddle through," albeit with gradually diminishing resources. In addition, the analysts agreed that economic deterioration alone will not force him out. Indeed, some speculated that public expectations have been lowered and that many Panamanians have made adjustments to live with partial paychecks. [REDACTED]

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The Military

The Intelligence Community believes that the military institution remains unified and analysts see little prospect over the next thirty days for a move against Noriega.

- As committed careerists, key commanders, although probably restless, remain loyal to the institution.
- While the rank-and-file are also unhappy over the lack of full paychecks, Noriega has provided them with additional credit at the well-stocked commissary, which has eased financial distress.
- Discipline within the military, including the police, is excellent.
- The loyalty of the captains and majors who control troops remains strong.
- The civilian opposition has been unable to mount any substantial or sustained demonstrations. [REDACTED]

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Increased US military presence alone--even if totalling thousands of troops--will not shake the regime. However, if US military dependents were moved onto military bases and the US became more aggressive in challenging the PDF, suggesting that major military action was imminent, then the PDF could be forced to reassess its support for Noriega. [REDACTED]

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Even though Noriega seems well entrenched, the Intelligence Community believes that he might be willing to leave under the proper circumstances. Key to Noriega is that he is able to remain in Panama and is given guarantees of his personal safety. One possible agreement would include Noriega's departure from the PDF in August, which would mark his traditional retirement date. [REDACTED]

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On the Cuban presence, the analysts agreed that it is highly unlikely that Havana has sent more than a few dozen personnel, some for military training and others for press and propaganda manipulation. There were some differences over the implications of this Cuban presence for PDF unity, however, with some arguing that it made little difference and others suggesting it was raising concerns. [REDACTED]

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WARNING ISSUES:

- Noriega may be willing to allow an increase in foreign leftist influence in Panama in exchange for financial and diplomatic support.
- Noriega is likely to increase pressure on US military personnel as the crisis drags on and although he has thus far blocked violent actions against the US, random attacks by his leftist supporters cannot be ruled out. [REDACTED]

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3. Nicaragua

The Intelligence Community believed that the current impasse is likely to be overcome and that prospects for a cease-fire accord remain good. Both sides have staked out tough initial positions, the insurgents to placate hardliners in the Resistance and the Sandinistas to sow disunity among the insurgents and mollify their own followers who might question direct talks. [REDACTED]

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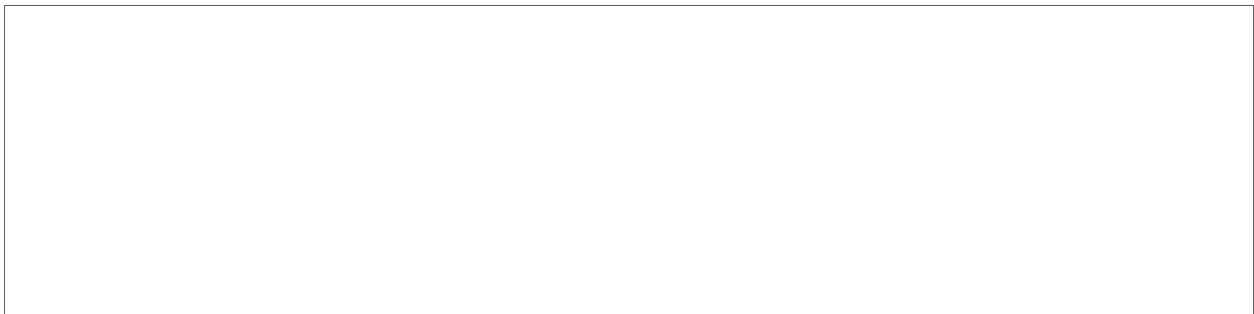
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A minority of analysts were less optimistic about a cease-fire. They argued that the unity of the Resistance will break down quickly and end prospects for a full agreement. As a result, fighting would resume, although only 3,000 to 5,000 combatants would be likely to renew the struggle.



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The cease-fire zones under negotiation offer both advantages and disadvantages to the Resistance forces. Their size is equivalent to El Salvador and this will prevent "sealing" by regime forces and they are located in traditional rebel operating areas. On the negative side: their relative underdevelopment, remoteness, and lack of population or overland transportation. Such problems, combined with heavy rainfall, will make movement difficult.



