



Director of
Central
Intelligence

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National Intelligence Daily

Wednesday
3 September 1986

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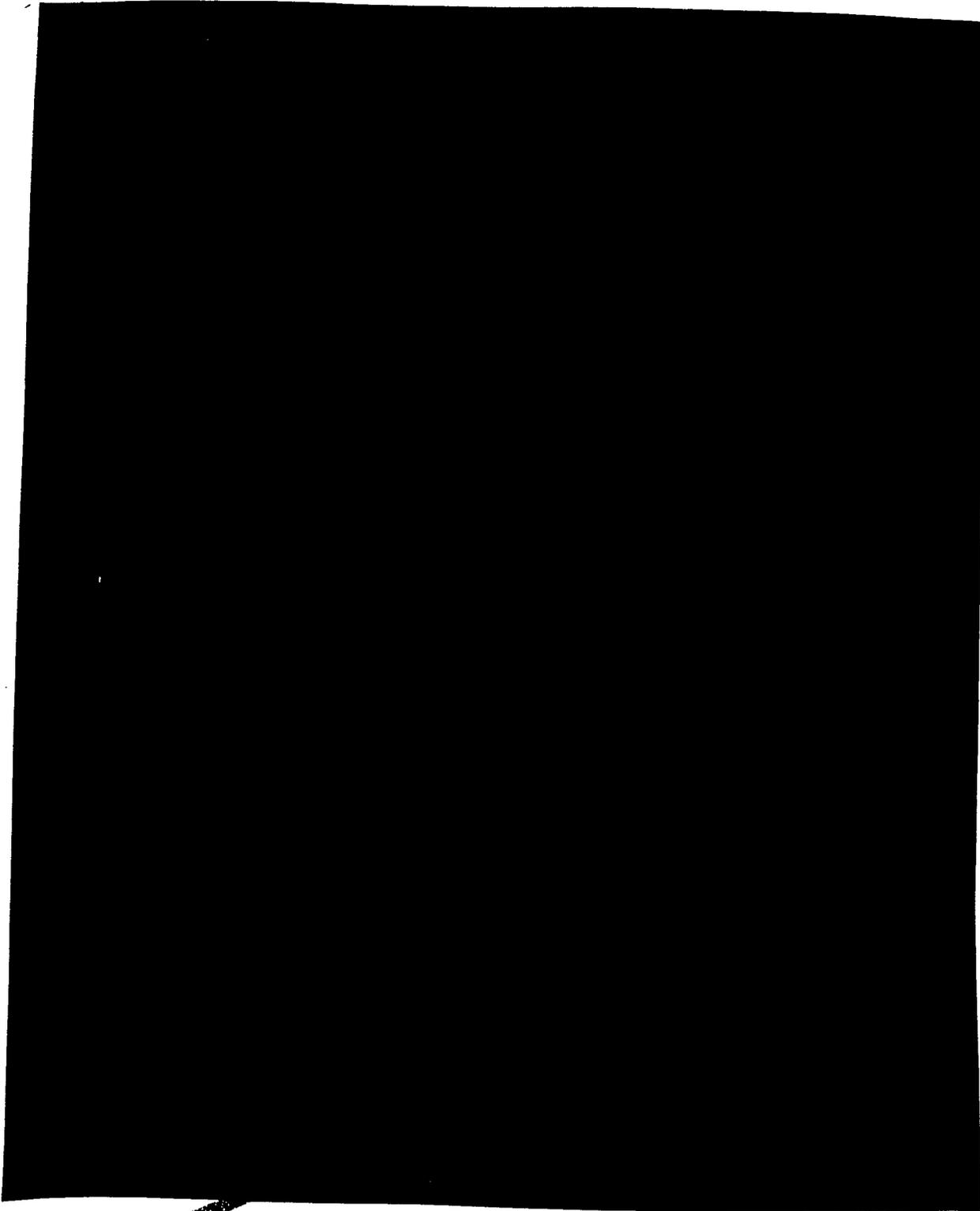
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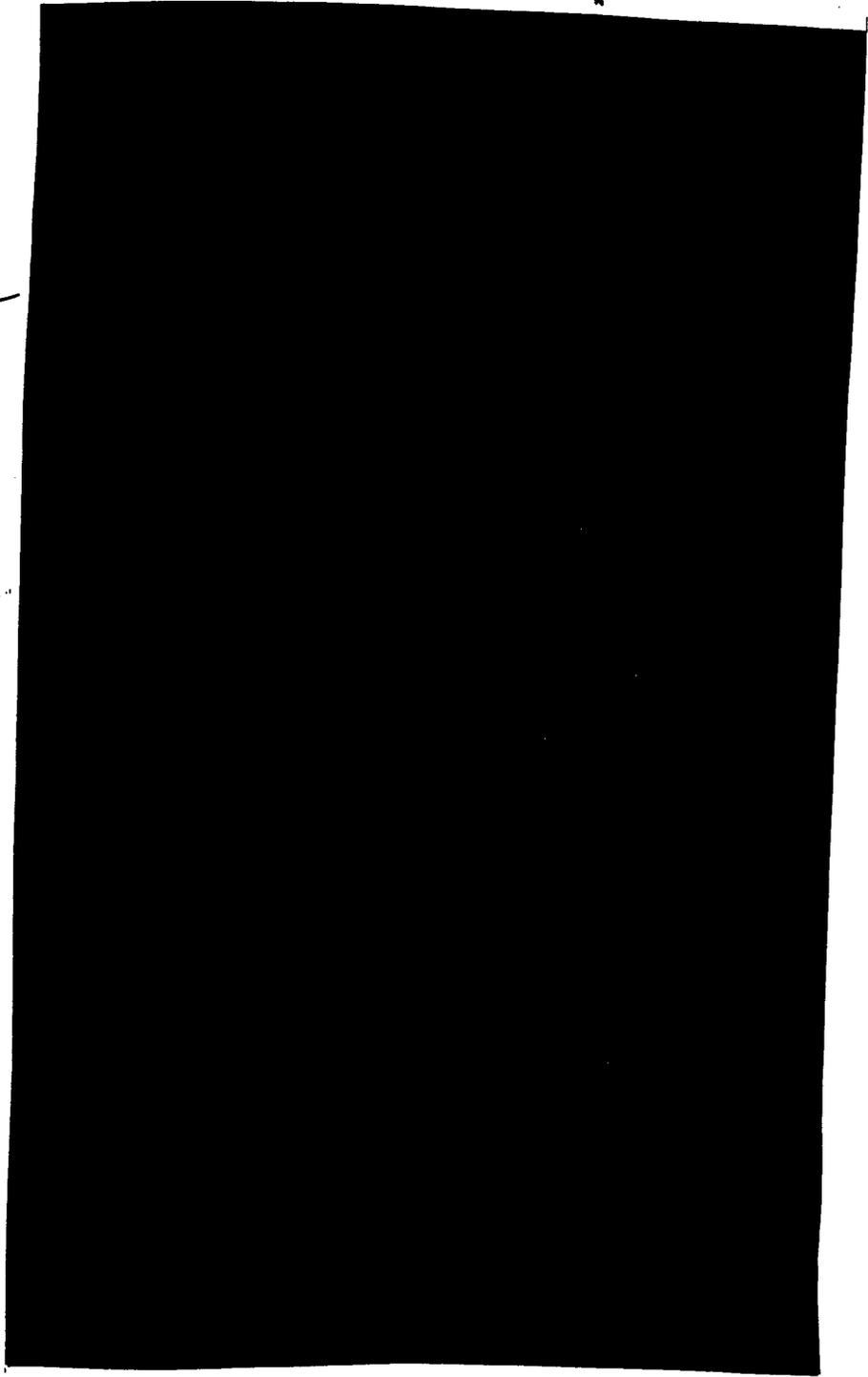
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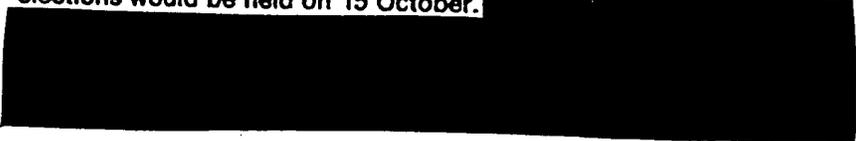
BANGLADESH:

