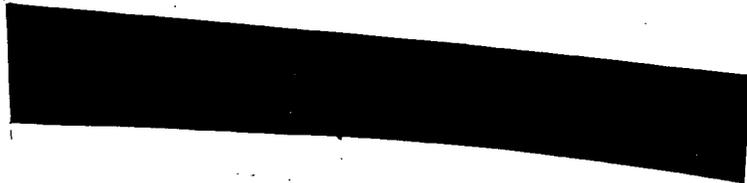


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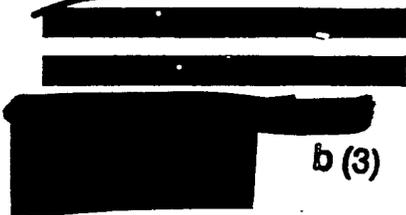
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Director of Central Intelligence

NATIONAL INTELLIGENCE DAILY

Friday, 19 July 1991



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Approved for Release
Date JUN 1999



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YUGOSLAVIA: Situation Report

The federal Presidency has ordered the Army to withdraw from Slovenia, [Redacted] The deadline for demobilization of paramilitary forces passed at 1800 EDT yesterday, and Croatian officials fear an imminent Army attack. [Redacted] b(3)

Presidency
Orders Army
Out of Slovenia

The federal Presidency yesterday ordered all Army forces to quit Slovenia within three months. [Redacted]

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b(3) [Redacted] If implemented, the decision will produce de facto recognition of Slovenian independence. It will also isolate Croatia; Slovenia almost certainly will do nothing to aid Croatia for fear of upsetting its progress toward full independence. The move will heighten insecurity in Zagreb and reinforce belief there that an Army operation to establish full control over Serb-inhabited areas of Croatia is imminent. [Redacted] b(3)

Military
Developments

b(3) [Redacted] clashes occurred yesterday in Serb-populated areas of Croatia, and [Redacted] tension remains high in Kosovo and along the Bosnian-Croatian border.

[Redacted] b(1) b(3)

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**Slovenia Angles
for Foreign Capital**

Slovenia's finance minister yesterday claimed his republic desperately needs foreign loans and said he will ask the Austrians for as much as \$200 million in trade credits, [REDACTED]. He added that the republic has suffered \$2.7 billion in war damages and holds only \$200 million in foreign exchange reserves [REDACTED].

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[REDACTED]

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[REDACTED] Ljubljana almost certainly is exaggerating its economic need in the hope of developing financial links with foreign creditors. It probably is counting on a fresh flow of international capital to help the transition to independence. [REDACTED]

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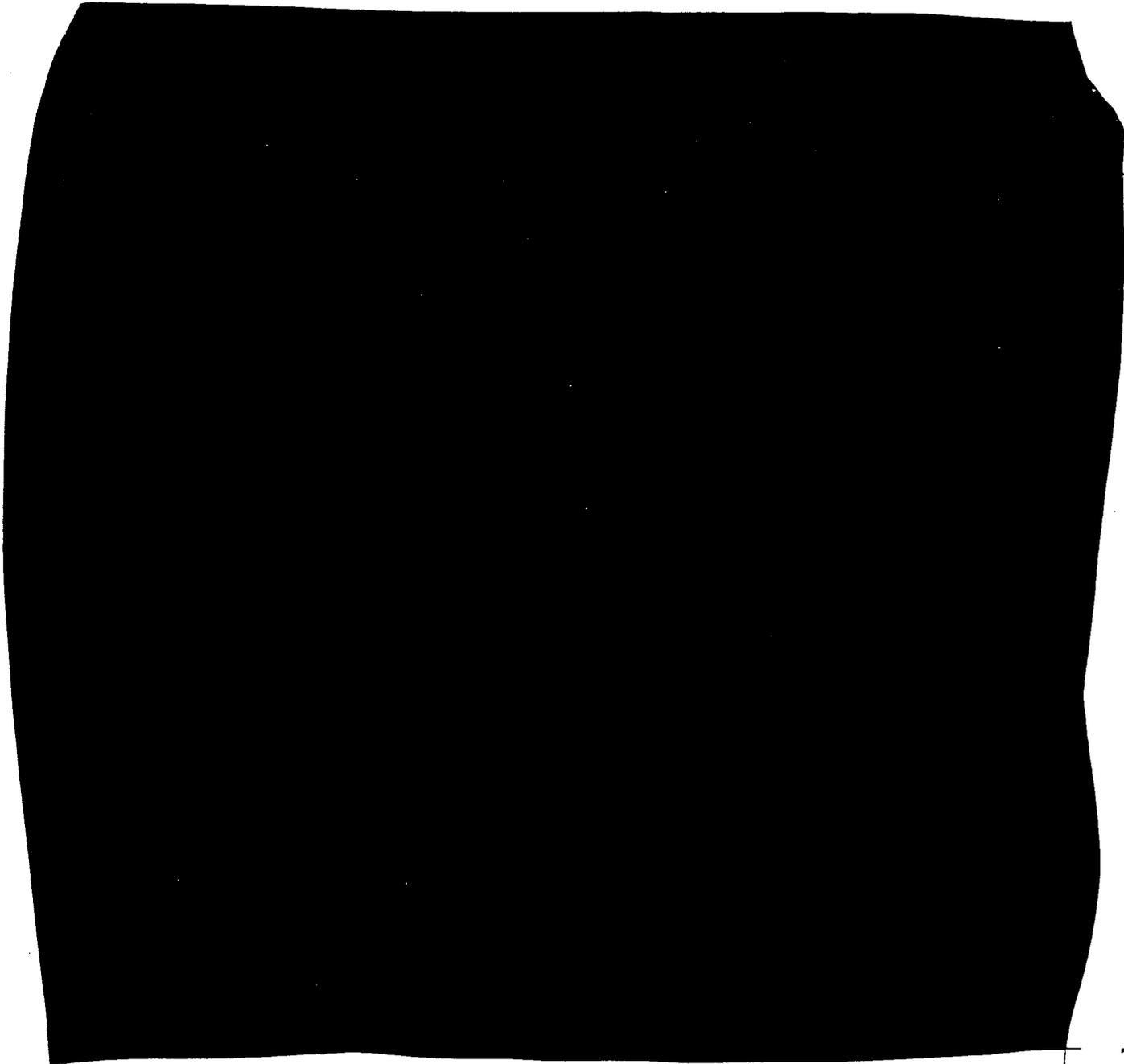
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USSR: Situation Report

