



Director of
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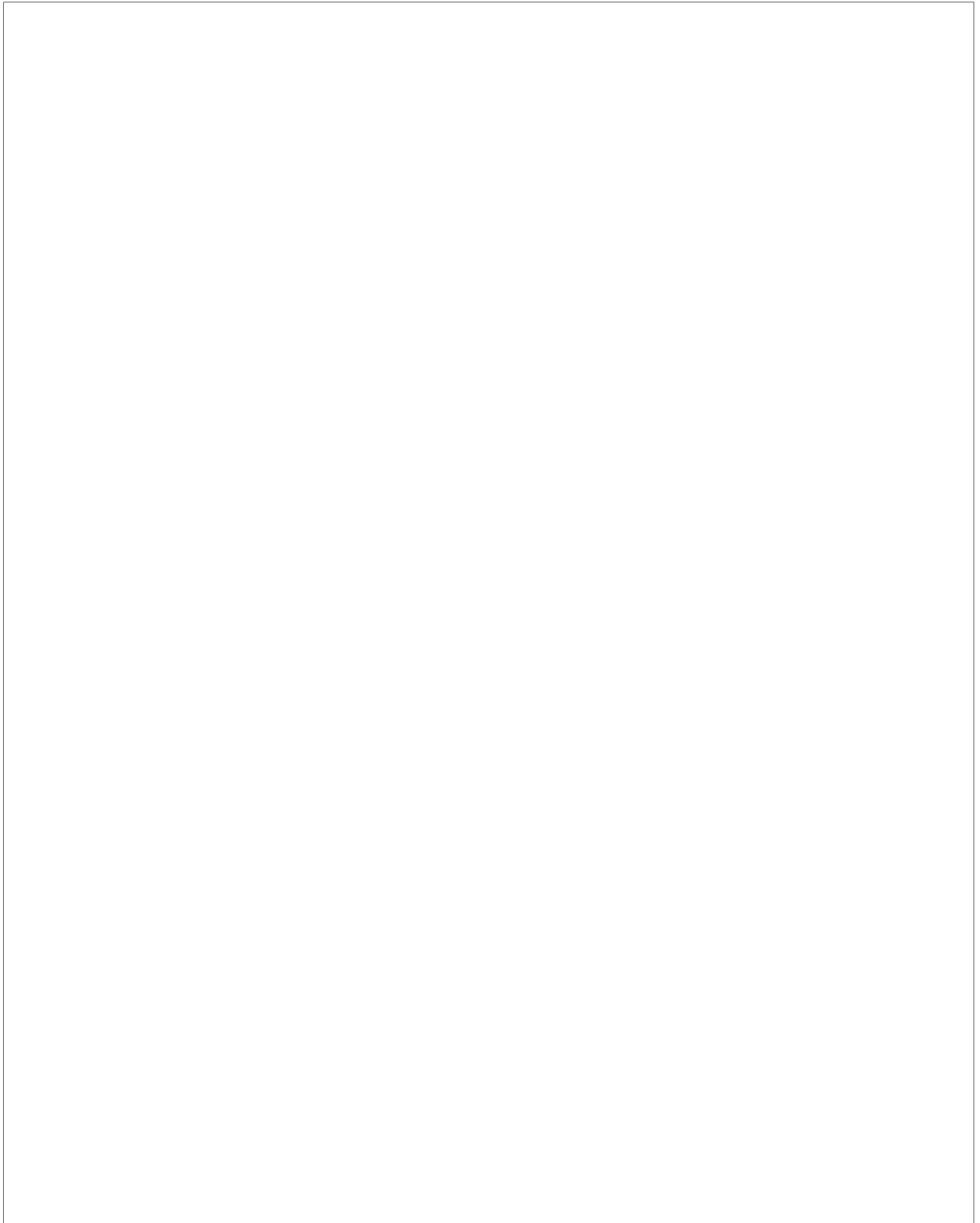