Preparing for Presidential Election

President Ershad is setting the stage for the presidential election to be held in mid-October and an end to martial law, but the opposition is likely to pose obstacles to his plans.

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The Bangladesh Government announced yesterday that presidential elections would be held on 15 October.



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Ershad also voluntarily retired from the military on 31 August and relinquished his post as Army Chief of Staff to Maj. Gen. Atiqur Rahman, Bangladesh's most senior Army officer. Ershad still holds the posts of Chief Martial Law Administrator and Commander in Chief of the Armed Forces, but the constitution required him to resign from the Army to run in the presidential election.

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Meanwhile, the parliamentary opposition, headed by the left-of-center Awami League, held a six-hour national strike Monday to demand the immediate lifting of martial law and to protest the results of byelections on 26 August for eight parliamentary seats. The Jatiyo Party won all eight seats, but the opposition charges that the voting was rigged and has demanded a new vote.

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Ershad sees the presidential election—which he would almost certainly win—as a means to institutionalize his rule. His turning over of the powerful post of Army Chief of Staff to Rahman suggests that Ershad is confident he retains the Army's support. Rahman reportedly suffers from physical ailments and will probably serve only on an interim basis.

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Ershad is likely to call Parliament into session later this month to vote on the bill that would legitimize his martial law orders. Although the Awami League and other opposition parties have refused to approve such a bill, the government can probably gather the necessary two-thirds vote to approve passage.

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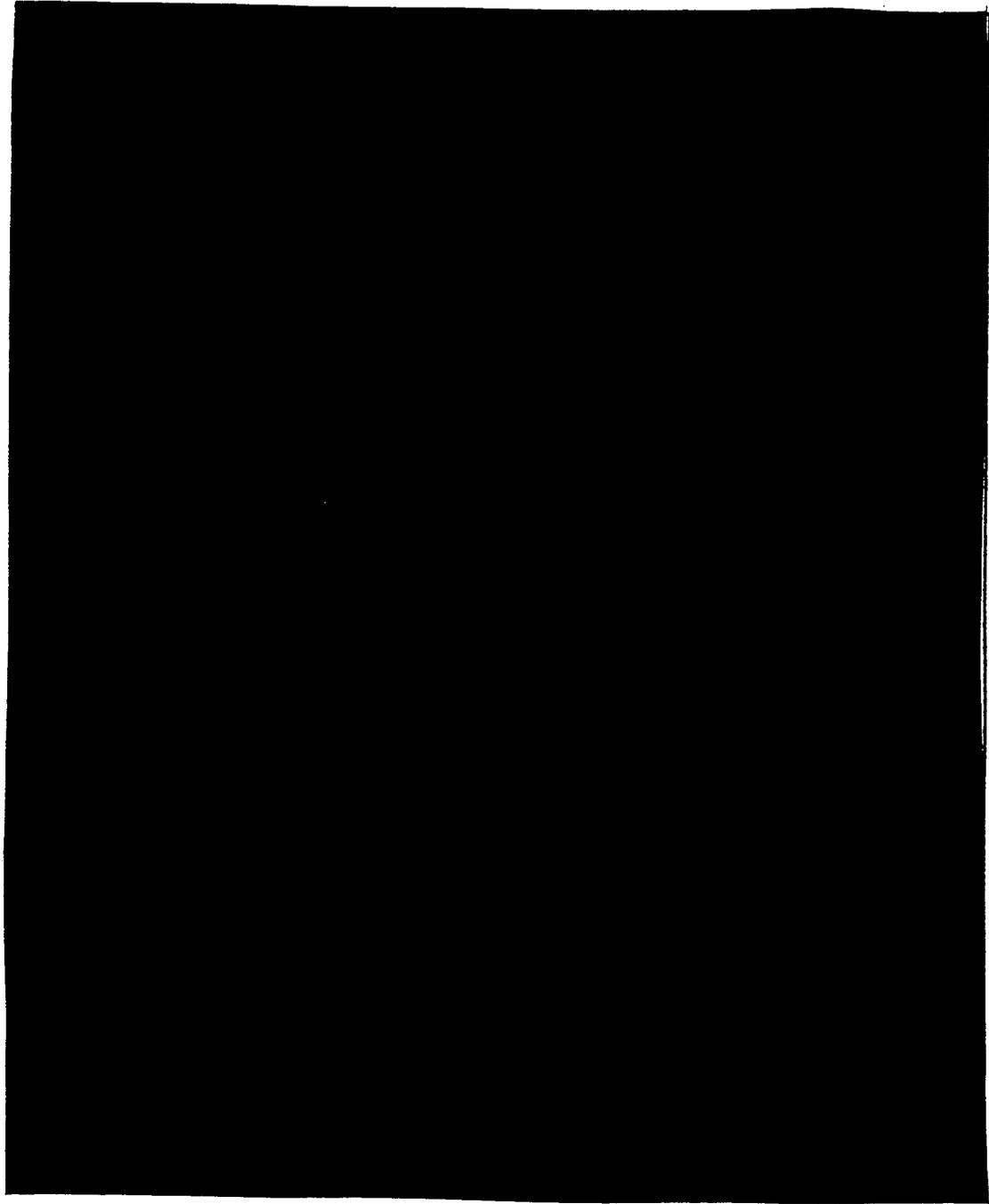
The continued agitation by the opposition reflects the likelihood of its boycotting the election if Ershad does not first lift martial law. Ershad, therefore, may approve an earlier lifting of martial law as soon as Parliament passes the ratification bill in order to have a credible election opponent in October.