Yel'tsin and Landsbergis have reached a bilateral accord; minority groups in the breakaway republics are giving Supreme Soviet traditionalists a pretext for opposing the union treaty. [redacted]

Lithuanian-Russian Agreement

[redacted] Lithuanian President Landsbergis and Yel'tsin have set the terms of a bilateral cooperation treaty to be signed on 29 July. It [redacted] guarantees Russia access through Lithuania to Kaliningrad as well as resettlement for ethnic Russians who want to return to the Russian Republic. [redacted]

b(3)

[redacted] Landsbergis, concerned that Vilnius faces economic and political isolation if the union treaty is signed, probably views this accord as a political coup and a significant bulwark against pressure from the center. Yel'tsin wants to show continued Russian support for the Baltic republics but needed explicit guarantees of Russian minority rights to ensure approval by his republic's legislature. [redacted]

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Minority Regions Ask To Sign Union Treaty

Representatives of procenter minority groups in the Dnestr and Gagauz regions of Moldova, in Georgia's Abkhazia and South Ossetia, and in Lithuania's Salcininkai region, as well as Estonia's anti-independence interregional council have asked the USSR Supreme Soviet for permission to sign the union treaty. [redacted]

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[redacted] Traditionalists, especially the Soyuz faction in the Supreme Soviet, almost certainly will claim this request proves there is significant support in these breakaway republics for staying in the union. [redacted]

Bombing in Riga

Lithuanian radio says a bomb exploded in the Latvian republic procuracy building Wednesday afternoon, injuring one official. [redacted]

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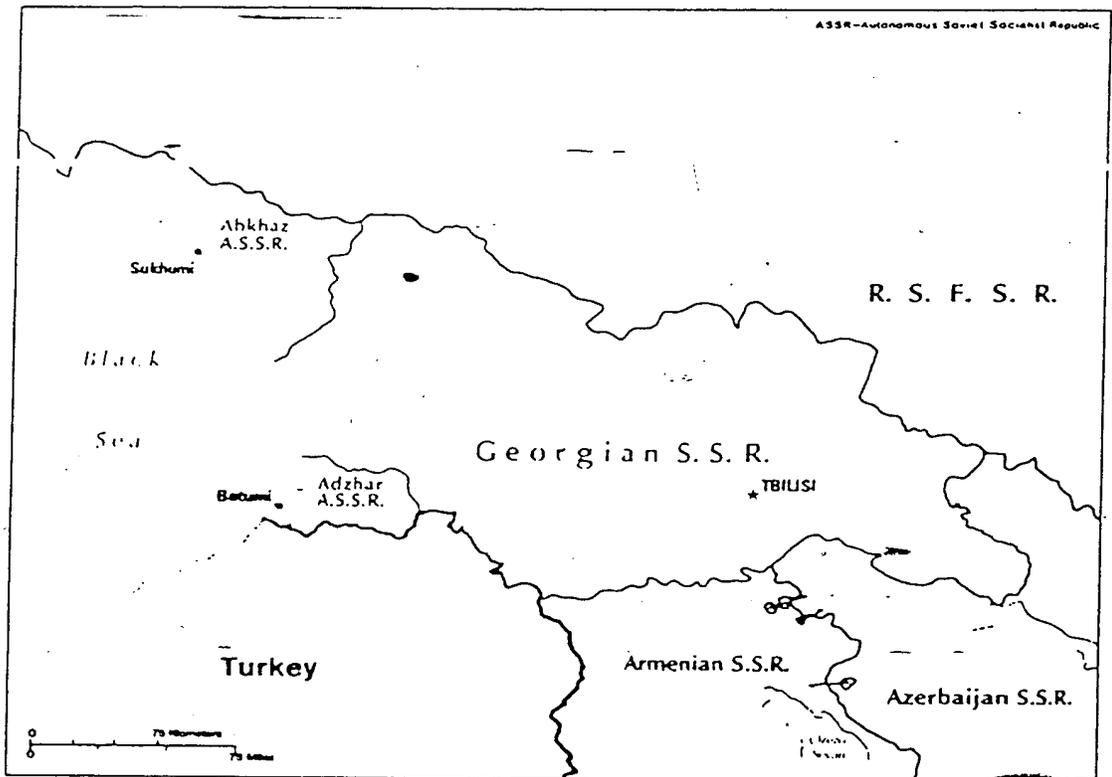
Comment: Procenter forces may have targeted the procuracy as a symbol of Latvia's assertion that republic laws take precedence over union laws. [redacted]

