



Director of
Central
Intelligence

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National Intelligence Daily

Tuesday
31 May 1988

[Redacted]

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~~31 May 1988~~

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PANAMA:

Situation Report

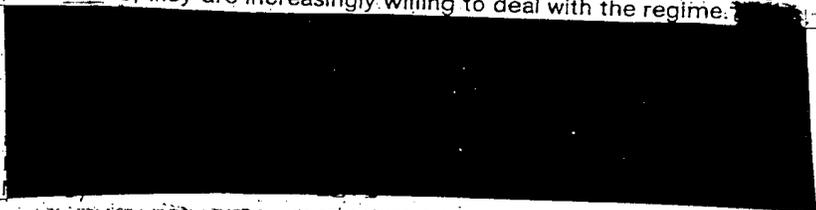
Regional Leaders
Take the Initiative

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Although most Latin American leaders remain convinced that Noriega must retire, they are increasingly willing to deal with the regime.



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_____ Much of the domestic opposition is financially and psychologically broken and is eagerly looking to regional leaders for support. Cerezo's domestic political problems, however, will undercut his ability to play a central role in negotiations. The opposition probably believes that the threat of regional ostracism will persuade Noriega to negotiate sincerely. Although the Defense Chief is undoubtedly interested in Panama being readmitted to the Group of Eight, Latin American countries thus far have offered little in the way of political support or financial assistance and are unlikely to be more forthcoming in exchange for a deal.

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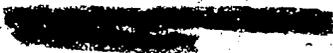
Regime Trims
Expenses

The regime is quietly trying to reduce the size of the public-sector work force. _____ A special commission created by President-designate Solis Palma recently urged a reduction in the government payroll as a key move to cut costs.

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[REDACTED] the regime will continue to force employees to retire as soon as they become eligible and will limit the number of contractors and consultants [REDACTED]. Meanwhile, the teachers' union has agreed to reopen schools on Friday. One union leader, however, predicts the schools will close quickly if teachers are forced to accept salary cuts. [REDACTED]

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b (3) [REDACTED] The pressure to cut the payroll has been reduced by the willingness of employees to accept checks in lieu of cash payments. The regime probably will continue to chip away at the payroll, reducing salaries of higher paid employees, placing employees on unpaid vacations, and possibly firing some workers known to be sympathetic to the opposition. [REDACTED]

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Noriega Maintains Harassment of US Personnel

The regime has threatened to evict US military personnel from rented housing tomorrow if the Southern Command does not pay the rent that is being withheld because of US economic sanctions. Should Noriega carry out his threat, more than 11,000 US citizens will be affected. [REDACTED]

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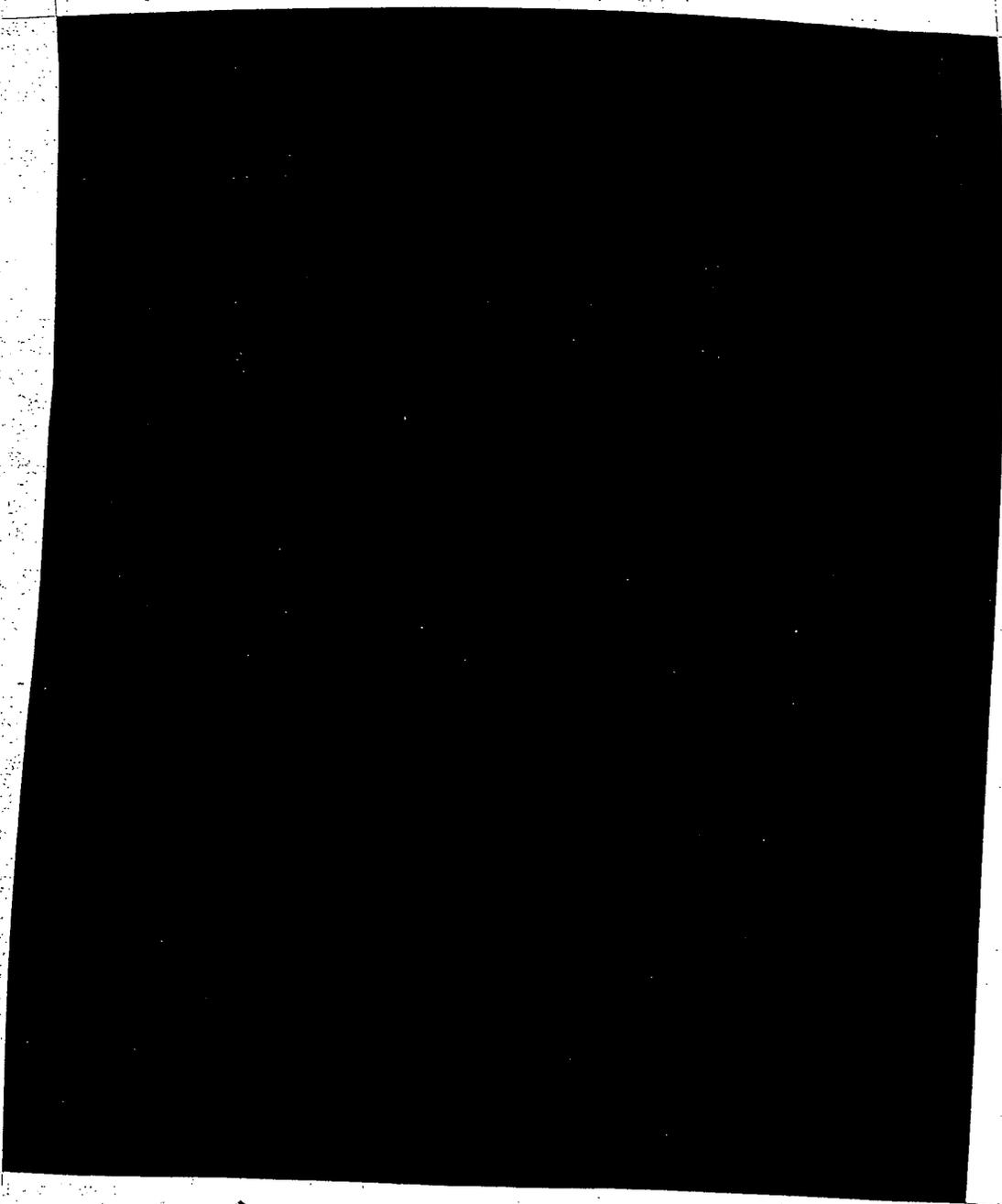
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SYRIA-LEBANON: Deployments Into Beirut's Suburbs Completed

Syrian forces entered fundamentalist Hizballah strongholds without incident over the weekend, but it remains unclear how long the Syrians intend to stay. b (3)

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Syrian Information Minister Salman announced Saturday that, once security is established in the suburbs, Syrian troops will withdraw to eight checkpoints around the suburbs and support Lebanese police elements. b (3)