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PAKISTAN:

Political Maneuvering

A new moderate party has split the opposition, and President Zia may view its founder as a potential successor to Prime Minister Junejo.

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Ghulam Mustafa Jatoi, former leader of the People's Party in Sind Province, proclaimed last weekend that his new National People's Party is the true heir to Prime Minister Bhutto's legacy, but he endorsed the demand of the opposition led by Bhutto's daughter Benazir for early elections. Jatoi's would-be political partner Mustafa Khar was arrested Saturday on his return from self-imposed exile on an earlier charge of plotting against Zia.

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A senior Muslim League official [redacted] that the ruling party feels secure because of Bhutto's failure to sustain her protest campaign. [redacted] the ban on public meetings there has been lifted and that troops in southern Sind have returned to their barracks.

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Jatoi's new party could deplete the moderate wing of the People's Party, which would ensure that Bhutto's radical advisers will continue to control opposition strategy. Bhutto, who has appealed a 30-day detention order against her, will be hard put to counter Jatoi from jail.

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Jatoi wants to establish himself as a credible alternative to Junejo and Bhutto and denies having cut a deal with Zia. Even so, both Jatoi and Zia—who has taken pains to distance himself from the recent unrest and from Junejo's party—probably are keeping their options open. A key indicator of Zia's intentions is likely to be the handling of the charges against Khar, whose base of support in Punjab Jatoi needs if he is to build his party into a national force. The release of Khar would suggest, at the least, that Zia wants to test the Jatoi-Khar team's political skills.

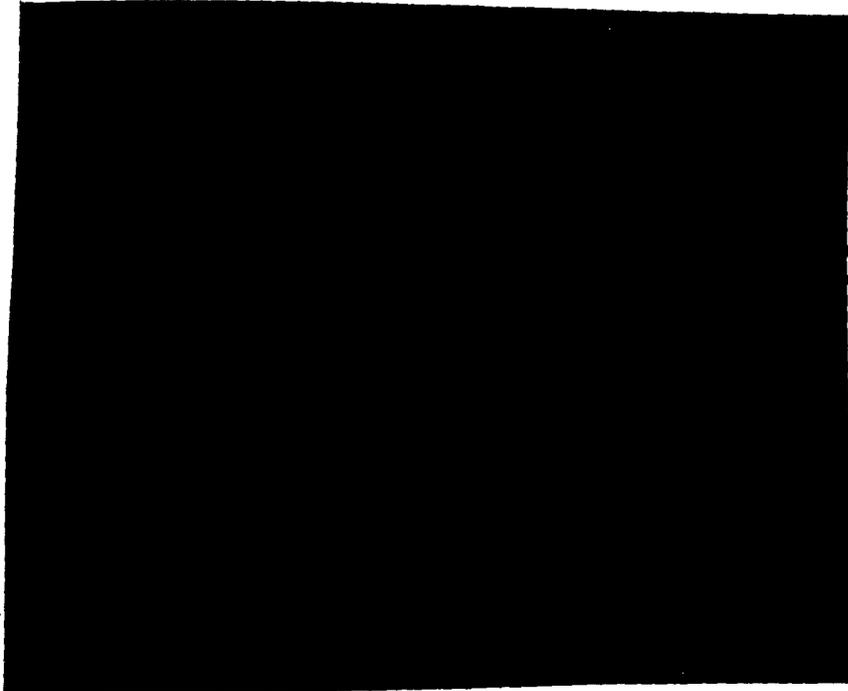
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Junejo almost certainly welcomes the split in the opposition, and there are few indications that Zia is preparing to replace him. At the same time, Junejo sees Jatoi as a threat, and Zia's treatment of Jatoi and Khar could become a major source of friction between Junejo and Zia.

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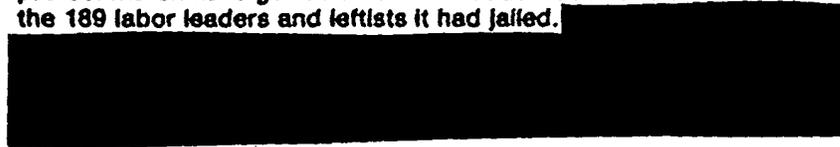
BOLIVIA: Tensions Ease

The state of siege imposed last Thursday has forestalled major labor unrest and bought time for the government to form a recovery plan for its troubled mining industry.

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most of the estimated 7,000 miners who participated in the protest march have gone home and that La Paz has released 121 of the 189 labor leaders and leftists it had jailed.

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Paz Estenssoro is trying to take advantage of the current calm to implement long-term solutions to Bolivia's tin crisis and avert prolonged labor agitation. He will have to stretch an already tight budget to provide alternate employment and compensation to tin miners—his traditional political supporters—affected by the closure of unprofitable state-owned mines.

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INTERNATIONAL: Nicaraguan Bid for NAM Chairmanship

Nicaragua's bid to chair the Nonaligned Movement in 1989 is being met with growing opposition. [redacted] reporting Managua [redacted] has recommended to Zimbabwe, the current chairman, that it prevent the issue from being taken up until the 1988 foreign ministers' meeting. Last week several Latin American members—Argentina, Bolivia, Colombia, Jamaica, Panama, and Peru—expressed reservation to Nicaragua's candidacy. [redacted] Zimbabwe's Prime Minister Mugabe [redacted] plans to avoid formal discussion of the issue during the meeting, which ends Saturday.