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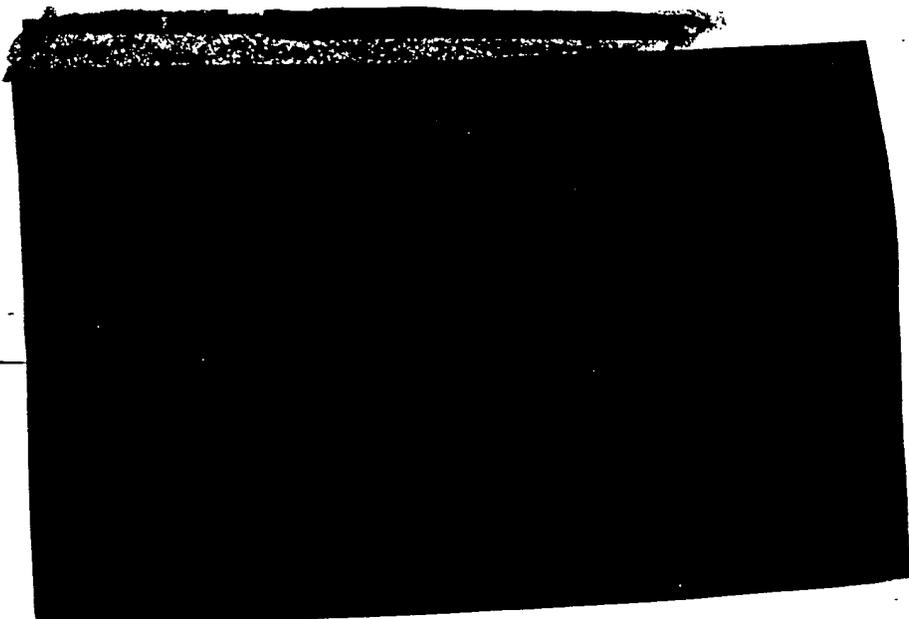
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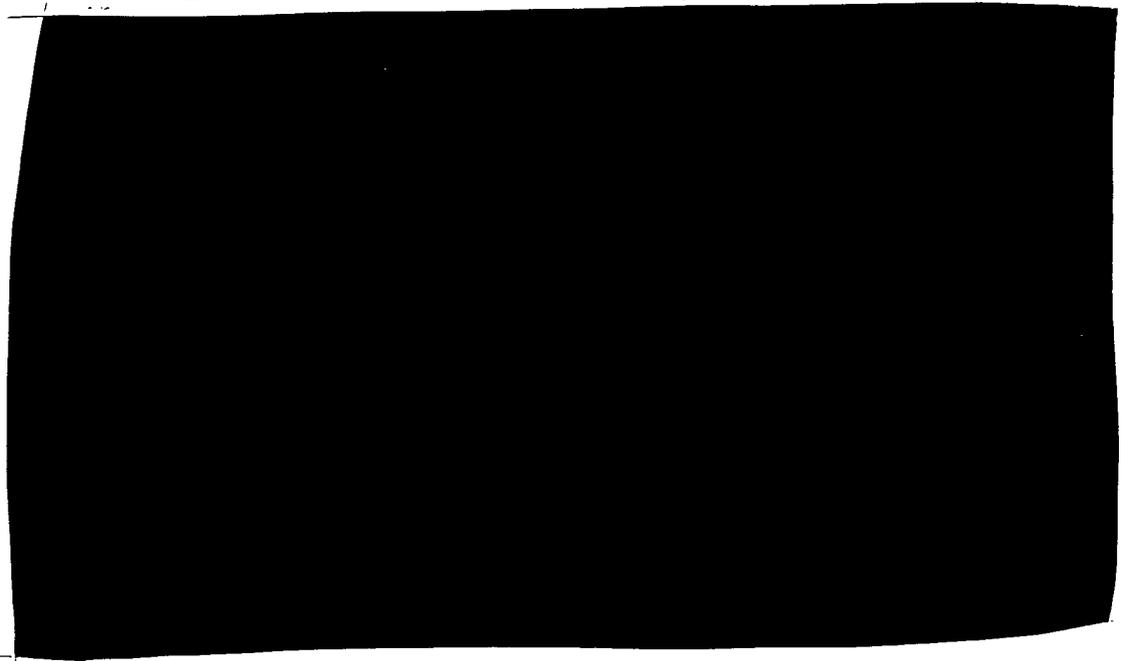
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USSR: Political Developments in Georgia

Georgian President Gamsakhurdiya's Round Table political group last week won only 32 of the 80 seats in the Supreme Soviet of Adzharia, an autonomous republic in southwestern Georgia. Round Table will be the largest grouping but will have to deal with, among others, the Communists, who won 11 seats.

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Gamsakhurdiya's most prominent opponents is charging that the Georgian President persecutes political foes; in an interview Saturday, Gamsakhurdiya stressed the current need for order over democracy in Georgia.

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Gamsakhurdiya, concerned about his image in the West and among Soviet reformers, has been taking a less heavyhanded approach to Georgia's minority regions but probably is not ready to tolerate significant ethnic Georgian opposition. Round Table's mediocre showing indicates that the Adzhar elections probably were fair and that at least some democracy exists in Georgia. A sterner test, however, will come in Abkhazia, where an election is set for September.

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BOLIVIA: New Antidrug Approach May Limit US Role

Bolivia's Foreign and Interior Ministers are to visit the US early next week to seek acceptance of La Paz's new antidrug strategy. It allows traffickers who surrender to avoid extradition, a provision that has widespread popular support but is at odds with Washington's plans to request the extradition of drug kingpin Erwin Guzman, who recently surrendered. The Army commander has said his service may drop plans to take on an antidrug mission if key traffickers give themselves up; the plans were developed to satisfy a condition for US aid.