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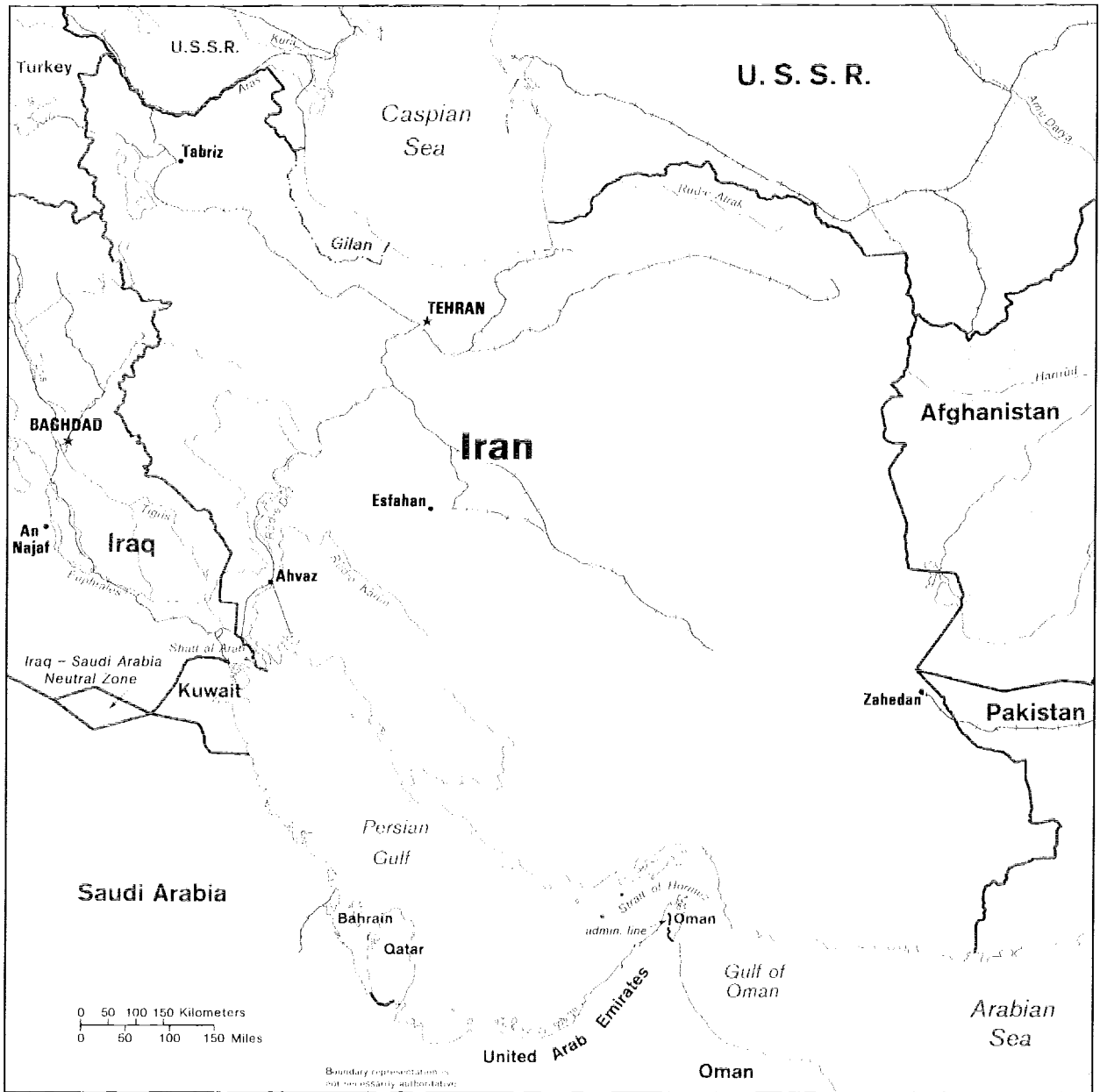