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[redacted] Several countries have indicated their preference for postponing the chairmanship decision, and Mugabe can avoid resolving the issue through parliamentary maneuvering. Managua may still press its candidacy, however, hoping that members will not publicly oppose it. Meetings earlier this week involving Cuba, Peru, and Nicaragua may indicate a plan to select Peru's President Garcia as the next chairman in exchange for harsher anti-US language in the Central American section of the communique. [redacted]

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URUGUAY: Opposition to Proposed Amnesty

Opposition politicians have given a cool reception to President Sanguinetti's proposed amnesty for all officers accused of human rights abuses under the previous military regime. Although the opposition holds the votes needed to pass the bill in Congress, [redacted] Sanguinetti has decided to press ahead on the measure to stave off an expected supreme court decision that would award jurisdiction over the trials to civilian courts. [redacted] military concern over the issue is mounting as leftwing parties step up their public campaign for trials.

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[redacted] Although congressional intransigence could still derail the proposal, Sanguinetti will probably work out a compromise with opposition moderates over the next few months. He may be willing to allow exceptions to unconditional amnesty to garner the additional dozen or so votes he needs in Congress. Most political leaders outside the far left want to resolve this sensitive issue. Human rights trials in civilian courts would complicate already tense civil-military relations. [redacted]

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SOUTH AFRICA: Opposition Rallies

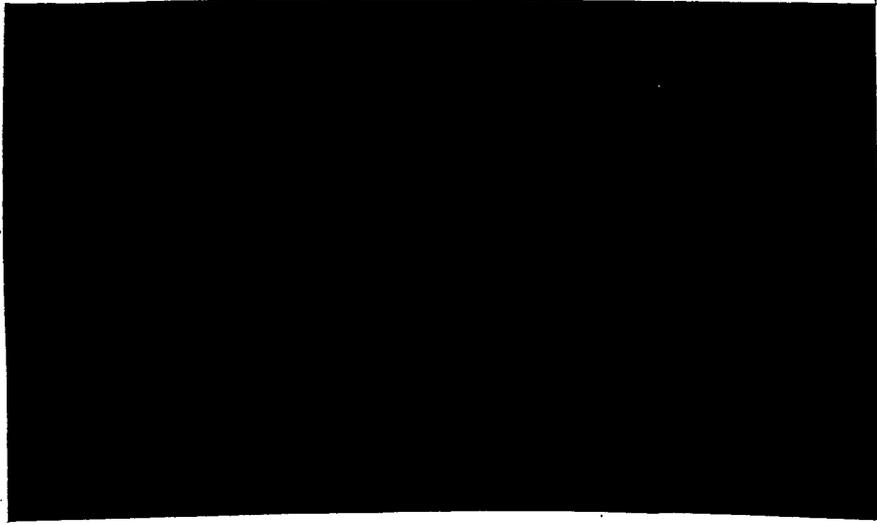
Black leaders are planning a mass public funeral tomorrow in Soweto Township for blacks killed in the clash with police last week. The organizers, including the United Democratic Front and the Congress of South African Trade Unions, have not completed plans but have invited white antiapartheid groups to participate. ~~██████████~~ Pretoria probably will place restrictions on the gathering but not prohibit it. ~~██████████~~

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The funeral could become the largest demonstration since the state of emergency was imposed, and both sides are likely to see it as an important test. Restive blacks anxious to challenge the government will regard the event as an important act of defiance and will be looking for signs of how much protest Pretoria will tolerate. The government probably hopes that permission to hold the funeral, coupled with a show of firmness, will ease tensions in Soweto. A heavy security presence is certain, but security forces probably will be instructed to exercise restraint in an effort to avoid violence. ~~██████████~~

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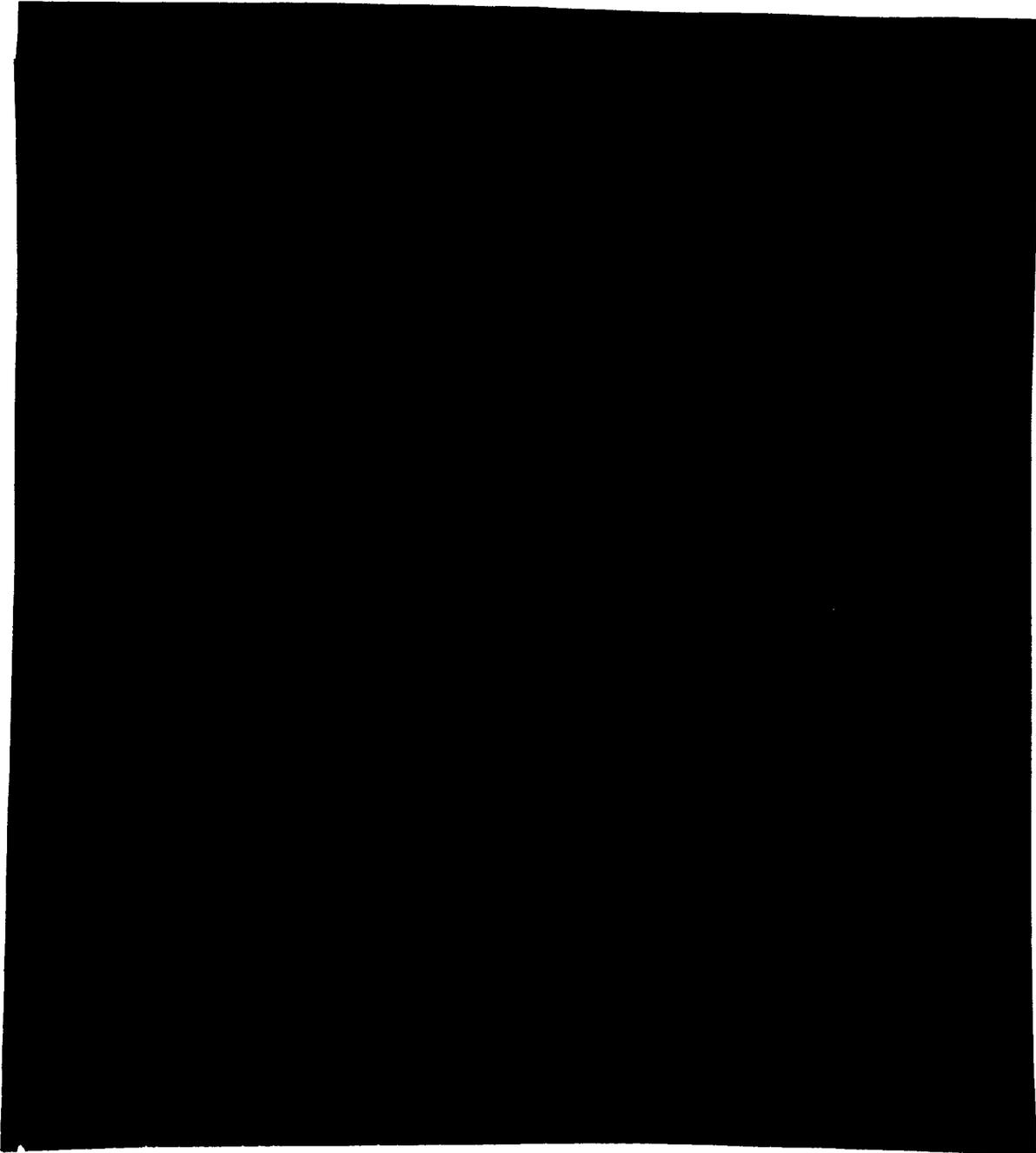
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LEBANON: Shia Bickering Over UNIFIL