Some press reports indicate the Syrian pullback could begin within days. A Lebanese Government spokesman has said, however, that he knows of no plan for an early Syrian withdrawal. Defense Minister Talas, in noting that Syrian troops will look for Western hostages in the suburbs, said the hostages may already have been moved to other hiding places. Beirut press reports claim the four US professors kidnaped in West Beirut in 1986 will be released as part of the arrangement that enabled the Syrians to deploy in the suburbs. No one has yet claimed responsibility for the massive car bomb that went off yesterday near the Phalange party headquarters in predominantly Christian East Beirut. b (3)

b (3)

Syria's announcement implying an early withdrawal may be an effort to placate Hizballah and to preempt attacks on Syrian soldiers by unruly Shia street fighters, many of whom oppose the decision to allow the Syrians into the suburbs. Damascus apparently has not decided how long to keep Syrian troops in the suburbs but probably will see how far it can go in pressing Hizballah without incurring retaliation or a further straining of Syrian ties to Tehran. A quick withdrawal would indicate that Damascus has no serious intention to search for the hostages. The comment by Talas that the hostages may have already been moved appears designed to deflate any expectation that a hostage release may be imminent. b (3)

The Syrians are aware that the Christian Lebanese Forces militia resupplied Hizballah during the recent fighting in the suburbs. While the car bomb may have been a result of internal Christian feuding, it possibly was a warning by Damascus to Christian hardliners not to oppose the Syrian security plan, which the Christians fear will eventually encompass East Beirut. b (3)

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PAKISTAN:

Zia Dissolves Junejo's Cabinet

President Zia said yesterday he dissolved the cabinet and parliament Sunday because the Junejo government had failed to promote Islamicization and ensure law and order and had allowed corruption to grow. Government infighting over the ammunition dump explosion last month and the opposition disarray were also factors in his decision. Fired Prime Minister Junejo has responded by accusing Zia of stopping democracy "in its tracks." b (3)

In his speech, Zia said the priorities of a new government will be to revive Islamic reforms, provide speedy justice, and improve domestic security and economic conditions. A new government will soon be announced, and Zia has appealed for cooperation with it. The President emphasized that he had not reimposed martial law or declared a state of emergency and said that basic freedoms, including speech and press guarantees, are still intact. Zia will not go to China this week as planned. b (3)

Most Pakistanis were stunned by Zia's surprise announcement; Junejo claimed he had not been consulted and said Zia had acted arbitrarily. Opposition leader Benazir Bhutto welcomed new elections as long as they are free, fair, and impartial. The country's most widely read political columnist commented that Zia's move is not encouraging to democracy because the opposition is not prepared, resulting in the prospect of a new National Assembly much like the old one. b (3)

b (3) The Junejo government did not push for Islamic legislation because it did not want to inflame Sunni-Shia differences over its content. Zia's charges of corruption are more surprising because Junejo has a reputation for being an honest politician and because the public perceived that corruption, which had increased considerably during Zia's martial law, had not gotten worse since martial law was lifted. There was considerable infighting within the government over investigations of the ammunition dump explosion, with Junejo supporters wanting to pin the blame on the military and indirectly on Zia. b (3)

81 Zia's timing may have been influenced by the announcement several days ago that Benazir Bhutto is pregnant. The opposition parties are deeply divided, and Bhutto has been distracted in recent months from undertaking the grassroots organizing that must be done before her Pakistan People's Party can provide a credible challenge to Zia. b (3)

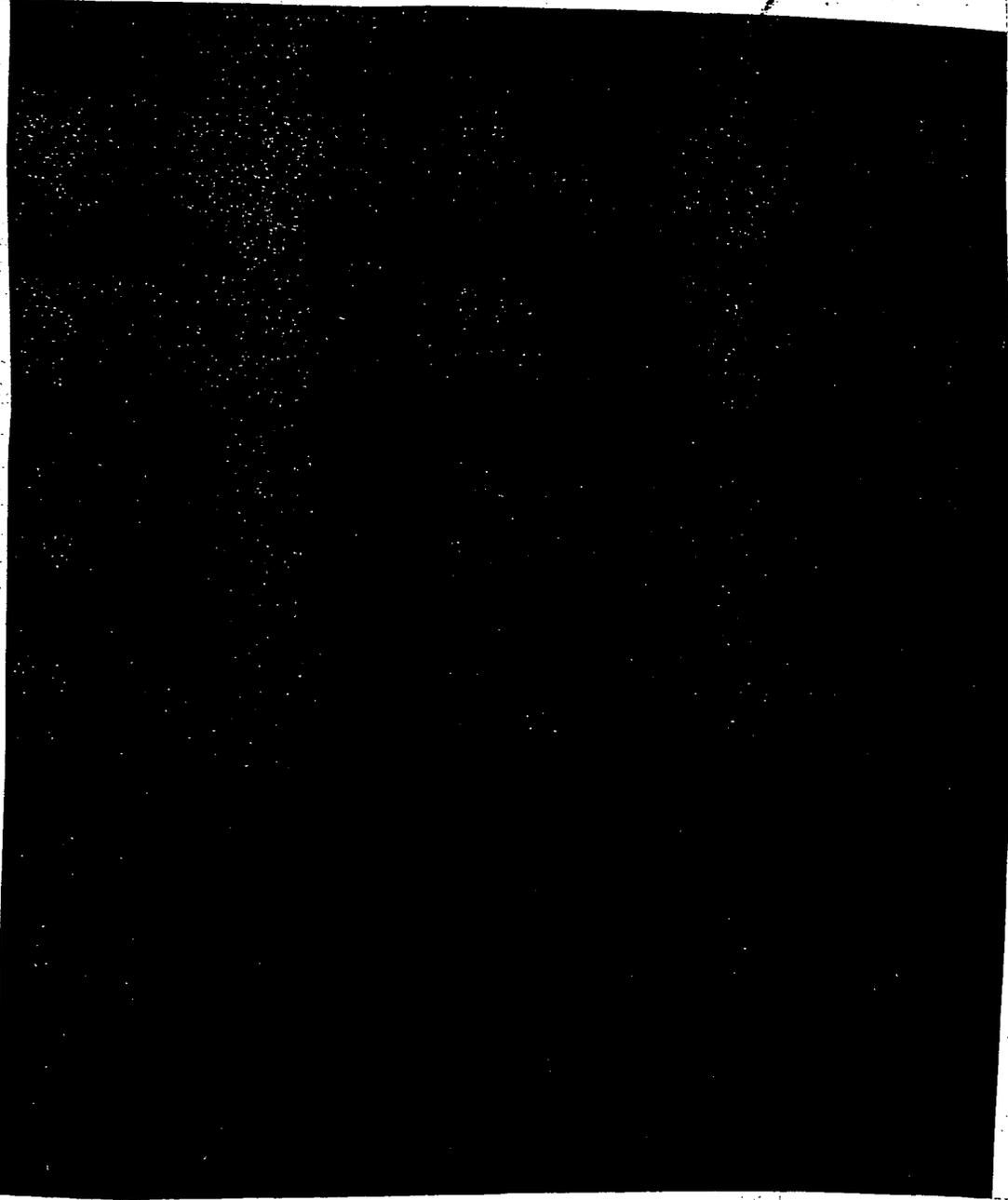
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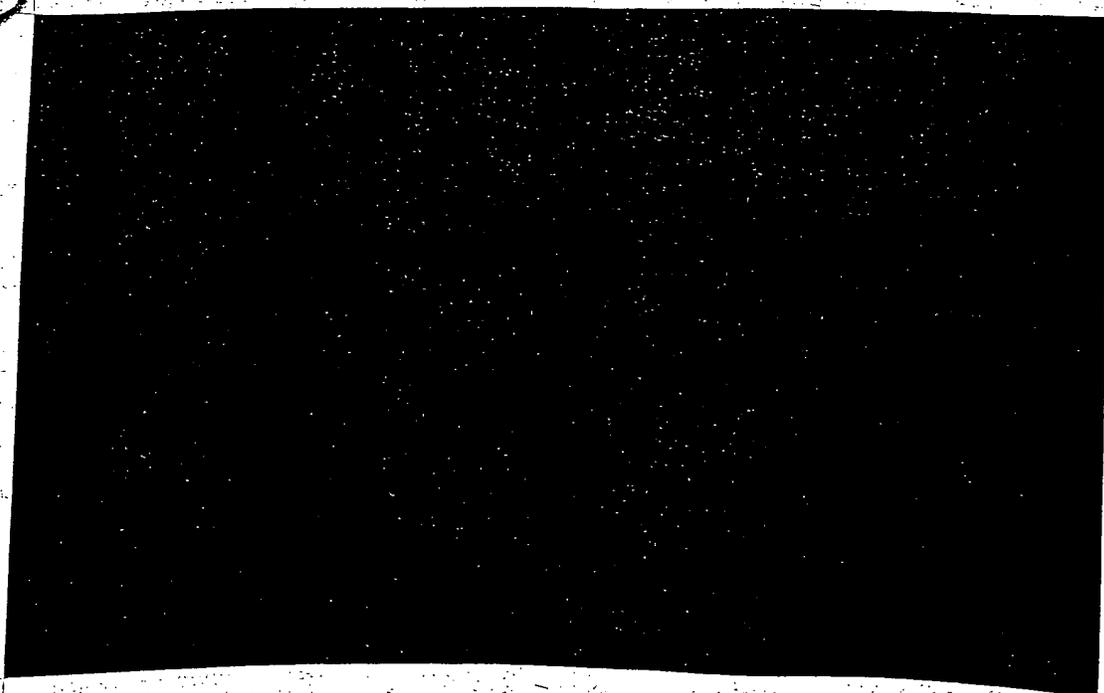
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AFGHANISTAN:

Kabul's New Prime Minister

Kabul's selection of a non-Communist as Prime Minister is an attempt to demonstrate the ruling party's readiness to share power even though the move will not alter its effective control of the regime. [REDACTED] b (3)

Afghan President Najibullah last week designated Deputy Prime Minister Mohammad Hasan Sharq, who is not a member of the People's Democratic Party of Afghanistan, as the regime's new Prime Minister. Sharq is expected to name a coalition government in which the Communists will hold a minority of cabinet seats. [REDACTED] b (3)

b (3)

Sharq replaces longtime party member Soltan Ali Keshtmand, Prime Minister since 1981. Keshtmand was named a secretary of the party's Central Committee and remains a full Politburo member. [REDACTED]

[REDACTED] Sharq's appointment was timed partly to have a nonparty head of government receive the newly appointed UN Coordinator of Refugee Aid. [REDACTED] b (3)

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[REDACTED] Najibullah turned to Sharq after efforts to woo a prominent resistance or exile figure failed. He has been closely identified with the regime since the Soviet invasion in late 1979 and will be unacceptable to most insurgents. He was also a leading figure in the coup that toppled King Zahir in 1973 and probably will be anathema to Zahir's insurgent and refugee supporters. The ruling party will almost certainly ensure its dominance of the new cabinet by retaining control of several key ministries--Defense, Interior, and State Security. [REDACTED] b (3)

b (3)

Kabul will use Sharq's ethnic ties to appeal for support from Baluch tribes along the Pakistani border. Keshtmand, a member of the Hazara ethnic group, has often acted as Kabul's link to his own and other minorities and has placed followers throughout the bureaucracy. His apparent demotion will probably hurt the regime's relations with minority ethnic groups in the central and northern regions and may anger non-Pushtuns in the government. Keshtmand may yet figure in the regime's plans, however, given his retention of a significant post. [REDACTED]