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SITUATION REPORT


IRAN


The Iranian left has been dealt a serious setback in the university clashes this week. 

The situation in Tehran was quieter yesterday after the leftist Fedayeen withdrew from the campuses under pressure from extremist Muslim groups. In most other cities, calm apparently also prevailed. Tehran Radio reports, however, that there has been serious fighting at the university in Gilan Province, a traditional stronghold of leftist influence, and in Ahvaz and Zahedan.




Although the left has been damaged by the attacks, it probably retains its arms and organizational apparatus and may be able gradually to filter back to the campuses. The leftists also can continue to operate effectively underground. 

The government did not initiate the purge of the left and has so far shown no inclination to ban the left's activities off the campus. The Fedayeen, however, have been concentrating their activities among the minorities for some time and may well now choose to take a more open and violent antiregime line. The pro-Soviet Tudeh Party has not been a major force in the universities and probably will continue to support Ayatollah Khomeini publicly while trying to increase its influence. 

The impetus for the attack on the left came from several extremist Muslim groups associated with the Islamic Republic Party. 



Muslim activists, many of them simply street thugs, have justified the attack by pointing to Khomeini's new year's speech on 21 March that called for a purge in the universities. 

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The Islamic Republic Party has now proclaimed a "cultural revolution," and President Bani-Sadr has endorsed it. He appears to have been caught off guard, and is trying to identify with the campaign against the left. [redacted]

Bani-Sadr denied in an interview broadcast yesterday that he considered resigning after his efforts to end the hostage crisis failed. [redacted]

Iran-Iraq

Khomeini's office in Tehran said yesterday that Iraqi Shia leader Ayatollah Baqr Sadr has been executed by the Baghdad regime. The office decreed three days of national mourning in Iran and called on the Iraqi armed forces to overthrow the Baathist government. Iranian media are claiming that a strike is already under way in the Iraqi Shia holy city of An Najaf. (U)

Iran-USSR

The supervisor of Iran's Ministry of Economic Affairs and Finance announced yesterday that a draft of an economic and industrial protocol with the USSR has been drawn up and will be signed in Moscow. The protocol could include agreement on the expansion of the Esfahan steel mill and other joint projects. [redacted] the talks on the supply of gas to the USSR are still stalled. [redacted]

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BRIEFS AND COMMENTS

EC-IRAN: Decision on Sanctions

The first stage of the EC program on Iran is the reduction of West European and Iranian staffs in their respective embassies, and in anticipation of later economic measures, the EC Foreign Ministers yesterday recommended that no new export or service contracts be signed with Iran. [redacted]


The results reflect the West European belief that economic sanctions are more provocative and should be kept as a last resort. Although the Nine failed to invoke an article of the Community treaty permitting the EC to take immediate trade actions, the ministers called on their national legislatures to adopt laws to carry out UN Security Council sanctions; this process will begin immediately. [redacted]

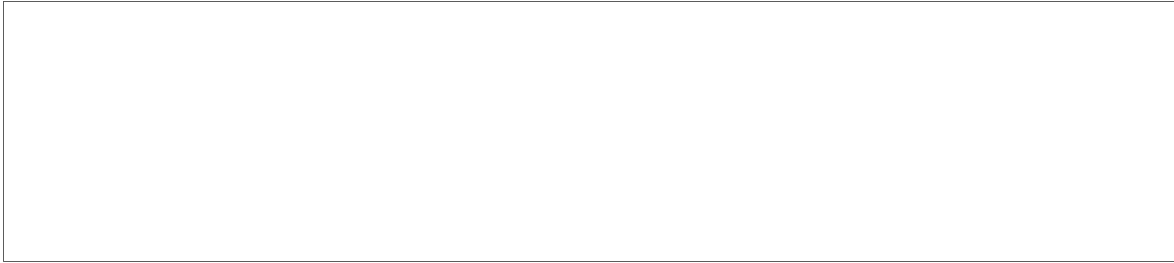
These sanctions will be imposed unless there is "decisive progress leading to the release of the hostages." The target date for such action is 17 May, the date of another EC Foreign Ministers' session. While "decisive progress" was not defined, British Foreign Secretary Carrington indicated he would not be satisfied merely by transferring control of the hostages from the militants to the Iranian Government. The West Germans presumably will deem yesterday's agreement sufficient to preclude the need for unilateral moves by Bonn. [redacted]