A recent wave of attacks against the UN Interim Forces in Lebanon demonstrates the mainstream Shia Amal's difficulty in controlling extremist elements within its movement in southern Lebanon and the hardening of the pro-Iranian Hizballah's attitude toward the peacekeeping force. Most attacks have been directed primarily against the French contingent, but Norwegian, Irish, and Fijian units have also been attacked, according to Lebanese press reports.

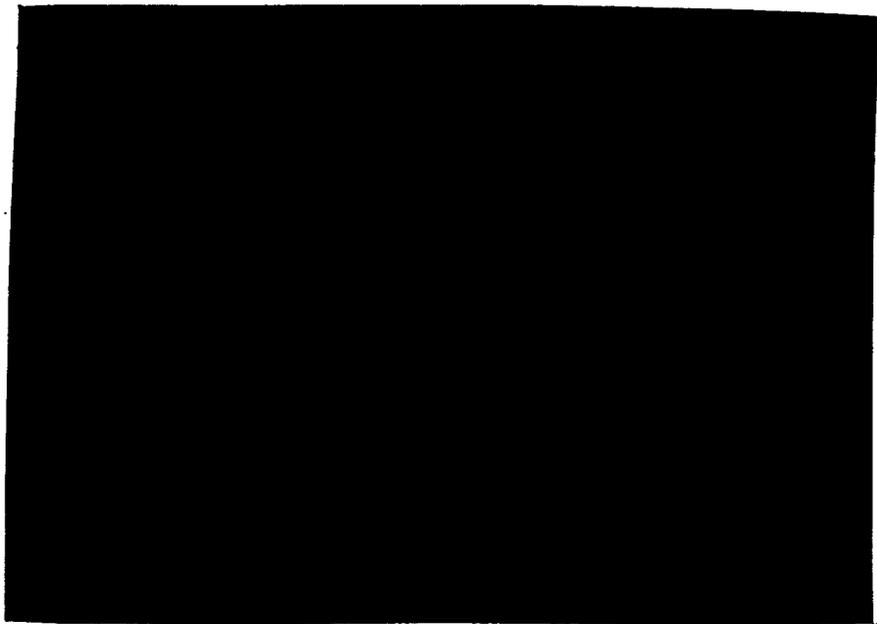


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Comment: The attacks on UNIFIL are byproducts of the Hizballah-Amal rivalry in southern Lebanon and are likely to intensify, especially if Hizballah spiritual leader Muhammad Husayn Fadlallah publicly endorses them. They also reflect Hizballah's growing belief that its aggressive campaign against Amal and the Israeli presence in southern Lebanon is beginning to pay off. The nations represented in UNIFIL are increasingly concerned about the violence and are reconsidering their commitment to stay in southern Lebanon.