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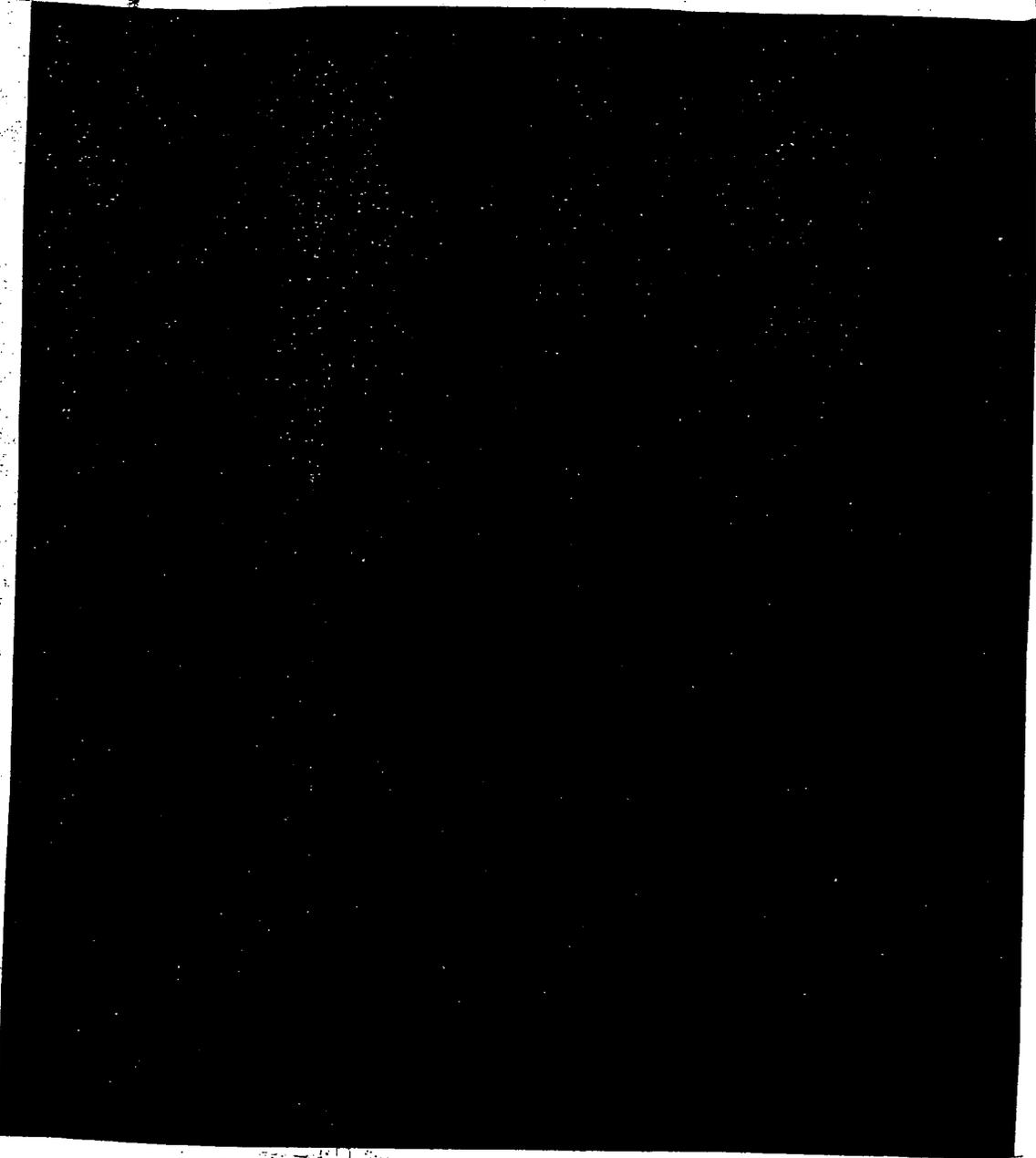
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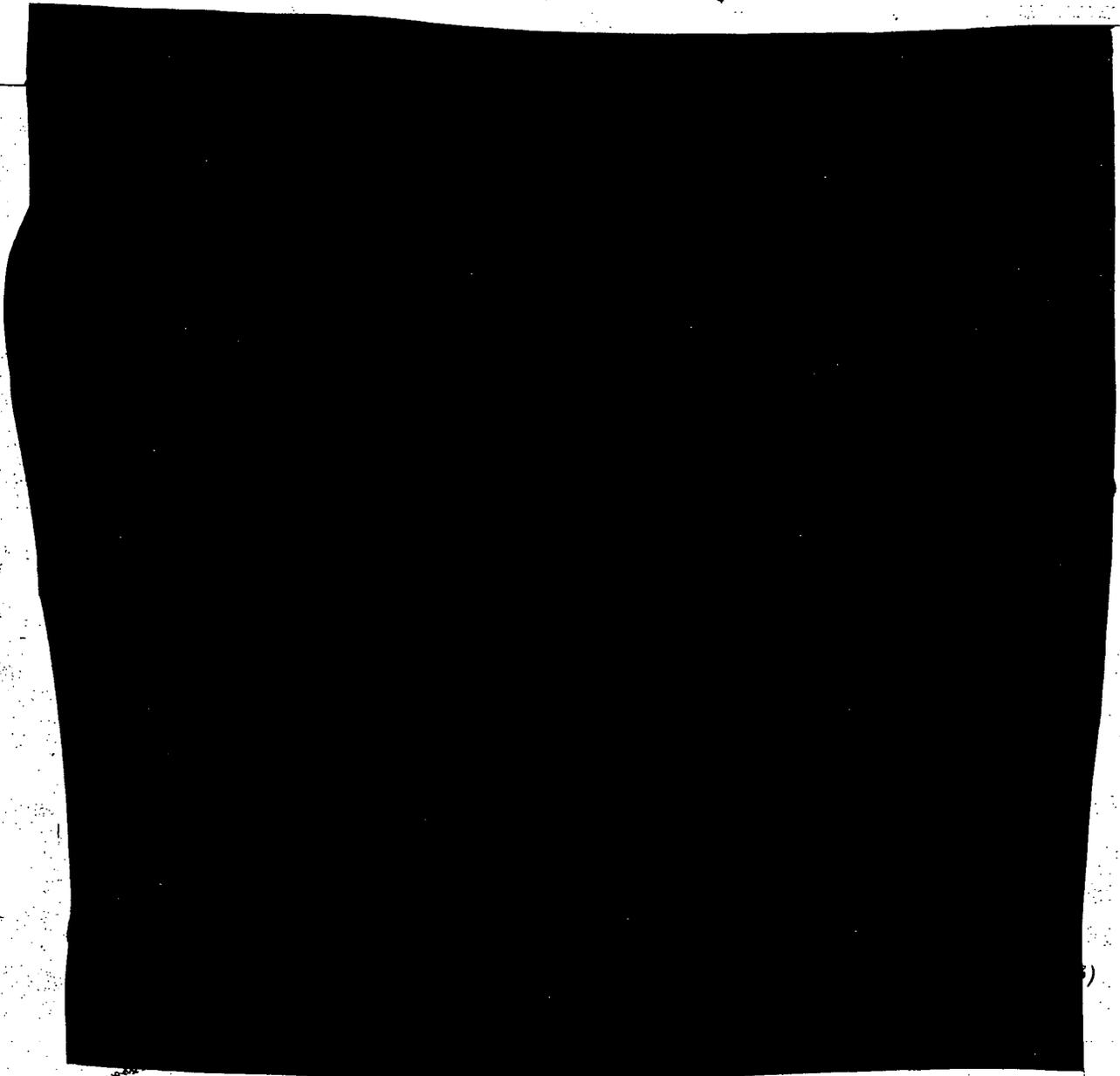
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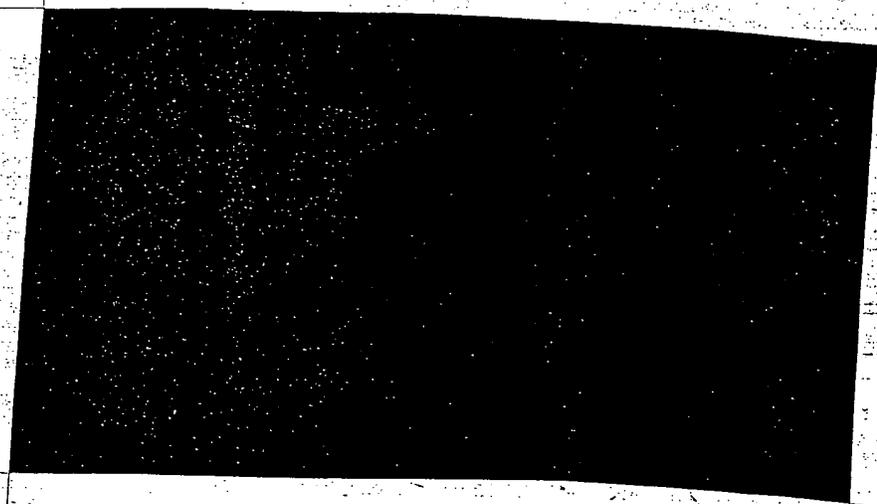
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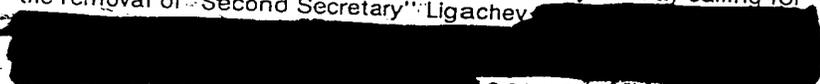
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USSR: Unrest in Caucasus Mounts

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[redacted] that up to 300,000 Armenians demonstrated in Yerevan yesterday to promote their territorial claim on the disputed Nagorno-Karabakh region. Armenians in Moscow staged a much smaller rally Sunday calling for the removal of "Second Secretary" Ligachev.