We have yet to confirm press reports of an EC decision to discourage purchases of Iranian crude oil; no reference to the subject appeared in the public EC statement. This step may be controversial since some of the EC countries reportedly have difficulty reconciling it with prior contractual obligations. [redacted]




USSR-IRAQ-IRAN: Soviet Concern

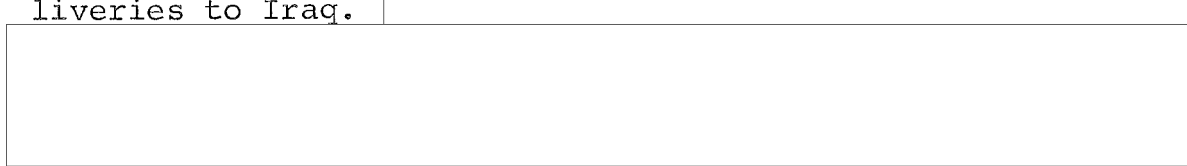
The Soviets apparently are trying to discourage a major military confrontation between Iran and Iraq by arguing that only the US would benefit. 



The Soviets do not want to alienate Tehran or Baghdad by giving either strong support. They reportedly feel that the dispute is particularly inopportune because it diverts attention from the crisis in US-Iranian relations. The Soviets also are concerned that the situation might provide the US with a pretext to intervene in Iran.



Soviet media have favored Iran slightly, but the Soviets have refused Tehran's request to stop arms deliveries to Iraq. 





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AFGHANISTAN: Possible Demonstrations

Soviet and Afghan forces are preparing for possible demonstrations in Kabul and other major cities on Sunday during celebrations of the second anniversary of the Marxist revolution. []

Several incidents have occurred recently in Kabul, which had been quiet since the week-long general strike in late February. At a ceremony on Monday, students desecrated the new national flag and rushed Soviet troops, who fired into the crowd killing two students. In other incidents, demonstrators attacked official vehicles, and a bomb exploded at a military school. []

Soviet MI-24 helicopters have been patrolling each day over the city, and Soviet and Afghan armored vehicles are expected to begin more frequent patrols later this week. []

The organized opposition, perhaps chastened by the Soviet suppression of the general strike, may not be ready for another test of strength. In view of the emotions likely to be aroused by the unpopular Marxist celebrations, however, the chances are good for at least isolated small-scale protests. []

The possibility of violence is higher in cities outside the capital--such as Herat, Qandahar, and Jalalabad--where unrest continues and there are fewer Soviet and Afghan forces. []

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USSR-FRANCE: Gromyko's Visit

Soviet Foreign Minister Gromyko arrives in Paris today amid growing French concern that East-West relations are getting dangerously out of hand. [redacted]

Gromyko will hold lengthy discussions with Foreign Minister Francois-Poncet and is likely to meet with President Giscard. Both sides see the visit as a positive development but neither expects it to lead to a substantial improvement in relations. [redacted]

This is the first trip to Western Europe by a high-ranking Soviet official since the invasion of Afghanistan, and Moscow welcomes the opportunity to publicize its ability to maintain a dialogue with the West Europeans. The French, on the other hand, are concerned that the trip will stir up criticism in the US and would prefer to see the visit proceed quietly. [redacted]

Although the meetings fall within the framework of a protocol of 1970 that provides for semiannual exchanges between foreign ministers, the timing of the visit has caused some surprise. Only three weeks ago Francois-Poncet hinted that the visit might be postponed indefinitely because of tensions in East-West relations. [redacted]

The Soviets would prefer to concentrate on arms control and the coming session in Madrid of the Conference on Security and Cooperation in Europe. The French insist, however, that Afghanistan must be the focus of the talks, and they will tell Gromyko that detente cannot go forward until the USSR withdraws its troops. [redacted]