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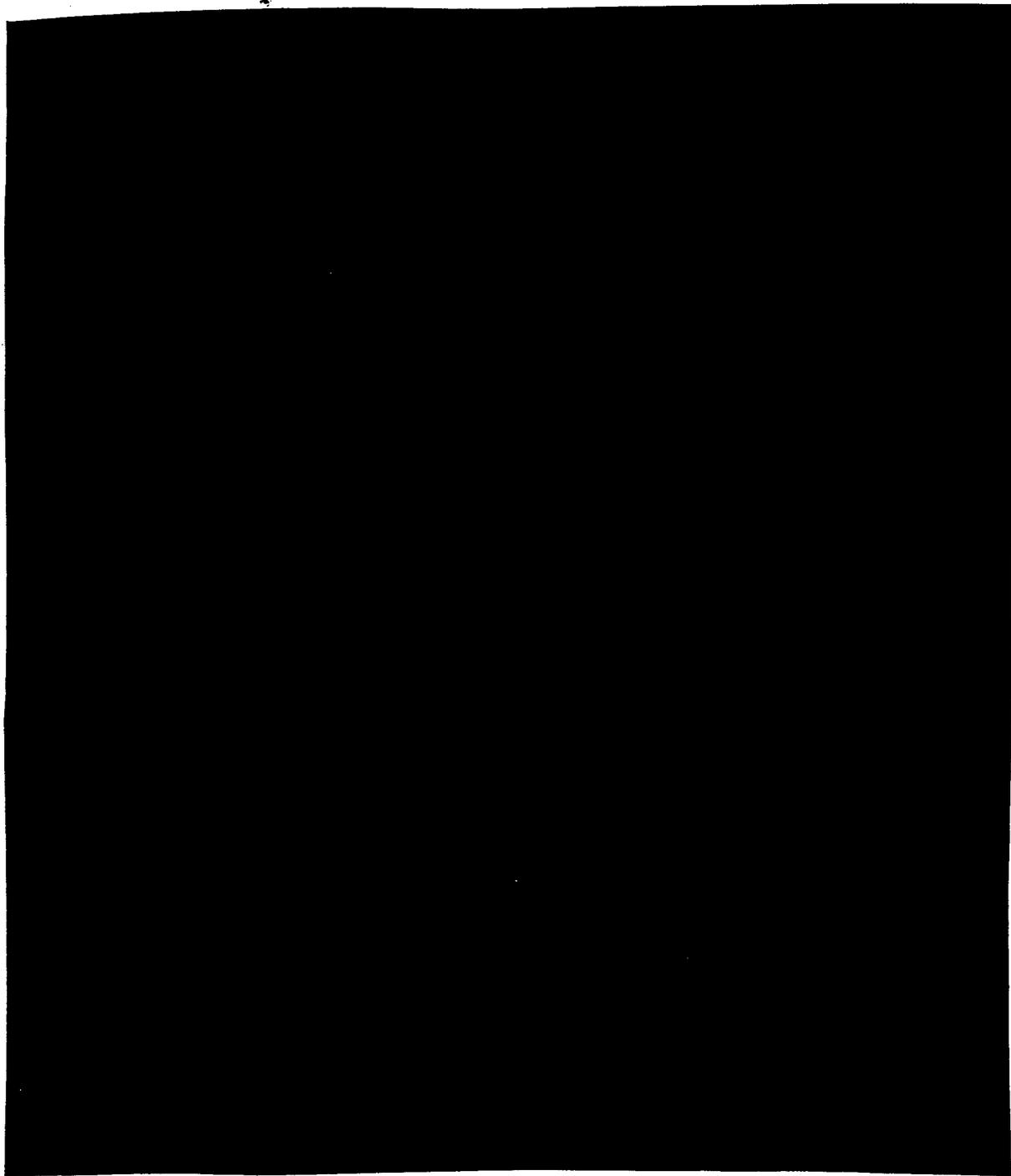
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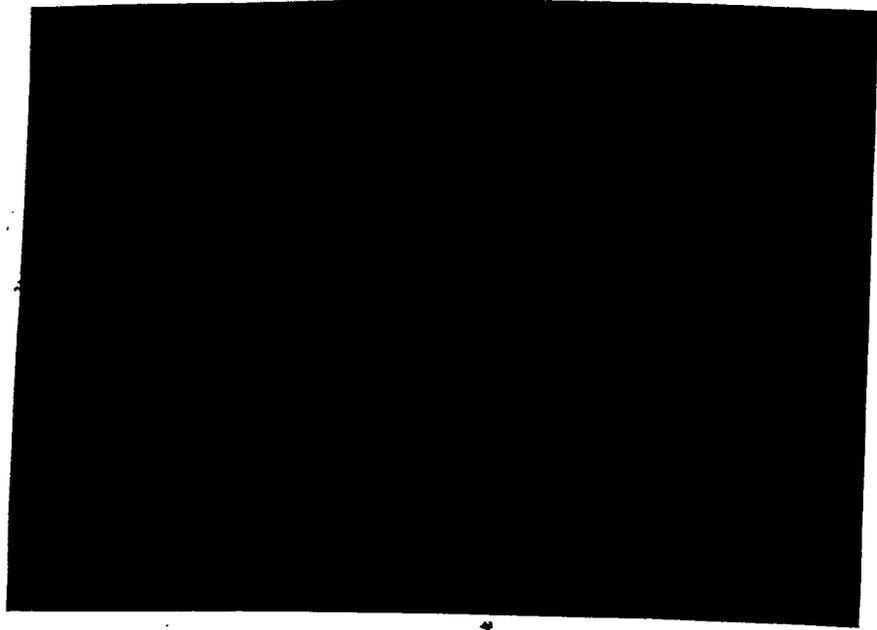
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AFGHANISTAN: Regime Plans Resettlement

Kabul apparently hopes to reduce support for the insurgents and constrict supply routes by relocating 30,000 families from the eastern border to the sparsely settled western provinces. ~~_____~~

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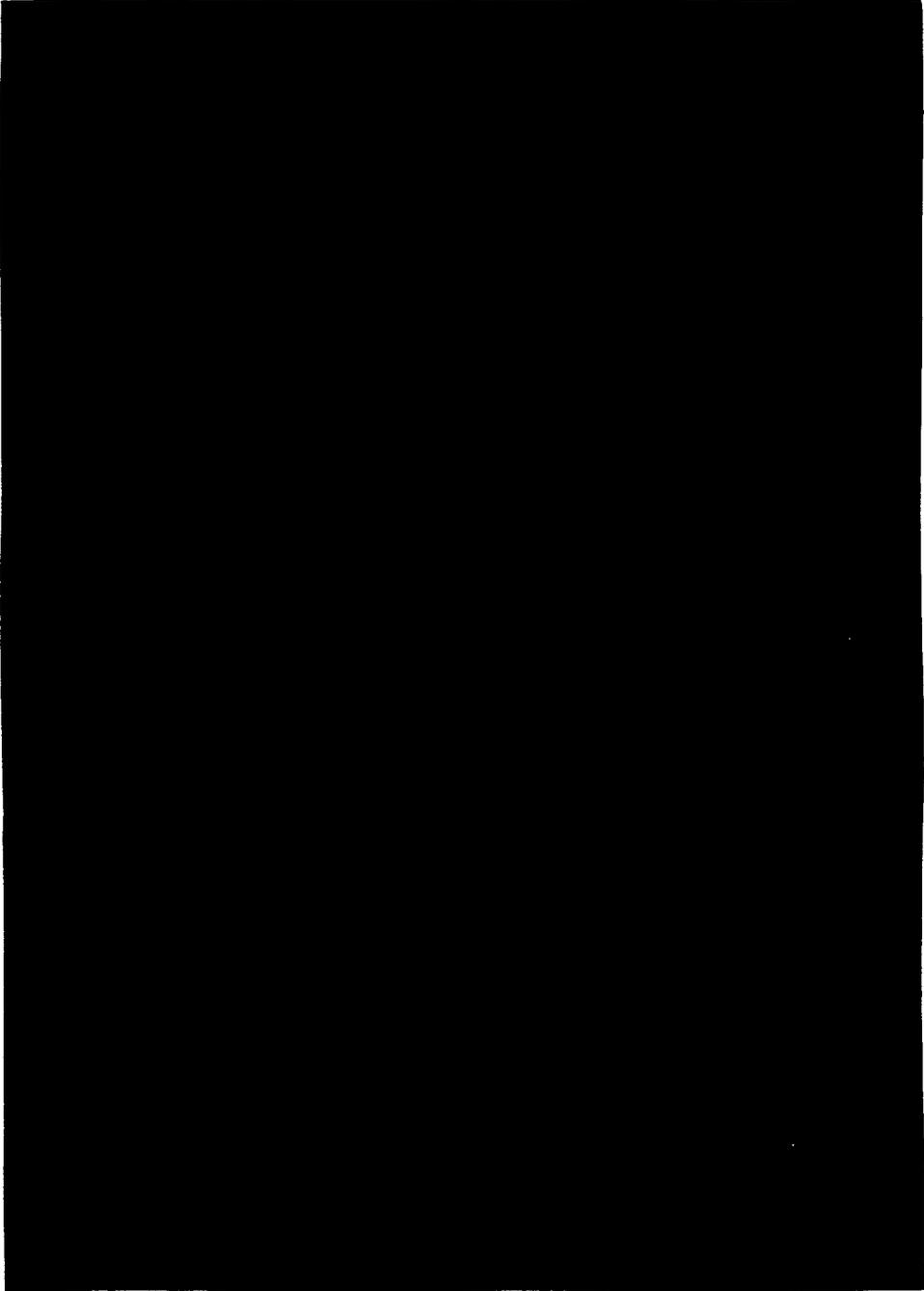
~~_____~~ the decision to overpopulation and surplus labor in the east. He also said the regime will not rely strictly on voluntary movement but that it will not use force. The government has not announced when the resettlement will begin. ~~_____~~