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La Paz has been looking for a Bolivian solution to the drug problem, and the strategy responds to calls for a reduction in the US role in antidrug efforts.

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It probably will resist any request to extradite Guzman, whose treatment it sees as key to persuading other major traffickers to surrender, and congressional support for a permanent ban on extradition may grow.

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CZECHOSLOVAKIA: Slovak Nationalists Eying Slovenia

Slovak nationalists are becoming more strident and are likely to look on Slovenia as their model. Former Slovakian Premier Meciar, the republic's most popular politician, has cited it as such, and current Premier Cernogorsky was one of the first east European leaders to congratulate Slovenia and Croatia on their declarations of independence. The deputy chairman of the Slovakian legislature this week called for the creation of a republic home guard, and recent polls show support for Public Against Violence—the only mainstream party in Slovakia advocating a strong federation—has sunk to 2 percent.

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Widespread diplomatic recognition of Slovenia and its successful separation from the Yugoslav federation almost certainly would encourage those pushing for greater Slovak autonomy. At a minimum, increased Slovak assertiveness will strain Czech patience and complicate negotiations on a new federal constitution.

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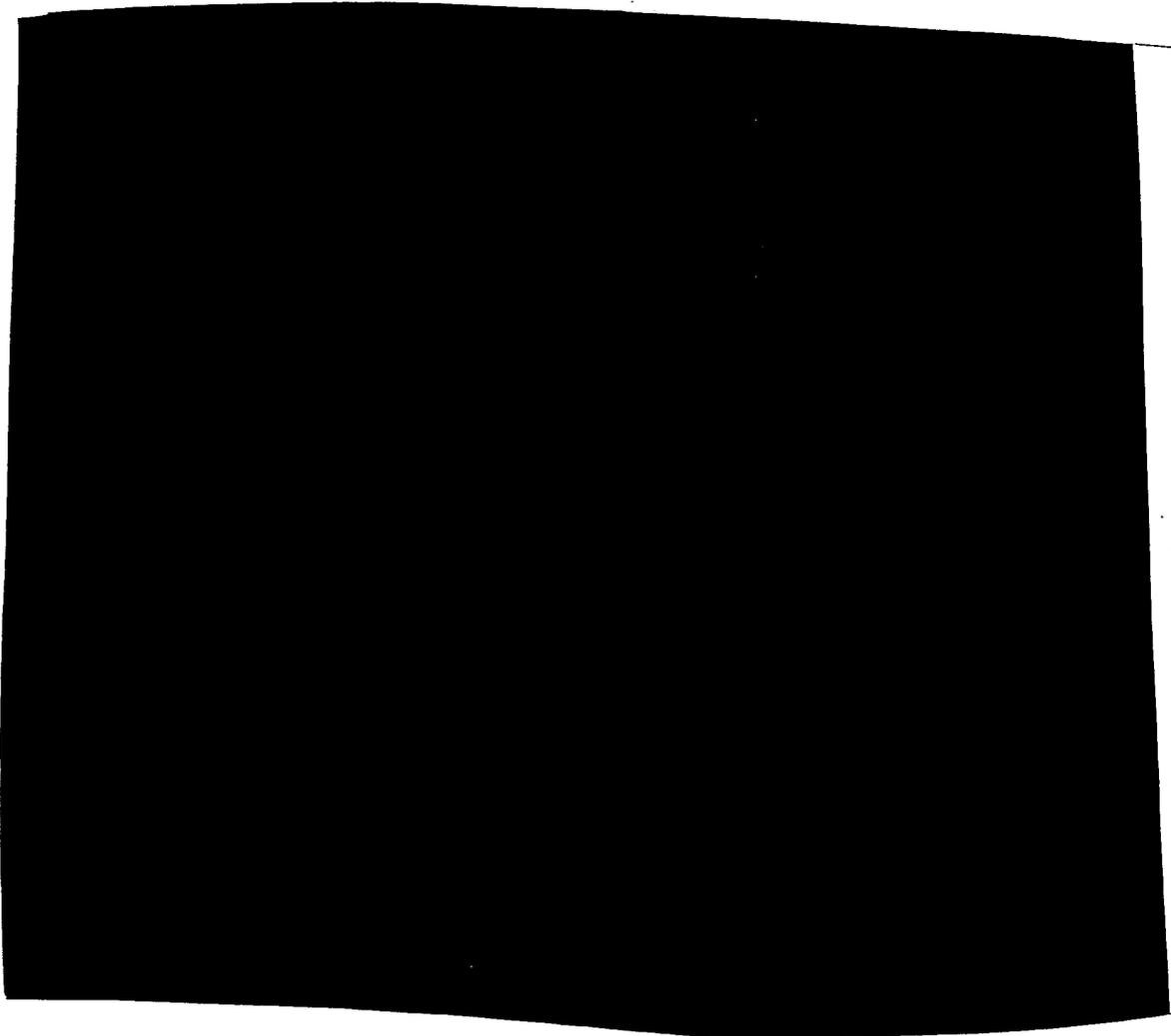
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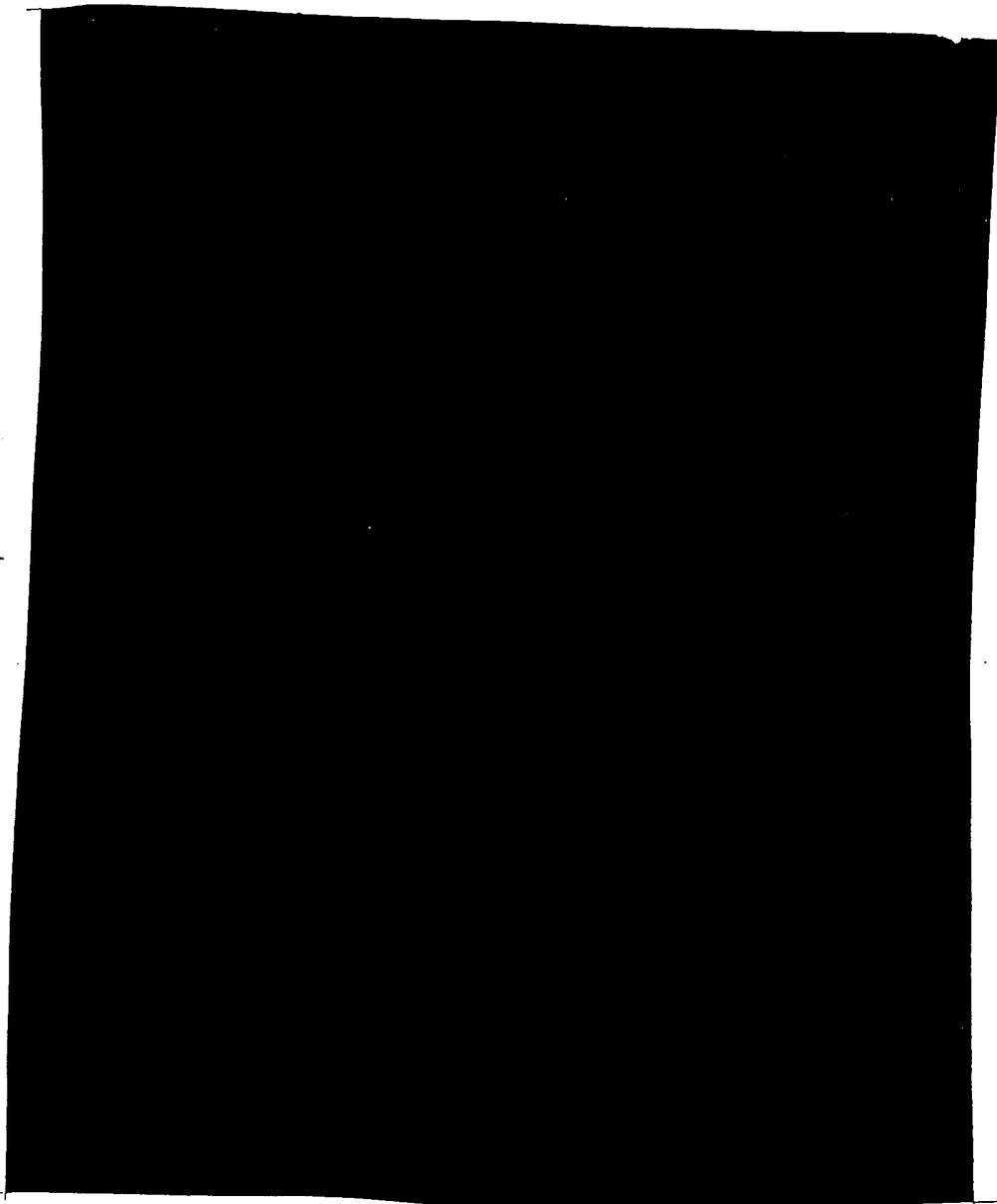
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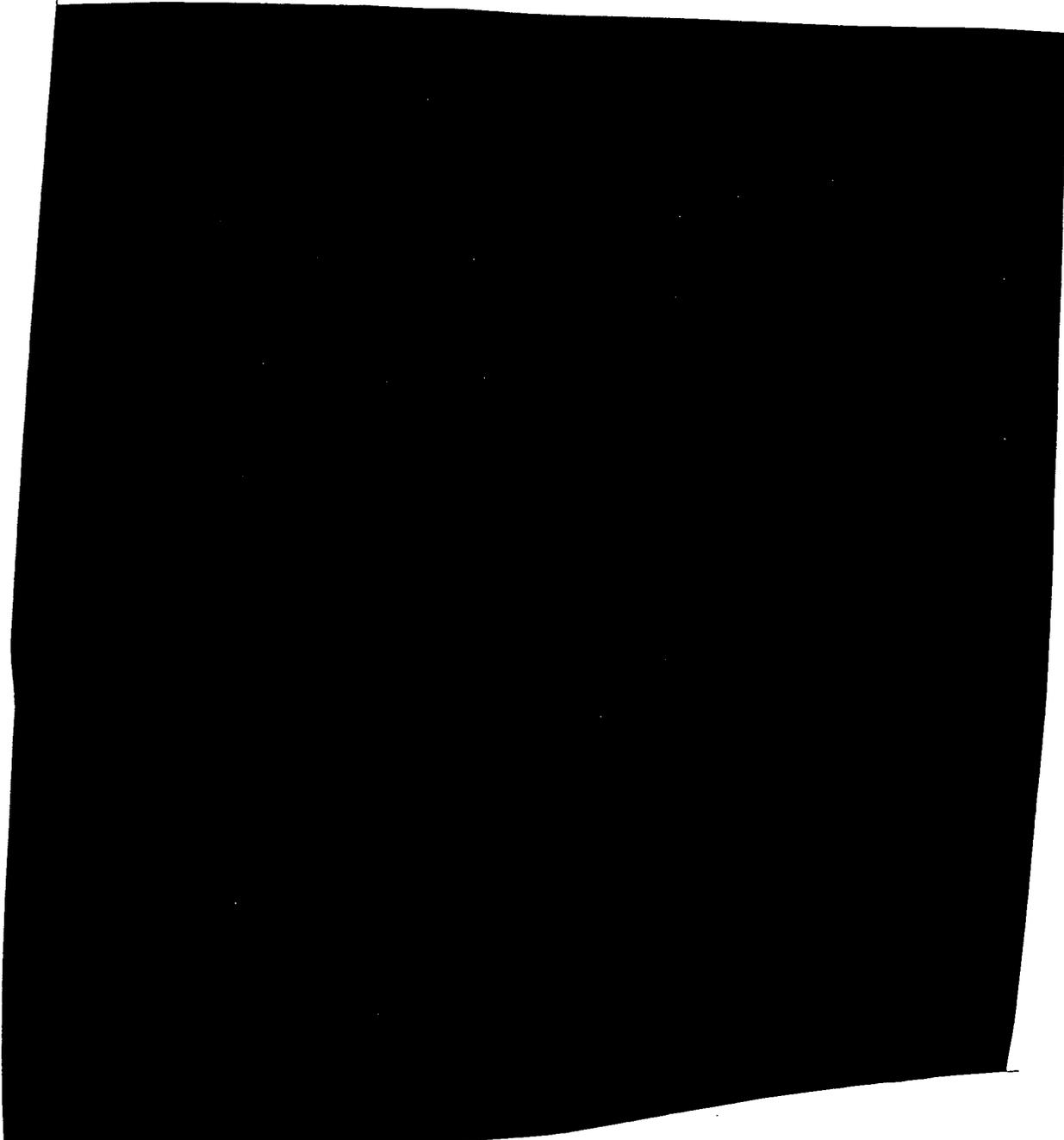
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In Brief