Gromyko probably will echo remarks made last week by the Soviet Ambassador to Paris, who criticized the US for pushing ahead with nuclear force modernization and for stimulating Western reactions on Afghanistan. Although the Ambassador went on to assert that the "special" Franco-Soviet relationship can make a major contribution to the reestablishment of detente, the overall tone of the speech conveyed a firm nonnegotiable Soviet position on Afghanistan and disarmament. If, as expected, Gromyko is not prepared to go beyond this, the French see little prospect for a successful dialogue during the visit. [redacted]

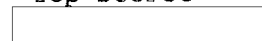
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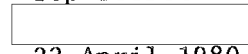


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ZIMBABWE: Western Assistance

An initially favorable Western response to Prime Minister Mugabe's request for economic assistance is improving the chances of getting the new government established, but Salisbury is still short of its foreign aid goal. [redacted]

Buoyed by Mugabe's early moderation, the UK, West Germany, the US, the Netherlands, Denmark, and the European Community have pledged a total of \$140 million in assistance for this year. Other Western donors are likely to contribute, especially if the political situation remains stable. [redacted]

South Africa, Salisbury's leading creditor during the 14 years of UN sanctions, reportedly also plans to resume the discreet financial assistance that was suspended in March. Pretoria evidently has been reassured by the new government's promises to honor all foreign debts contracted by previous regimes and not to provide bases for South African liberation groups. In any event, near-term aid from South Africa will be far short of the annual peak of some \$500 million reached during the war. [redacted]

Foreign private interest in Zimbabwe is being rekindled by the government's pledge not to nationalize foreign-owned businesses. South African, British, Japanese, West German, and American exporters and construction firms are already competing for tenders on over \$3 billion in capital investment projects planned between now and 1984. [redacted]

Recent Western aid pledges are a first step toward encouraging Mugabe to forego revolutionary change once he consolidates his power. Up to \$1.5 billion in foreign official and private funds will be needed over the next five years to rebuild the economy and to finance land resettlement and expanded social services for the black population. [redacted]

KENYA: Discontent With Moi

Growing numbers of Kenyans are questioning President Moi's leadership. [redacted]

Symptomatic of Moi's problems is his inability to put an end to the power struggle between Charles Njonjo, his closest adviser, and Vice President Kibaki. Njonjo appears to be trying to force the issue by resigning as Attorney General in order to run in a by-election for Parliament. [redacted]

Njonjo probably wants to use an election victory as a springboard to a higher office for which a seat in Parliament is necessary. He may hope to replace Kibaki as Vice President or to assume a new post as Prime Minister. [redacted]

Kibaki is a member of the politically dominant Kikuyu tribe, which views Njonjo as a threat. Ethnic tension also is increasing within the usually apolitical military, where members of other tribes are grumbling that Moi's fellow tribesmen are being promoted unfairly. [redacted]

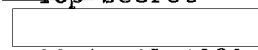
Moi's reputation also suffers from a growing sense among Kenyans that the economy is out of control. Discontent has been aggravated by severe shortages of food and by power outages that have spread to urban areas. Reports of government mismanagement and corruption among Moi and other senior officials are widely believed. [redacted]

There appears to be no organized opposition as yet, and Moi may still have time to make policy and personnel changes that could alleviate some of Kenya's problems. The country's pro-Western orientation and expanding military relationship with the US still seem to enjoy broad public support. The US has become closely identified with the Moi government, however, and could become a focus for discontent if conditions deteriorate more dramatically. [redacted]

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HONDURAS: Election Implications

The Liberal Party's upset win last Sunday in the constituent assembly elections may lead to disagreements with the military. Just before the elections the military had pushed for an interim government headed by current junta leader General Paz and for a subsequent direct presidential election. The Liberals had hoped that a victory in the constituent assembly elections would allow them to elect indirectly a president from within their own ranks. [redacted]