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[redacted] a general strike in Nagorno-Karabakh that began last week is still in progress. [redacted] the newly installed party leaders of Azerbaijan and Armenia met on Sunday to discuss ways of reducing ethnic tensions in their republics.

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[redacted] The change of leadership in Azerbaijan and Armenia has not brought an end to ethnic unrest in either republic. Throughout the crisis, Ligachev has taken an especially hard line regarding Armenian demands, making him a natural target for Armenian demonstrators. The theses for the 29 June party conference make clear that nationalities' policy will be on the agenda, but the Soviet leadership will need to act before then to prevent the situation in the Caucasus from getting completely out of hand. [redacted]

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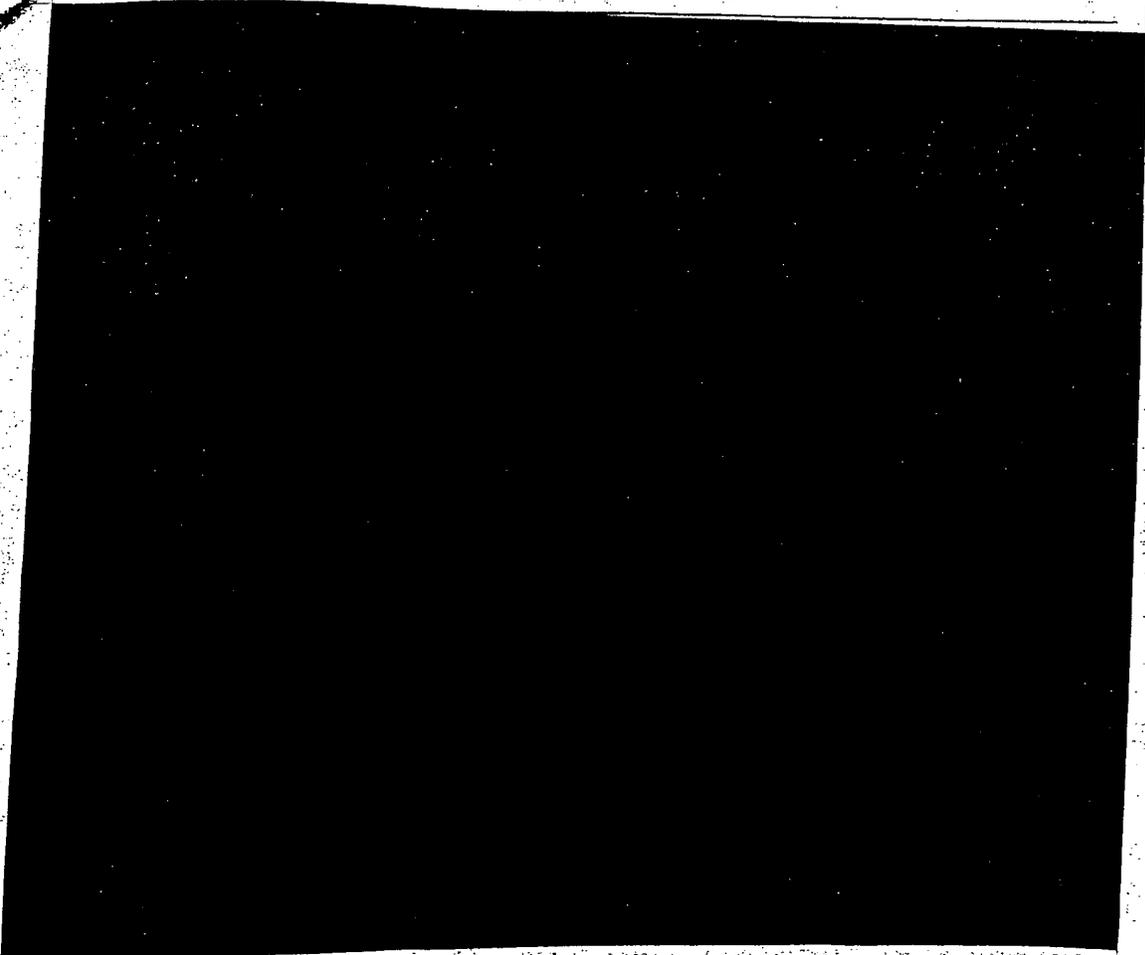
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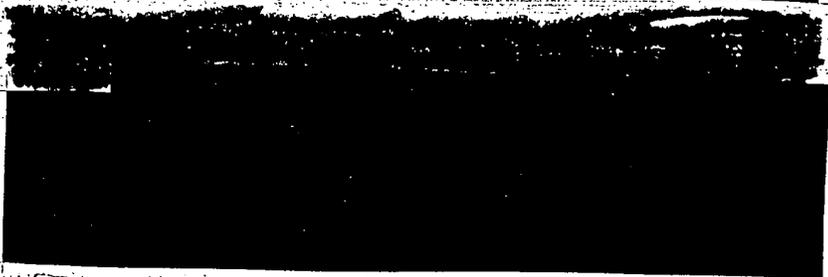
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NICARAGUA: Rebels Study Managua's Cease-Fire Proposal

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The Nicaraguan rebels' refusal to extend the round of cease-fire talks that ended Saturday was intended to gain time to study a new Sandinista proposal incorporating many of their demands for democratization, [redacted]. The insurgents want to craft a mechanism to ensure that the Sandinistas take specific steps on such measures as reducing executive powers, separating party and state, and guaranteeing press freedoms. The talks ended with no formal agreement on democratization or technical issues such as resupply, but the rebels will observe the current truce through the next round of negotiations tentatively scheduled to open a week from today in Managua. The insurgents successfully projected an image of unity at the talks, [redacted].