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~~_____~~ Heavy fighting and bombing attacks in key regions in the east have already depopulated many areas, although support for the insurgents remains significant. The families that have not fled are not likely to move voluntarily, however, and the government will almost certainly have to use force to accomplish its goals. Forcible relocation would probably prompt many of those affected to flee to Pakistan. ~~_____~~

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PHILIPPINES: New Leftist Party Formed

The former head of the Communist New People's Army, Bernabe Buscayno, and the founder of the Communist Party of the Philippines, Jose Maria Sison, inaugurated a new political party—the Partido ng Bayan—last weekend to field candidates in local and legislative elections expected next spring. Rolando Olalla, head of a large Communist-dominated labor federation, was elected party chairman. Advertising itself as the "People's Party" representing the working and middle classes, the party is stridently nationalistic and advocates the removal of foreign military bases from the Philippines.

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The new party almost certainly will function as a Communist front group, despite claims by Sison and Buscayno that they have severed their ties to the Communist Party. Olalla, a popular non-Communist, apparently will serve as a figurehead to attract moderates. The formation of the party marks a sharp shift in tactics by the Communists, who presumably intend to avoid repeating the mistakes of previous election boycotts. The new party's prospects in next year's election could be good—especially at the local level—if President Aquino remains unable to improve economic conditions in the countryside.

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PHILIPPINES: Aquino To Meet Muslim Leader

President Aquino will meet with Moro National Liberation Front leader Nur Misuari this week to discuss ending the Muslim insurgency in the southern Philippines. Misuari, who up to now has advocated that predominantly Muslim areas secede from the Philippines, returned from self-imposed exile in the Middle East last weekend to develop a united front with other Philippine Muslim groups for negotiations with the government.

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Aquino probably hopes to achieve a settlement based on the Tripoli Agreement of 1976—which provides guidelines for limited Muslim autonomy—and on the articles in the proposed draft constitution that would formally establish autonomous regions in the Muslim sections of Mindanao. She should garner political capital at home and abroad for her apparent willingness to compromise on Muslim grievances. Because factionalism within the Muslim community will make it very difficult to achieve a settlement that satisfies all Muslim leaders, a lasting cease-fire is unlikely.

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In Brief

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— High-level military, ministerial changes in Mauritania . . . regime's major pro-Libyan minister ousted, presidential confidant transferred to Interior Ministry . . . increased coup plotting likely.

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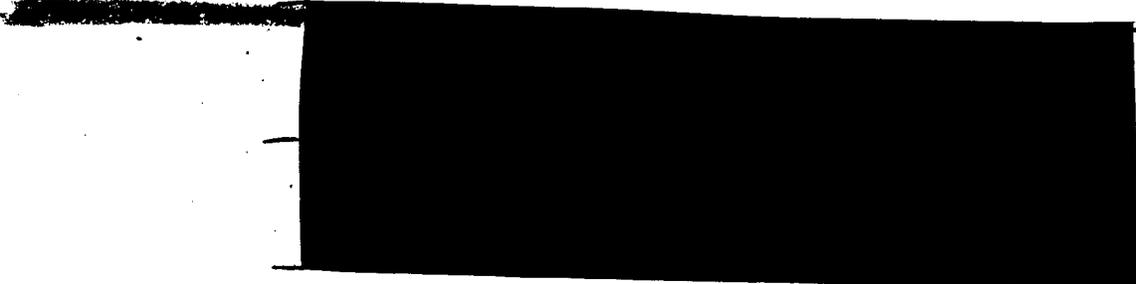
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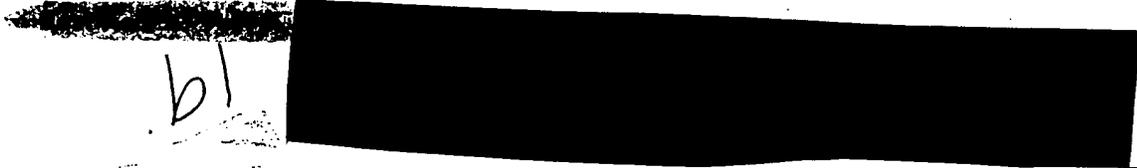
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— Security chief for Colombian national airline assassinated in Bogota Monday ... drug traffickers angered by seizure of 200-kilogram cocaine shipment probably responsible ... victim was key figure in tightening airline's antismuggling measures.