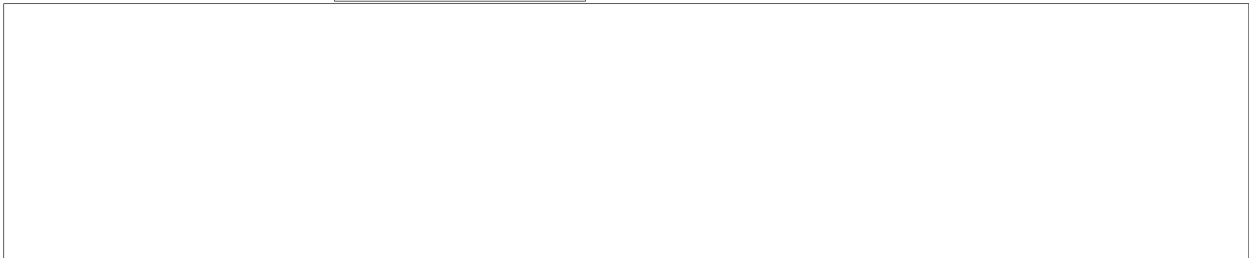
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WARNING ISSUES

- Prolonged negotiations with the Sandinistas will exacerbate splits within the Resistance.
- The Sandinistas could launch a preemptive offensive against insurgent units in the cease-fire zones if peace talks appear to be failing.



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4. Honduras

Although the strong public reaction to the illegal extradition of drug dealer Manuel Matta has shaken civil-military relations, it is unlikely to provoke a coup. Nonetheless, the backlash has strained relations with the armed forces and further weakened an already unpopular President Azcona, and the Intelligence Community cannot rule out the possibility that he could be replaced constitutionally or that he might decide to resign. In addition, the affair further eroded the credibility

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of the United States within the Honduran military. Washington's pressures on Tegucigalpa have angered the high command which sees the incident as an example of capricious behavior. The military is also angered by continued accusations of Honduran military involvement in drug trafficking. Indeed, if anything, the affair may have strengthened the position of those reputedly involved in trafficking. For example, the Intelligence Community sees little likelihood that police commander and rumored trafficker Leonel Riera, who delayed responding to US Embassy calls for assistance, will be replaced unless Commander-in-Chief Humberto Regalado is also forced out. Furthermore, backlash against Washington may discourage those who oppose Foreign Minister Lopez Contreas' initiative to sign a bilateral accord accommodation with Managua from speaking out for fear of appearing subservient to US interests. [REDACTED]

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WARNING ISSUES:

- While Azcona's position seems safe for now, further large-scale demonstrations could prompt civilians to try to force his resignation.
- Pressure from the military--resentful toward Washington--may force the President to be less accommodating to US interests in the coming months.
- Popular reaction to Matta's illegal extradition has given the traditionally weak left an issue to galvanize latent anti-US sentiment in Honduras, increasing the prospect for further demonstrations and attacks on US property. [REDACTED]

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5. Peru

low. President Garcia's relations with the military have reached a new [REDACTED]

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[Redacted]

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[Redacted]

[Redacted] Garcia has shown an ability to defuse military tensions in the past, and he is showing indications that he is again taking steps to placate or otherwise deal with commanders. The Intelligence Community believes, however, that any precipitous moves by Garcia--such as trying to extend his term by fiat, or pressing for punishment of troops involved in the 1986 massacre of guerrillas imprisoned in Lima, would galvanize military sentiments against him, and dramatically increase the likelihood of a coup. [Redacted]

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WARNING ISSUE: [Redacted] but a misstep by Garcia could galvanize military and civilian support for his ouster. Such an effort might be resisted by the ruling party's paramilitary apparatus and result in widespread fighting. [Redacted]

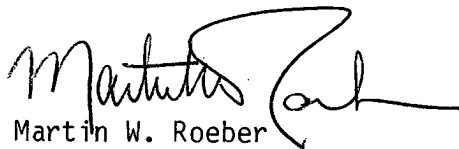
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Participating in the NIO/Latin America Warning Meeting of
29 April 1988 were representatives of the following agencies:

Defense Intelligence Agency:

DIO/DIA
DIA/DE3
DIA/DB3C2
DIA/DB3C1
DIA/DB5C
DIA/DX-5
DIA/OA-5
DIA/JSI-4B
DIA/CAJIT

DOD/JCS

National Security Agency

Department of State/INR

Department of the Army

Department of the Navy

CIA Participants:

ALA
OGI
OIA
LDA
OIR
DO/LA
DO/CATF
DO/EPS
DO/NC
NIO/W
NPIC
FBIS
NIC/AG

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

NIC #01492-88
25 April 1988

National Intelligence Council

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

VIA: National Intelligence Officer for Warning

FROM: Daniel K. Webster
National Intelligence Officer for Near East and South Asia

SUBJECT NESAs Warning and Forecast Report, 21 April 1988

Iran

1. The discussion focused on likely Iranian actions in the aftermath of the 18 April clashes. Analysts generally agree that the US military successes have not intimidated Iran, but Iranian options for response are narrowing. We believe a direct attack on US naval vessels in the Gulf is still unlikely, but our confidence in this judgment has diminished for three reasons.