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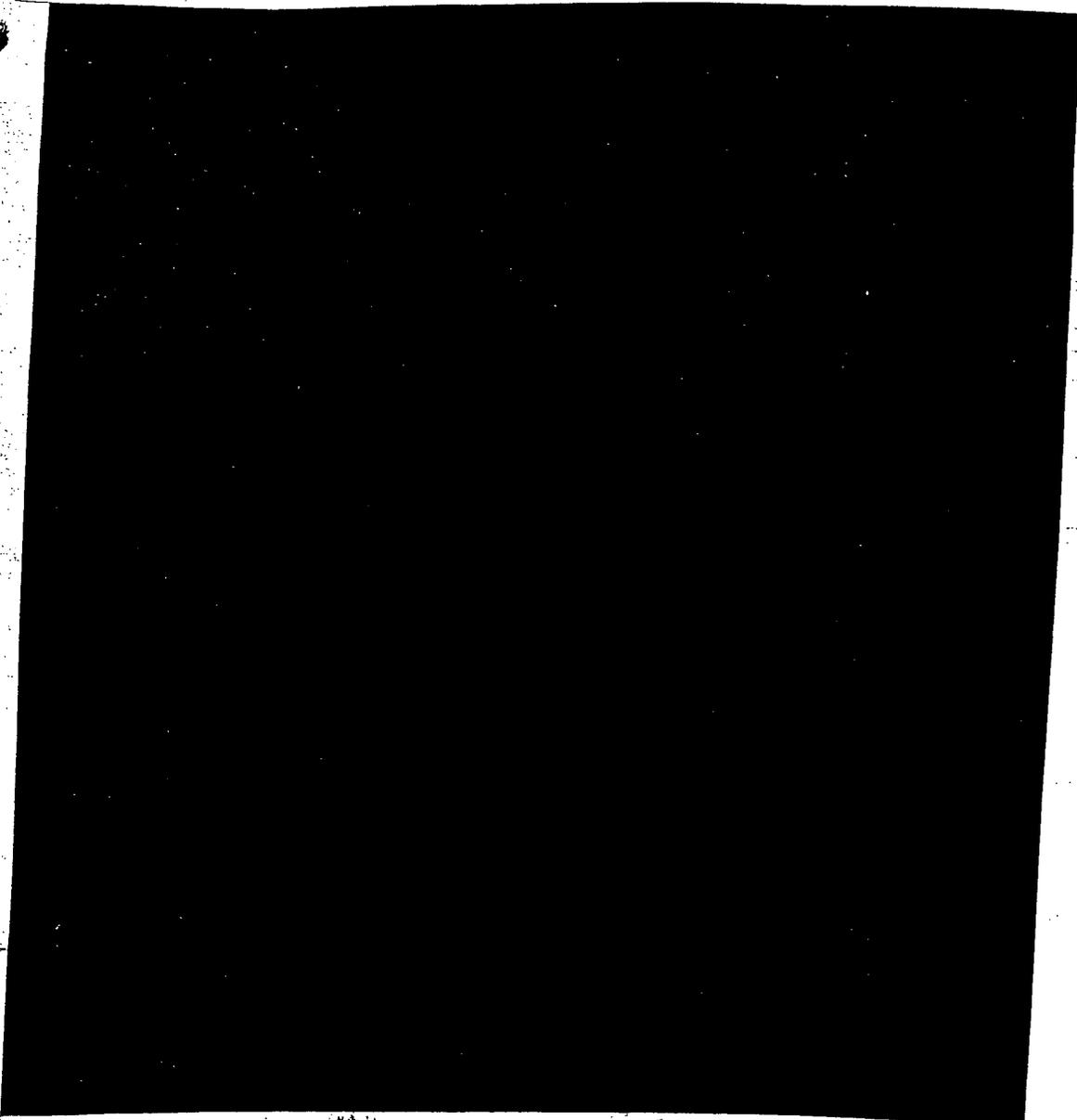
[redacted] The government almost certainly hoped its proposal would at least win international approval and, optimally, would force the rebels to sign a pact that leaves regime obligations vague. The Sandinistas probably will seek to discredit specific rebel demands, claiming they already have complied. Continuing rebel factionalism could hamper efforts by the insurgents to formulate their next position and could itself be aggravated by that effort [redacted].

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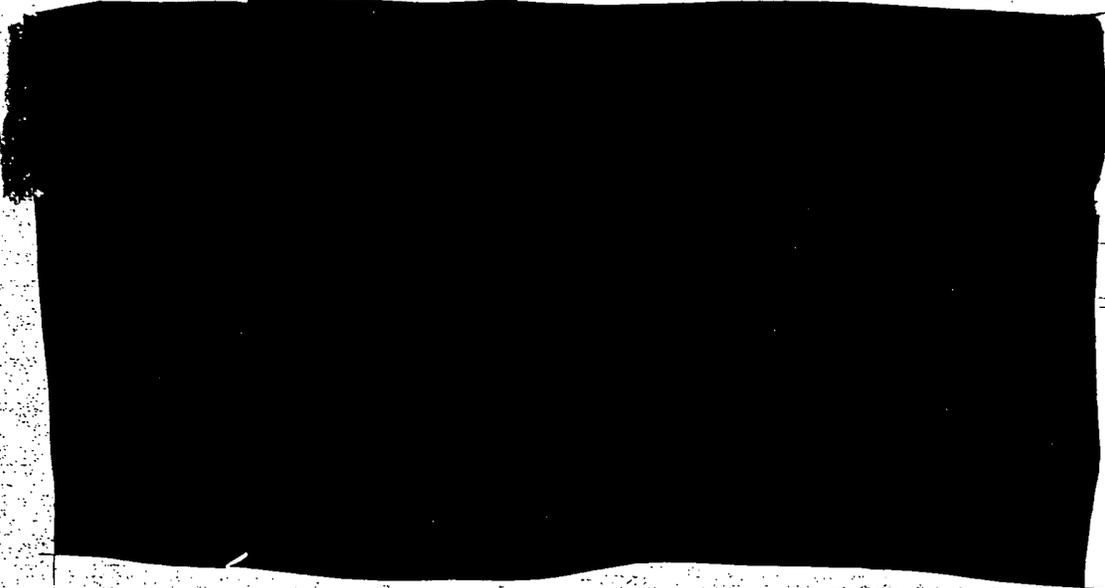
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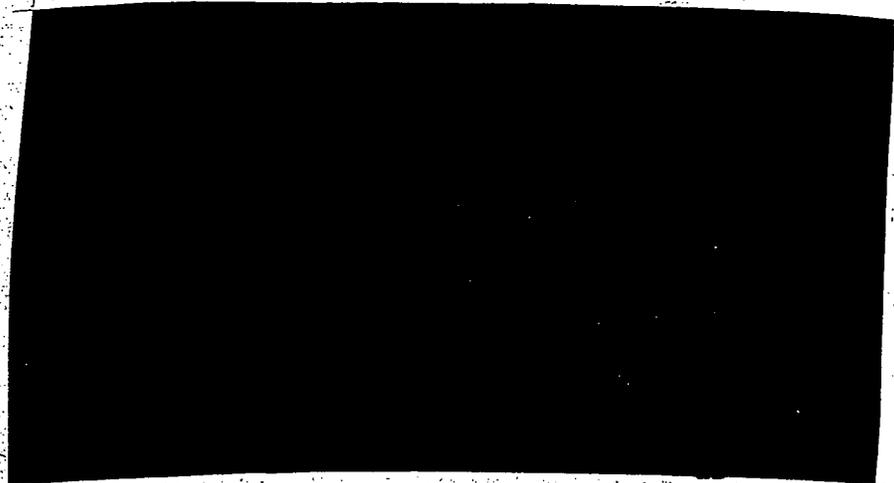
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In Brief