Americas

[REDACTED]

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South Asia

— Pakistani legislature has diluted Prime Minister Sharif's bill seeking extraordinary powers to curb criminal violence . . . ends Sharif's political honeymoon with legislative alliance . . . bill unlikely to improve law-and-order situation. [REDACTED]

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— Allies of Afghan resistance leaders Gulbuddin, Sayyaf still holding two recently kidnapped US relief workers . . . relief facility robbed earlier, two Red Cross workers killed . . . more attacks likely as West reduces aid to rebels. [REDACTED]

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Europe

[REDACTED]

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[REDACTED]

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Middle East

[REDACTED]

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— Jordanian royal court chief to go to Cairo soon to discuss peace process . . . first visit since Persian Gulf crisis . . . Egypt may press for joint Jordanian-Palestinian delegation to peace-talks. [REDACTED]

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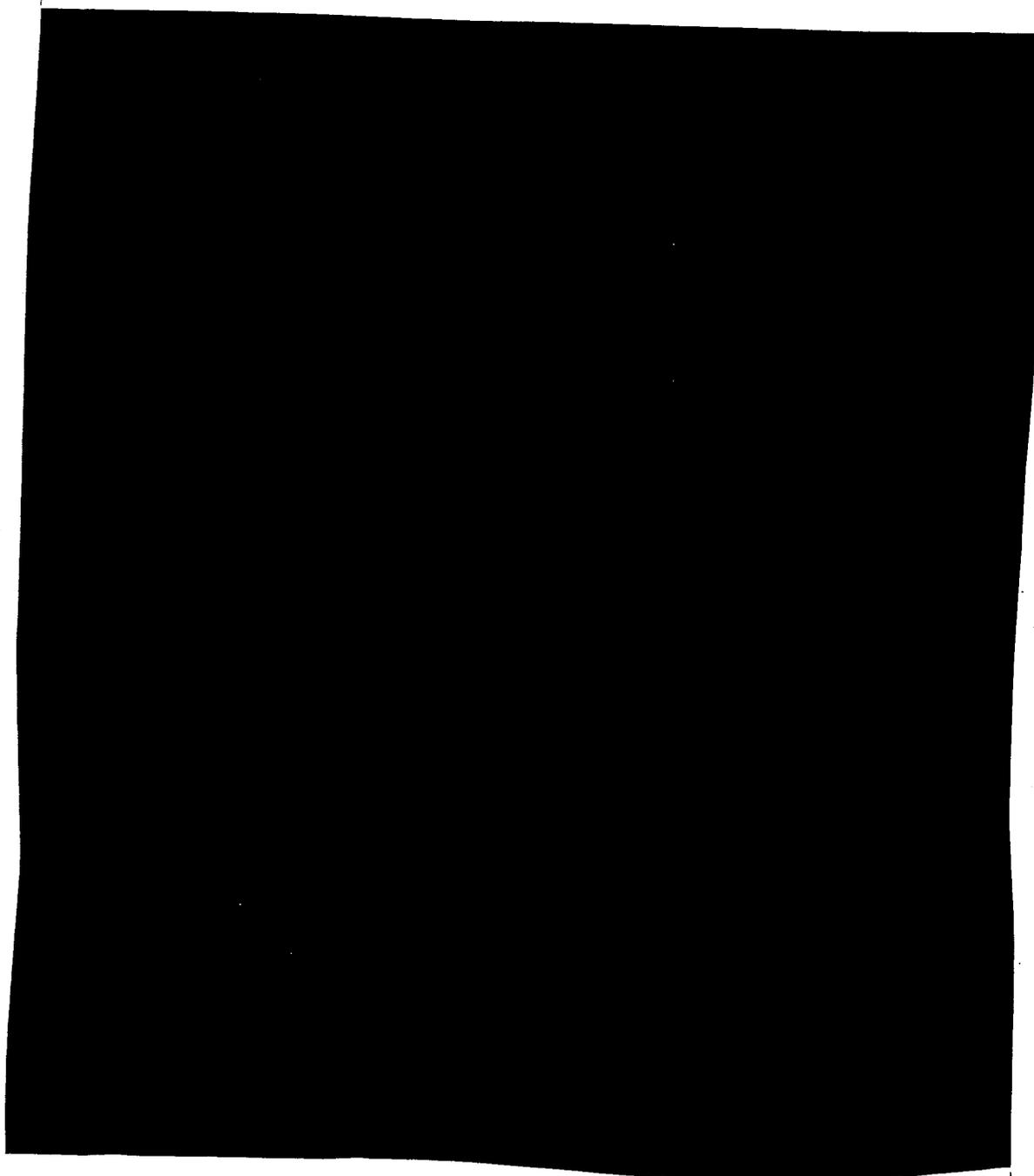
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Special Analysis