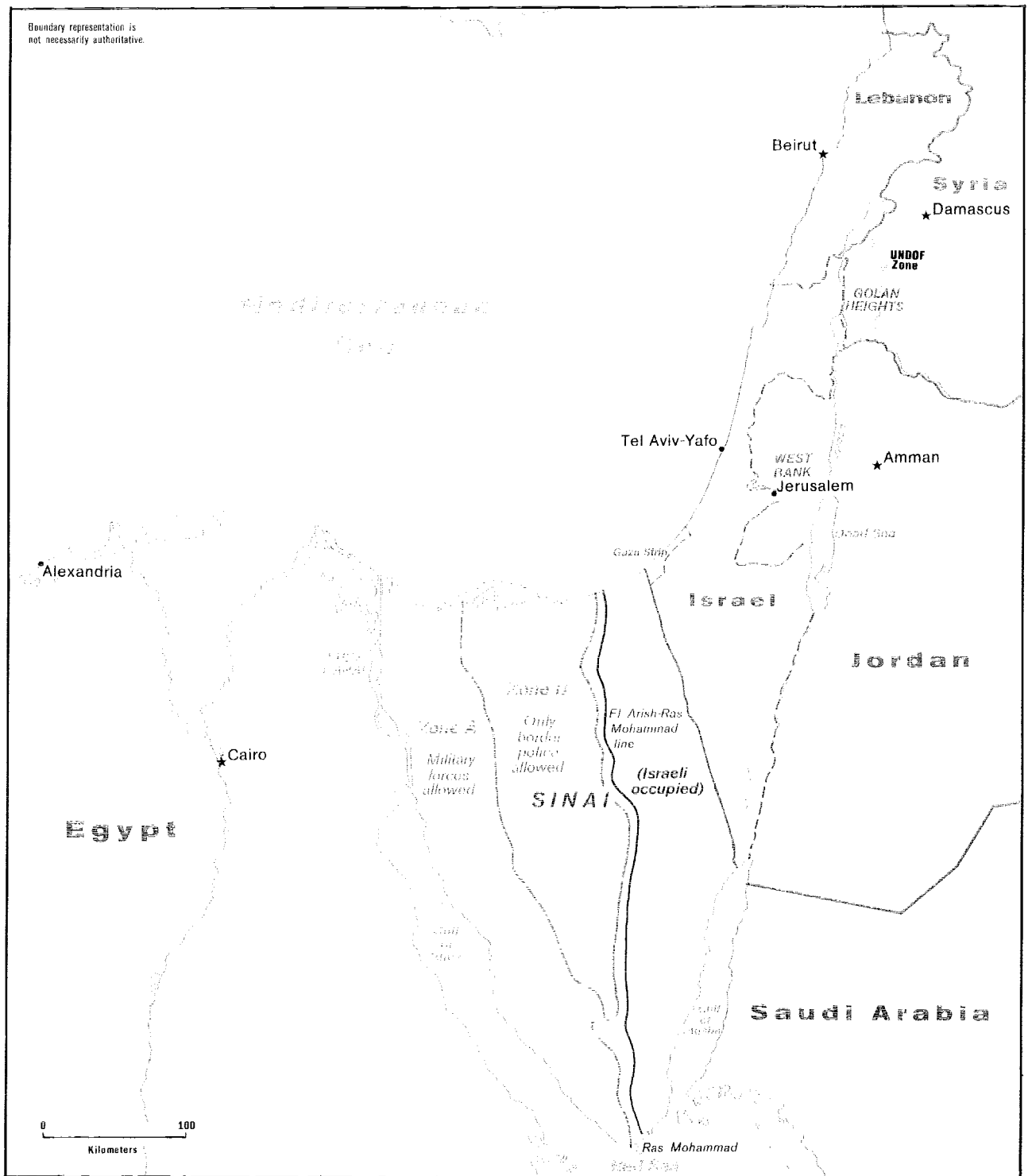
The substantial voter turnout gave the Liberals a plausible mandate that could strengthen their argument for an indirect presidential election. Military support for a direct presidential election is partly the result of US interest in open contests, but the Liberals may worry that collusion between the military and the Nationalist Party--a strong second in the elections--could undermine their victory. [redacted]

[redacted]