USSR

— Former Moscow party chief Yel'tsin [redacted] saying "Second Secretary" Ligachev should be replaced . . . first such public statement by any Soviet official at Central Committee level suggests momentum for Ligachev's removal is building. [redacted] b (3)

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[redacted]

— Chinese [redacted] report export of workers to USSR . . . particularly significant because sent to Soviet farm in area that once was Chinese territory . . . reflects easing of border tensions . . . extensive labor exports unlikely. [redacted] b (3)

Middle East

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— [redacted] rumors Syrian Vice President Rif'at Assad visited home for three days this month . . . saw ill mother; possibly met brother, President Assad . . . no indication will end self-imposed exile in France. [redacted] b (3)

Africa

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— [redacted] Thursday on Cuban military buildup in southwestern Angola . . . unusually candid about potential threat to Namibia . . . probably preparing public for increased fighting, casualties. [redacted] b (3)

— Somali rebels operating from Ethiopia overran town in northwestern Somalia Friday. [redacted] rebels claim two Air Force planes shot down . . . incident certain to damage bilateral relations. [redacted] b (3)

Americas

— Colombia's Conservative party leader Gomez kidnaped Sunday [redacted] has died from injuries sustained in seizure . . . rebels claimed responsibility for kidnaping, but may be related to government's detention of drug trafficker Ochoa [redacted] b (3)

Europe

— Yugoslavia has announced large price hikes, wage restraints as part of economic program . . . clears way for IMF, other new loans to revitalize economy, repay foreign debt . . . measures probably will lead to widespread strikes, consumer protests. [redacted] b (3)

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UN: Selected Attendees at Third Special Session on Disarmament

Key Delegation Heads

China Foreign Minister Qian
West Germany Foreign Minister Genscher
France Foreign Minister Dumas
New Zealand Foreign Minister Marshall
United Kingdom Foreign Secretary Howe
USSR Foreign Minister Shevardnadze

Other Leaders

Afghanistan President Najibullah
Argentina President Alfonsín
Bangladesh President Ershad
Barbados Prime Minister Sandiford
Brazil President Sarney
Colombia President Barco
Costa Rica President Arias
Cyprus President Vassiliou
Cuba Vice President Rodriguez
Finland Prime Minister Holkeri
The Gambia President Jawara

Other Leaders (continued)

Iceland Prime Minister Pálsson
India Prime Minister Gandhi
Ireland Prime Minister Haughey
Israel Prime Minister Shamir
Japan Prime Minister Takeshita
Lesotho Chairman of Military Council, Maj. Gen. Lekhanya
Mexico President de la Madrid
Nicaragua President Ortega
Paraguay President Stroessner
Portugal President Soares
St. Vincent and the Grenadines Prime Minister Mitchell
Somalia President Siad
Sweden Prime Minister Carlsson
Tanzania Ex-President Nyerere
Trinidad and Tobago Prime Minister Robinson
Turkey Prime Minister Ozal
Zimbabwe President Mugabe

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Special Analysis

USSR-UN:

Likely Initiatives at Disarmament Session

Soviet initiatives at the UN General Assembly's Third Special Session on Disarmament that opens today will be designed to promote Moscow's arms control agenda while attempting to put multilateral pressure on the US to show greater flexibility in bilateral negotiations. The Soviets are unlikely to do anything they judge harmful to their central goal of maintaining a positive atmosphere in US-Soviet relations. They have, however, lobbied Third World countries to introduce resolutions supporting Soviet positions in an apparent attempt to isolate the US while avoiding direct confrontation. b (3)

The Soviets are likely to propose multilateral negotiation of agreements on nuclear testing and the nonmilitarization of outer space, seek international approval for their strategic arms reduction goals, and call for more progress in multilateral chemical weapons talks. Soviet officials have said publicly that this effort is part of the proposed Comprehensive System of International Peace and Security they submitted to the UN last fall. b (3)

Moscow's Agenda

Soviet statements leave little doubt the USSR will press for resolutions favoring multilateral negotiations on topics currently under consideration at the US-Soviet nuclear testing talks, chemical weapons negotiations, and nuclear and space talks. b (3)

b1 [REDACTED] b (1) b (3)

b (3)

On space issues, the Soviets again will denounce alleged efforts to militarize outer space. They may seek multilateral endorsement of Moscow's call for adherence to the 1972 ABM Treaty as a prerequisite for offensive arms reductions and of the language dealing with this issue in the Washington summit's joint statement. They are likely once again to urge creation of new international bodies to monitor compliance with multilateral and bilateral agreement.

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On **strategic arms reduction**, the Soviets are likely to seek international endorsement of the INF Treaty, the bilateral talks on 50-percent reductions in strategic weapons, and the goal of complete nuclear disarmament. They may call for a multilateral ad hoc committee to examine a global halt in production of fissionable material for nuclear weapons. [REDACTED] b (3)

A **chemical weapons ban** will be high on the Soviets' agenda. They probably will press their February proposal for multilateral data exchange and urge further steps to speed negotiation of a chemical weapons ban, including creation of an international monitoring body. [REDACTED] b (3)

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Balancing Equities

Because Moscow wants to maintain the positive momentum in US-Soviet relations into the next administration, it probably will avoid behavior it believes could jeopardize that goal. [REDACTED] b (3)
[REDACTED] the USSR hopes for a nonacrimonious session and that its delegation is willing to be "creative" in finding acceptable language on issues over which the US and USSR have clashed. [REDACTED] b (3)

At the same time, Moscow has encouraged its allies, as well as Third World and Nonaligned states, to introduce items the US is likely to find objectionable. [REDACTED] b (1) b (3)

[REDACTED] The Soviets also will support expected proposals by the "Group of Six" on US-Soviet disarmament issues, including an international arms control compliance verification system, the relationship between disarmament and development, and adherence to the ABM Treaty. The meeting in Havana of Nonaligned foreign ministers, closing a day before the UN session opens, almost certainly will produce a hard line against the US. [REDACTED] b (3)

The session is unlikely to yield significant agreement on multilateral arms control issues. Among Third World delegations, there appears to be little interest on the part of the radical nonaligned in pursuing areas of consensus with the US. The Soviets risk political damage if they press hard for their initiatives because Third World delegations at the UN usually are not enamored of either the Soviet or the Western arms control stance. [REDACTED] b (3)