LEBANON:

Facing Up to Hizballah

Beirut has a good chance of following up its success in extending its authority throughout the country and disarming militias by working out an accommodation with Hizballah. The group may allow limited Lebanese military deployments in Hizballah's operating areas because such a step would not seriously weaken its military and terrorist capabilities. [redacted]

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The Harawi government has moved slowly but methodically to extend its authority since it announced a timetable last March for disarming militias and deploying the Lebanese Armed Forces (LAF). The plan requires militias to turn in or remove from Lebanon all heavy and medium weaponry but lets them keep small arms. Its last major item calls for reestablishing control in the Hizballah stronghold of the Bekaa Valley by late September. [redacted]

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The Lebanese Government has already succeeded in restricting Hizballah's activity in Beirut and southern Lebanon. Members of the group are no longer permitted to brandish weapons in public in the capital, and security forces have taken control of part of its stronghold in Beirut's southern suburbs. [redacted]

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[redacted] Government forces have searched other Hizballah facilities in the south and prevented some guerrilla operations, according to press reports. [redacted]

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Nonetheless a Special Case

Despite the government's expanding role, Hizballah's military and terrorist apparatus is well suited to adapt to the changing security environment in Lebanon. It has few medium and heavy weapons; its substantial stock of small arms is easy to hide and will continue to enable the group to launch guerrilla attacks against Israel. [redacted]

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[redacted] Even without such a move, Hizballah could conduct military and terrorist training in remote Shia villages in the Bekaa. [redacted]

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Hizballah probably believes its Iranian support and the continued detention of Western hostages will prevent a confrontation with the LAF. Press reports say Hizballah leaders traveled to Tehran last month for consultations about the situation in Lebanon and almost

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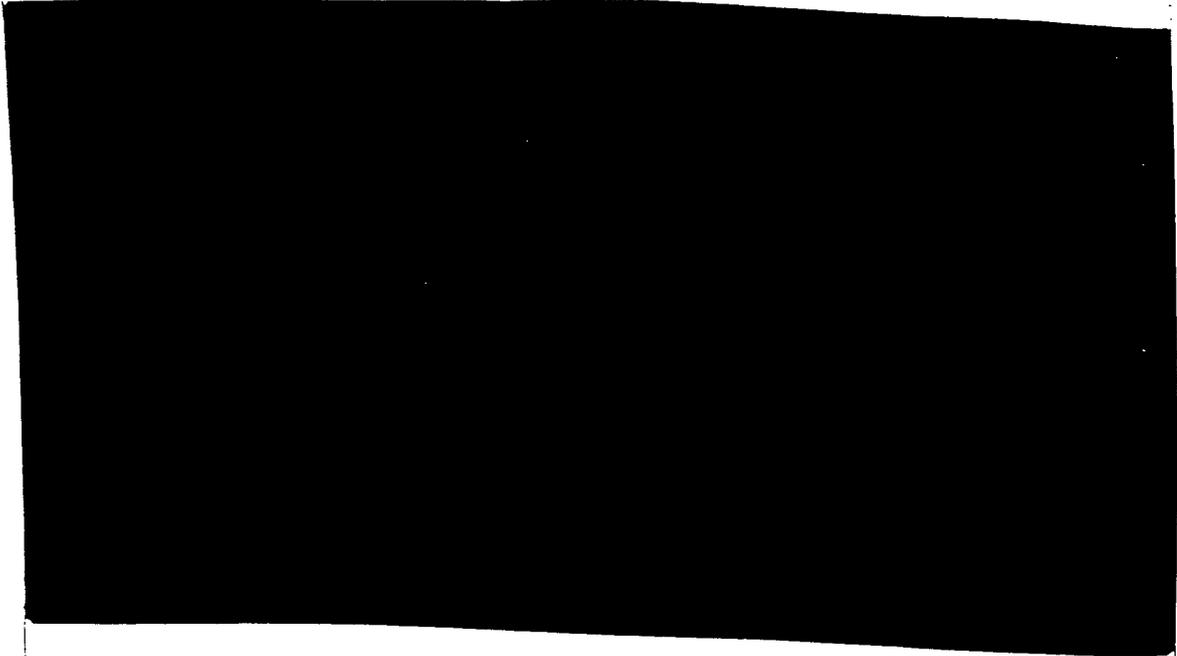
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certainly urged Iran to press Syria for assurances on the group's future. A recent Hizballah statement implied that attempts to forcibly disarm the group may threaten the hostages, suggesting that it believes holding hostages will deter Lebanese military action. [REDACTED]

Tehran wants to avoid or at least delay the disarming of Hizballah and is linking the issue publicly to an Israeli withdrawal from southern Lebanon. The *Tehran Times*—which often reflects President Rafsanjani's position—earlier this month called the move to disband militias detrimental to the Palestinian cause and argued that the presence of militant groups in southern Lebanon helped protect Syria and Lebanon from the Israeli threat. Tehran probably will try to use its close ties to Damascus to intervene on Hizballah's behalf but would agree to a compromise arrangement allowing Beirut to declare nominal control in the Bekaa as long as Hizballah's activities are not significantly curtailed. [REDACTED]