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Special Analysis

AFGHANISTAN: The Insurgency This Summer

The Afghan insurgents have been active this summer, attacking in urban areas and along key lines of communication and [redacted]. The resistance is worried, however, that counterinsurgency measures will reduce the level of fighting it can sustain this fall. [redacted]

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Fighting has increased this summer in and around Afghanistan's three major cities—Kabul, Herat, and Qandahar. The insurgents probably hoped that pushing the fighting into the towns would help reduce the pressure on their supply lines and base camps and refute government assertions that the urban areas were under regime control. [redacted]

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Although [redacted] reported sporadic rocket attacks and explosions in the capital last spring, the frequency and extent of such activity increased beginning in early July. To conduct sabotage operations in Kabul, the insurgents have had to penetrate elaborate defenses, including restricted zones and numerous checkpoints and guard posts. [redacted]

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Security controls around Qandahar have made infiltrating men and materiel increasingly difficult, but [redacted] report that Soviet and regime forces' gains from this summer's battles have been limited to control of the airport outside the city and of the road into town. [redacted]

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During the summer, Herat has been subjected to repeated Soviet and Afghan regime attempts to clear the insurgents out of the city. [redacted]

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[redacted]

[redacted]

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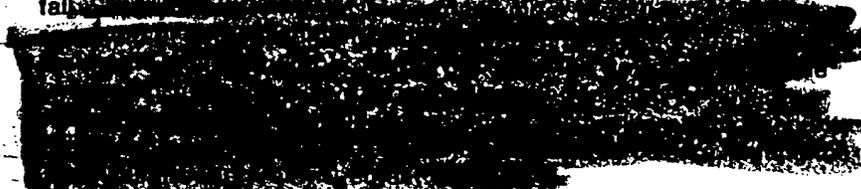
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Outlook

Despite the insurgents' show of strength, counterinsurgency measures may impair their capability for continued heavy fighting this fall.



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The Soviets may believe that their recently augmented air power and more intense air operations will compensate in part for the inability of Afghan forces to shoulder a larger portion of the fighting and for the withdrawal of the two motorized rifle regiments that Soviet leader Gorbachev proposed last month.

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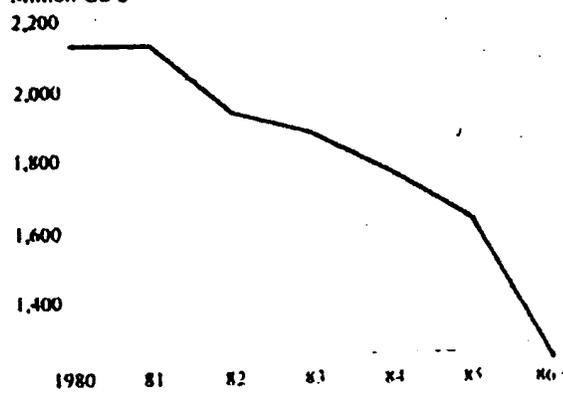
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Syria: Selected Economic Indicators, 1980-86

Total Exports

Million US \$



Expatriate Worker Remittances

Million US \$



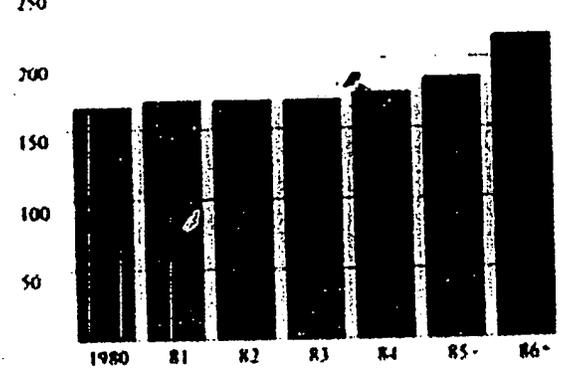
Foreign Aid Receipts

Million US \$



Crude Oil Production

Thousand b/d



Estimated
* Projected.

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Special Analysis

SYRIA:

New Pressures Posed by Economy

Syria is in its worst economic slump since President Assad seized power in 1970, and, despite modest reforms and new oil discoveries, economic problems are likely to persist. Extended hardships for the Syrian population and pressures on the military budget may force Assad to introduce personnel changes and additional reforms and, ultimately, produce a scapegoat, but a thorough overhaul of the economy is unlikely.

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Three years of falling domestic output and weak markets for its principal exports—crude oil and phosphates—have shrunk Syria's exports by \$500 million since 1980. Foreign aid has also fallen by almost 50 percent since 1980, to about \$900 million last year. Economic problems have grown worse over the past year as surging inflation and widespread shortages have buffeted the entire population.

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Feeling the Pinch

Residents of Damascus have been especially affected. ~~_____~~ daily electrical power outages lasting at least four hours; shortages of food and other necessities force lower- and middle-class Syrians to queue for several hours a day. ~~_____~~ earlier this year estimated the annual rate of inflation at over 100 percent. Syria's hard currency shortage—aggravated by Iran's failure to deliver promised oil—has reached critical levels.

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Syria's economic decline stems from misdirected Ba'athist socialist economic policies, the military burden imposed by Assad's drive for strategic parity with Israel, and the 10-year-old military involvement in Lebanon. The costs associated with the 360,000-man armed forces and extensive Soviet and East European military deliveries will continue to divert resources from more productive uses.

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Seeking Answers

Syria's leaders have acknowledged the gravity of current economic conditions, but the Ba'ath Party is likely to derail significant policy reforms, and increased domestic oil production probably will fall short of expectations. Damascus tacitly recognized its illegal currency market recently for the first time by allowing private importers with foreign barter arrangements to use the black-market rate—currently 25.5 pounds per dollar—and is allowing tourists and Syrian laborers abroad to buy at 22 pounds per dollar.

Nevertheless, the exchange rate reforms initiated by Economy and Trade Minister 'Imadi, which were designed to curb Syria's extensive smuggling network and bring more transactions into official channels, will not substantially increase foreign exchange reserves or shore up domestic finances. Nor will higher domestic oil production—which is likely to jump by 50,000 barrels per day this month—end the foreign payments crunch, although it will somewhat reduce Syria's reliance on Iran and the spot market.

Although economic problems will continue to bedevil the regime, Assad's rule is not in danger, and he will probably do little more than make ad hoc reforms and perhaps personnel changes. Most of the public's anger has been directed thus far at cabinet members, such as Prime Minister Kasm, who are identified with economic policy, and Kasm is the most likely candidate for dismissal.

At this stage, Assad is probably unprepared to push the reforms necessary to reverse the decline.

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Assad will continue stopgap measures to improve foreign payments and increase private-sector production, but major policy liberalization is unlikely. Syria almost certainly will also continue to press its radical allies—Libya and Iran—for economic help in return for close political relations.

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