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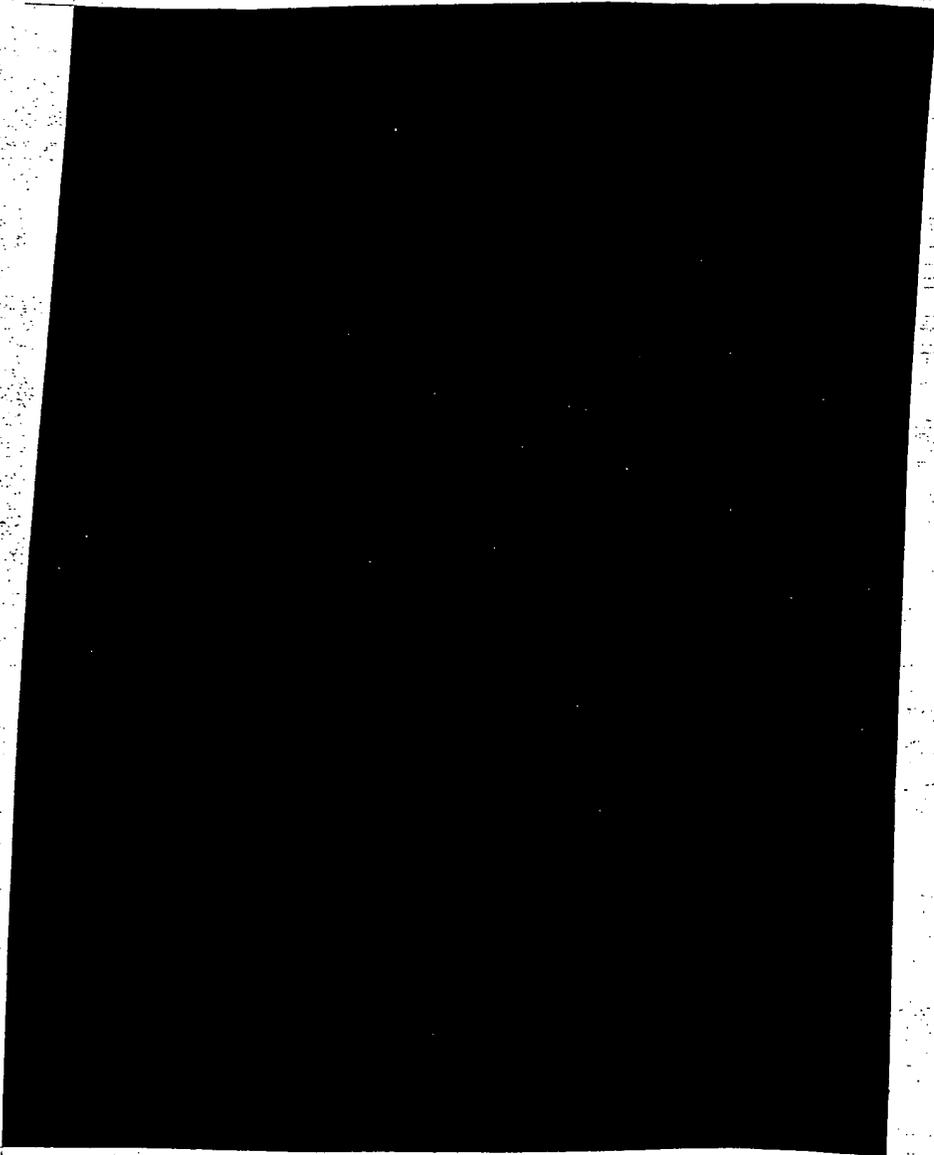
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Special Analysis

USSR:

Two-Track Approach on Angola

Moscow has been discussing possibilities for resolving the conflict in Angola and Namibia with several countries, but it continues to send enough military assistance to ensure that Angolan and Cuban forces have the wherewithal to meet the insurgent and South African threats. The Soviets are unlikely to push Luanda and Havana to sign an agreement in the near term or to press Luanda to consider national reconciliation before a settlement is achieved. [redacted] b (3)

Soviet Deputy Foreign Minister Adamishin has discussed the situation in Angola and Namibia [redacted] in the past three months. Moscow has said it would support any settlement that protects the interests of its allies Angola, Cuba, and SWAPO and probably will insist that full implementation of UN Resolution 435 on Namibian independence be a condition for Cuban withdrawal. [redacted]

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[redacted] stated the USSR is ready to act as guarantor of an Angolan peace settlement. [redacted]

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Diplomatic Maneuvering

The Soviets seem to be testing ideas for broadening the settlement process. [redacted]

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[redacted]

Moscow does not, however, seem to be pressing Luanda to include power sharing with UNITA in any agreement on the withdrawal of Cuban and South African troops. The Soviets support Luanda's policy, which would give amnesty, but no real power, to UNITA members. The Soviet press has reported Angolan officials' recent comments that Luanda does not intend to negotiate with UNITA, and Adamishin said Moscow will support Luanda's decision. [redacted] b (3)

The Soviets probably believe national reconciliation should be addressed after foreign troop withdrawal, but the official Soviet view of what national reconciliation in Angola should entail is not clear.

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Soviet academics and African specialists have said UNITA, except for its leader Jonas Savimbi, can be integrated into Angola's existing military, government, and party structure. ~~_____~~ The Soviets probably believe, ~~_____~~ that UNITA must be taken into account politically because roughly 40 percent of the Angolan population supports it. ~~_____~~

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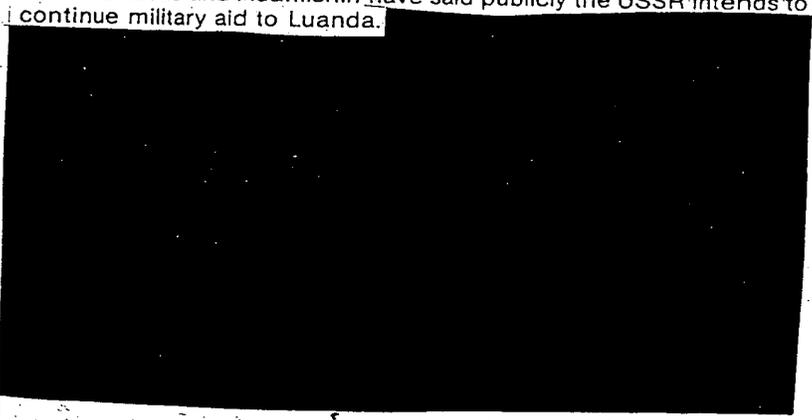
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The Military Dimension

Moscow has continued to send large amounts of military equipment to help the Angolan Government deal with the opposition, and both Shevardnadze and Adamishin have said publicly the USSR intends to continue military aid to Luanda.

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Outlook

The Soviets want a peaceful settlement that removes South African forces from Angola and Namibia and leaves their client in power in Luanda. While Moscow has much to gain by rhetorically supporting a political settlement in southern Africa, it is unlikely to press the Angolans to sign an accord that would weaken Luanda militarily or jeopardize its hold on power. Moscow is also unlikely to press the Cubans to withdraw because it believes South Africa will not be forthcoming in the negotiations. The Soviets almost certainly will not press Luanda to negotiate with UNITA until US and South African aid to UNITA is cut off and South African and Cuban troops have withdrawn. Moscow will continue to state that it does not object to the US-brokered talks between the Angolans, Cubans, and South Africans, but it places the onus for progress on the US and South Africa. The Soviets regarded the quadripartite talks in London as a positive step, but they remain skeptical of South African intentions.

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