- There is certain to be a strong Iranian desire to revenge their 18 April losses.
- Tehran is suffering a series of setbacks, militarily and economically, and may be now more tempted to react aggressively.
-

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2. There is general agreement that terrorism will be the most likely Iranian response in the current situation against both US and GCC targets. CIA believes that increased terrorism will still be employed on a selective basis designed to accomplish specific policy objectives. State/INR notes an apparent trend toward a more aggressive policy by Tehran and believes that a large scale aggressive pattern of action may result. DIA acknowledged this possibility but believes Iran does not have the capability to pose a major threat to the vital interests of the US or neighboring states at this time.

3. The recapture of the Faw Peninsula by Iraq has been a significant military and psychological defeat for Tehran. The Iraqis were able to achieve strategic surprise in their attack, perhaps aided by Iranian complacency brought on by the lack of offensive Iraqi activity in the past. The recapture of Faw serves effective notice that the Iraqi army is indeed a force to be reckoned with and may require Iran to devote more attention and

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resources to its defensive positions along the front. (The Iraqi victory also appears to underline the inhibiting effect that Baghdad's political decisionmaking has had on Iraqi military capabilities.)

4. Tehran's major objective in the immediate future must be to rally new public support in the wake of its recent defeats. Most analysts believe it will be able to do this only to a limited degree. It is doubtful whether Tehran can achieve the "national mobilization" that the Iranian leadership is now calling for.

Afghanistan

5. There has been surprisingly little reaction to the Geneva accords from the major parties involved in the war. Pakistan and the Soviet Union appear generally satisfied with the accords. The Mujahedin are not happy with the Geneva agreement but have not been as outspokenly opposed as might have been expected. They have been assured by Islamabad that the supply effort will be continued and they will moderate their opposition to the Geneva accords so long as supplies continue to flow. Kabul's reaction to the agreement has been rather mild and there are not yet signs of panic within the PDPA. However, some reporting indicates the probability of military defections to the Mujahedin in the near future.

6. There is some divergence of views among the analysts on the likelihood of a cutoff of Soviet supply to the Kabul regime. State INR believes there is a significant possibility that Soviet supplies will be terminated. CIA and DIA are less optimistic and note that continued resupply of Soviet forces will be required until withdrawal is completed. It will be very difficult to tell whether supplies shipped into Afghanistan are intended for Soviet or Afghan forces during the withdrawal period. There is some possibility that supplies of consummables already in country could sustain the Afghan army for up to two years at recent rates of expenditure.

7. Analysts are in general agreement that Pakistan is unlikely to unilaterally cut off supplies to the Mujahedin during the period of Soviet withdrawal. [REDACTED]

[REDACTED] If Soviet resupply to the PDPA should cease, Pakistan is likely to be more reluctant than the US to halt supplies to the Mujahedin.

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8. Kabul's political reorganization of the northern provinces is not seen as a Soviet attempt to partition the country following withdrawal. Such a strategy would leave the Soviets with many of the same liabilities they now have and with none of the gains that a complete withdrawal would bring. Rather, community analysts believe that the reorganization in the north is more likely a last ditch effort by Kabul to consolidate its hold on at least a portion of the country. It is similar to other initiatives that Kabul has tried--unsuccessfully--in the past.

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Libya

9. Qadhafi's recent efforts to convince Libya and the world of his good intentions do not represent a real change of heart. His loosening of dictatorial constraints domestically and his gestures of good intentions abroad are aimed at strengthening his political position and reducing his international isolation. He has recently announced new policies of releasing political prisoners, allowing more foreign travel by Libyan citizens, permitting greater private economic activity, and curbing oppressive practices of the security services. These policies are aimed at reducing opposition to his rule among the Libyan population and shoring up his support in the military.