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Outlook

Beirut almost certainly knows it cannot end Hizballah's resistance activities any time soon; the LAF is already stretched thin because of recent deployments to southern Lebanon. Since Hizballah has virtually no heavy weapons to turn over, Beirut can claim victory while avoiding military confrontation. The LAF almost certainly will make some symbolic deployments in the Bekaa Valley, as it has elsewhere, in the hope of eventually consolidating its hold. Beirut probably will claim that the large Syrian military presence in the Bekaa obviates the need for a larger LAF deployment. [REDACTED]

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Special Analysis

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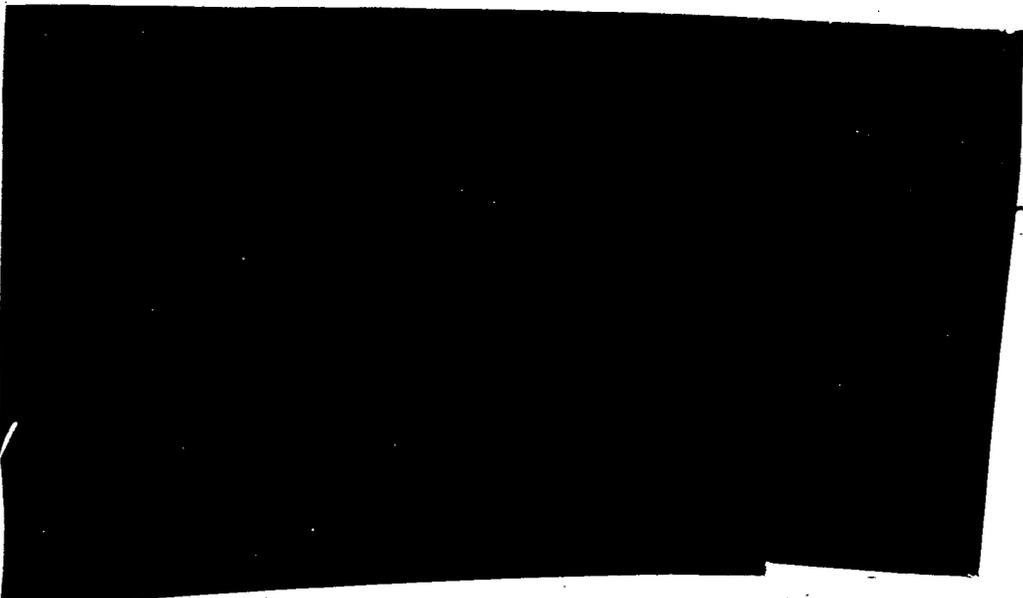
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Special Analysis

USSR-TURKEY: Expanding Ties

Soviet-Turkish relations have improved steadily since Gorbachev came to power in 1985 and now appear to be better than at any time since the end of World War II.

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The USSR's deteriorating economy appears to be its primary motivation for pursuing close relations with Ankara. Soviet leaders see expanded ties as a relatively inexpensive way to secure much-needed goods, industrial expertise, and some capital, as well as a bridge to West European markets. Moscow probably believes that Turkey's geographic proximity and willingness to enter barter arrangements can make up for some lost East European trade and help alleviate its severe cash crunch.

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In early March, Gorbachev and Turkish President Ozal signed an ambitious 10-year agreement on trade, technical, and scientific relations that envisions trade

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Since 1989 Turkey also has offered the Soviets more than \$1.5 billion in export credits for consumer goods, food products, and telecommunications equipment.

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Seeking Greater Security and Stability

Moscow's pullout from Eastern Europe, CFE-mandated force reductions, and rising regional instability also have spurred the Soviets' desire for a stable, friendly relationship with Ankara.

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During the past year, the USSR and Turkey have signed a number of agreements to ease tension along their border. Foremost among these is a 20-year friendship and cooperation treaty pledging both countries not to interfere in each other's affairs, to respect each other's territorial integrity, and to hold regular consultations at all levels of government.

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Republics' Relations With Turkey

Soviet leaders have allowed and even encouraged greater Turkish contacts with the USSR's republics. The Soviets apparently believe that secular Turkey is a more positive model for the Muslim republics than other Middle Eastern countries and that constructive relations between Turkey and the republics can help stabilize the situation along the USSR's southern border. Moscow may also be using the republics to attract greater Turkish investment in the USSR and to secure increased regional economic cooperation without arousing longstanding Turkish suspicions.

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Republic leaders see expanded relations with Turkey as a way to attract investment, increase trade, and show growing authority over their own foreign relations. The inhabitants of the Soviet Muslim republics, for the most part, share ethnic and linguistic links to the Turks and view Turkey as a model secular Islamic state.

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Of the Soviet republics, Azerbaijan has the most developed relationship with Turkey. The two have exchanged several leadership visits, concluded comprehensive economic, scientific, and cultural agreements, and are restoring transportation and communications links severed in the early 1920s. The Russian and Ukrainian republics hosted separate visits by Ozal in mid-March during which several agreements were signed. Turkmeniya, Kazakhstan, Kirghiziya, and Uzbekistan also recently concluded economic agreements with Turkey.

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Outlook

Mounting economic problems undoubtedly will lead Moscow to seek greater barter trade and more economic assistance from Ankara in the future. It also will continue to seek a buffer against Balkan and Middle Eastern instability and reduced tension along its southern borders.

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