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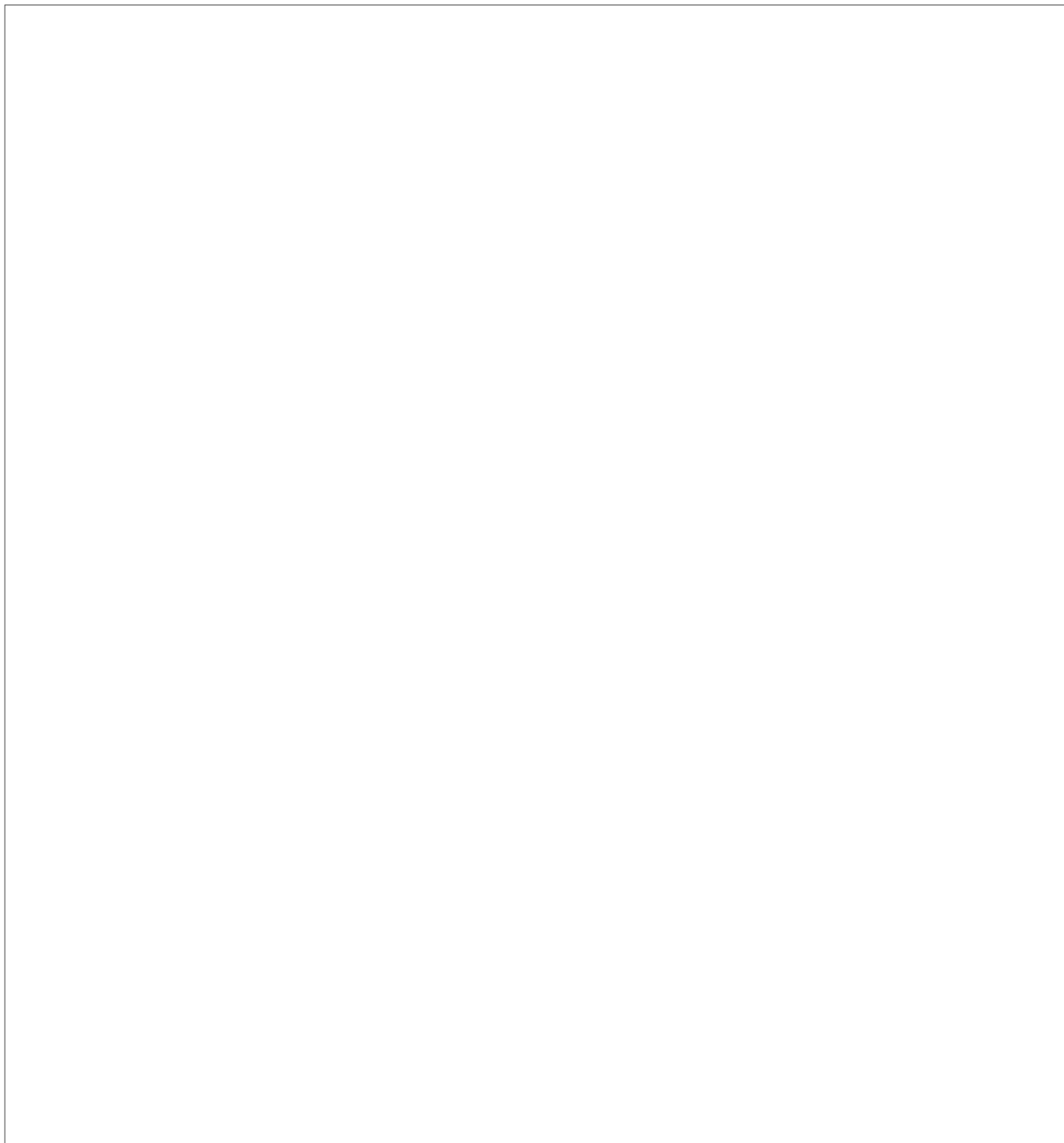