10. Domestically he seems to have had some success. [REDACTED] report less disenchantment among the population. Effective internal opposition to his rule has probably declined as a result. His apparent withdrawal of total support for the revolutionary committees may well be a reflection of his desire to use revolutionary committee members as a scapegoat for his own failed policies. A number of revolutionary committee members have been murdered in recent weeks and rumors abound that several leaders of the revolutionary committee have been arrested.

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11. In foreign affairs, Qadhafi also appears to be making some gains. He has announced plans to improve relations with neighboring states and his release of foreigners jailed in Libya has gone a long way toward improving his image with some European states. If he continues on his present course, community analysts believe it likely that he will succeed to a significant degree in reducing Libya's international isolation. Economic sanctions imposed in 1986 will likely decrease and there is already evidence that Italy is interested in improving relations with Libya. Qadhafi is making a similar effort to improve his relations in Africa, most notably with Niger, Sierra Leone and Nigeria.

12. Analysts are unanimous, however, in their assessment that there have been no basic changes in Qadhafi's foreign policy goals. He continues to attempt to work against US interests around the world and Libyan support for terrorism shows little sign of change. With his basic goals intact, but pursued through more effective means, Qadhafi may, in fact, be a greater challenge to US interests. Effective reduction of opposition at home will help ensure his survivability and increasing acceptance abroad will give him greater flexibility to pursue his anti-US agenda.


Daniel K. Webster

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The Director of Central Intelligence

Washington, D.C. 20505

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National Intelligence Council

NIC #01527-88
26 April 1988

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

VIA: National Intelligence Officer for Warning

FROM: Carl W. Ford, Jr.
National Intelligence Officer for East Asia

SUBJECT: 13 April 1988 East Asia Warning and Forecast Meeting:
North Korea

1. Despite the increased cause for concern resulting from recent events in and involving North Korea--such as the bombing of a South Korean airliner; changes in the North's senior leadership, including the replacement of the Defense Minister; and reports of increasing food shortages and corresponding disgruntlement--analysts from throughout the Intelligence Community agree that the immediate threat posed by North Korea has not substantially increased in recent weeks.

[redacted] continued wariness by the South, as well as by the United States, is warranted.

2. Pyongyang's goal of reunification with the South on the North's terms has not changed, but its tactics for achieving this goal have been flexible. In the past, North Korea has resorted to terrorism, shooting incidents along the DMZ, agent infiltration, assassinations and, somewhat paradoxically, serious negotiations. In the nearterm, we can expect that this "broken field runner-type" of approach will continue.

3. Nevertheless, North Korea is now beset by some fundamental difficulties that will not be easily resolved and that, over the medium to longterm, could affect its strategy and tactics to the detriment of stability on the peninsula:

-- North Korea's economy, already a disaster, continues to deteriorate, a situation which the top leadership may not fully appreciate.

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-- While South Korea's leadership succession appears to be going smoothly, the situation for the North remains highly uncertain. The dynastic transition from Kim Il-sung to Kim Jong-il could become troubled.

-- The ability of the South Koreans to successfully hold the Olympics will be a major blow to North Korea's self-image and international prestige. [redacted]

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4. In wrestling with these challenges, North Korea, with respect to its nearterm tactics towards the South, could adopt any of three general approaches. It could:

-- Become more hostile and step up military pressure or the use of terrorism. Incidents along the DMZ or seaborne infiltration of agents could be increased, and/or efforts could be made to bomb hotels and other tourist facilities in order to frighten people away from the Olympics. (They will probably not attack Olympic facilities during the games because the Soviets, Chinese, and other friends will be in attendance.) We believe, however, that the chance of immediate large-scale military operations against the South is low. Although training activity in the North Korean armed forces, especially at the lower echelons, has been intensified in the past few months; the size of the armed forces reportedly has been reduced by 150,000, and there are some reports of reductions in the North's defense budget.

-- Try to cut its losses by accepting the Olympics as a fait accompli, keep a low profile, and try to reclaim some prestige by successfully holding the World Youth Games next year.

-- Try to resume negotiations with the South in an effort to get some of the events moved to the North (unlikely now that time is so short), and pursue tension-reducing negotiations on other fronts. [redacted]

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5. Internal challenges to the North could make it more obstreperous and dangerous over the longterm. Or, conversely, internal events could spin out of control, forcing Pyongyang to turn inward and move toward either collapse or reform. [redacted]

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In several respects North Korea is becoming more exposed to the outside world. More Korean expatriates and other visitors are visiting the motherland, and gradually more Koreans are traveling abroad through diplomatic missions and cultural activities. [redacted]

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Carl Ford

Carl W. Ford Jr.

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