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SPECIAL ANALYSIS

EGYPT-ISRAEL: Status of Military Forces

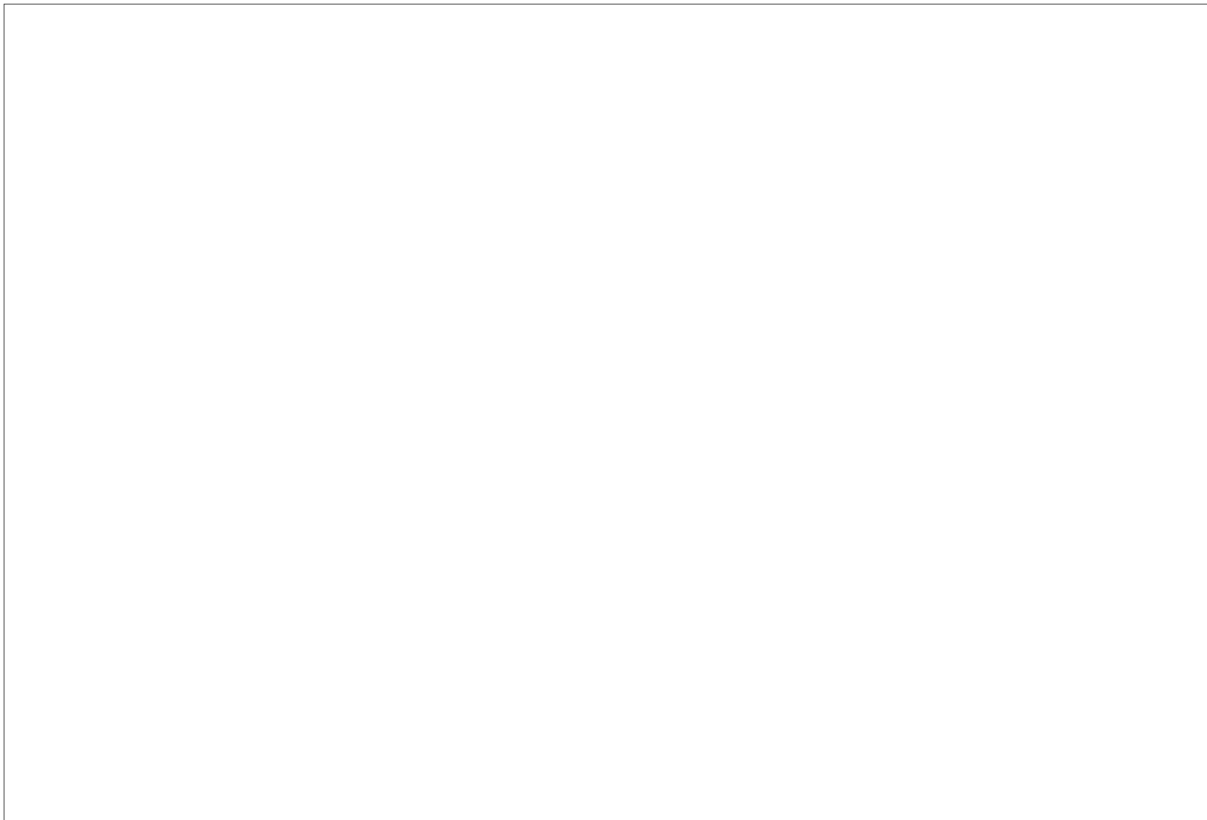


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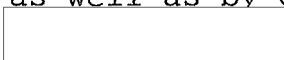
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Neither Egypt nor Israel has reduced the overall size of its armed forces as a result of the peace treaty. The Israelis, citing the contingency threat to their "eastern front," have made clear that they do not plan any military reductions--at least over the next five years. Any eventual Israeli cutbacks will be influenced by the scope of Egypt's reductions and force improvements as well as by Cairo's continued adherence to the treaty.



President Sadat hopes at some point to scale down the Army as part of the country's "peace dividend." The pace of this process will be determined by uncertainties about Libyan intentions and by concerns about the ability of the Egyptian economy to absorb discharged soldiers.



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