

Director of
Central
Intelligence

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National Intelligence Daily

Tuesday
7 April 1987

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7 April 1987

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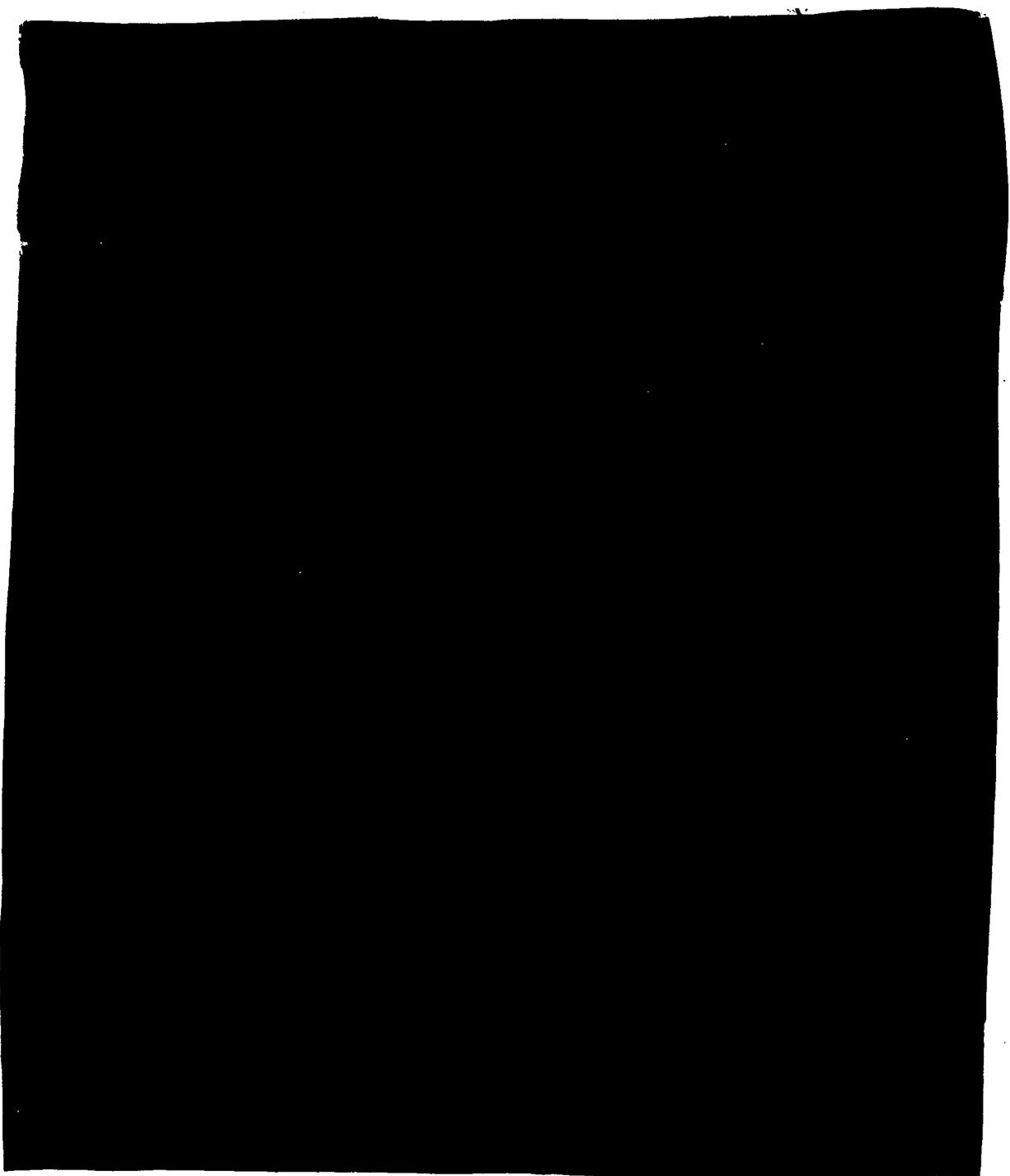
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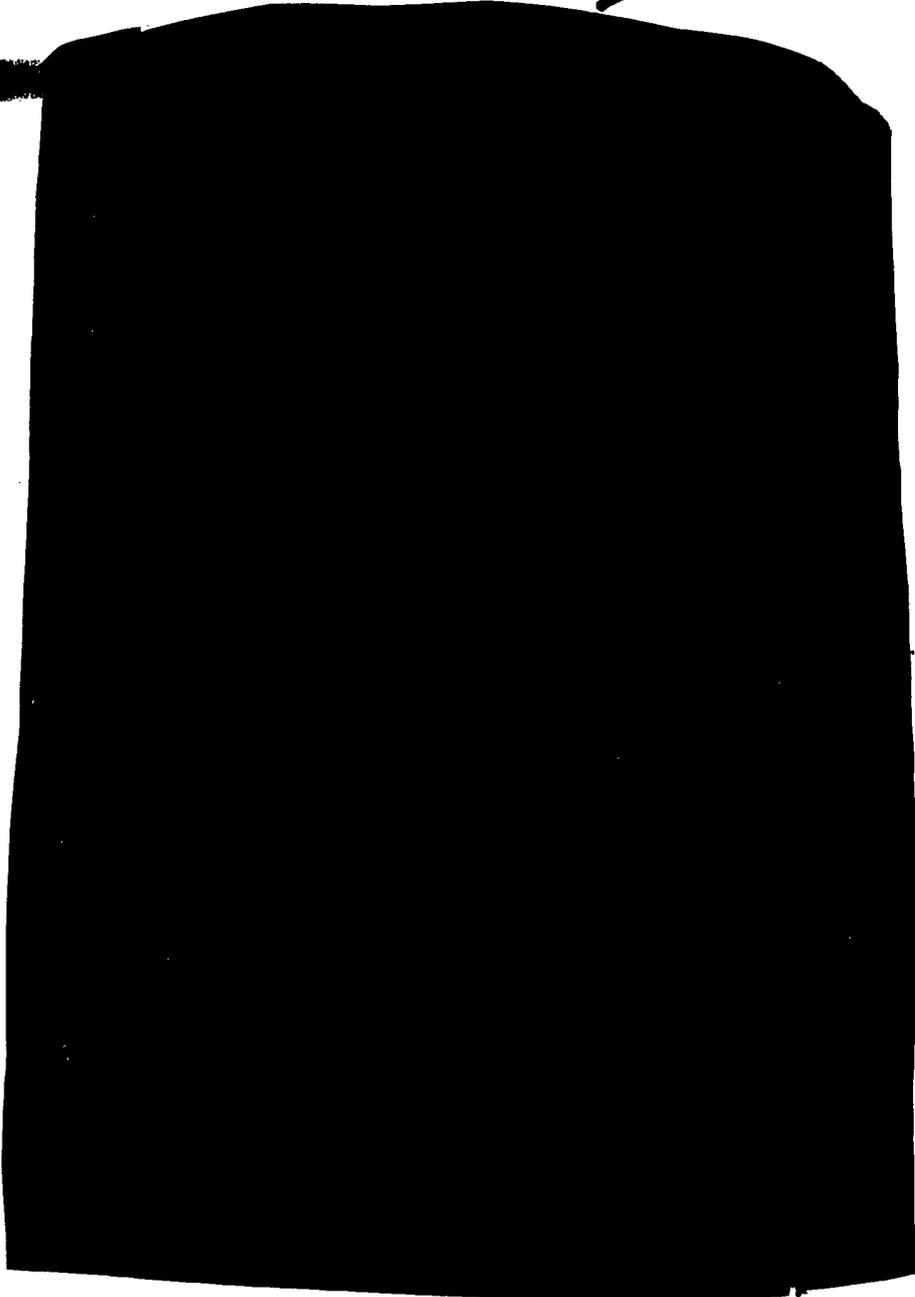
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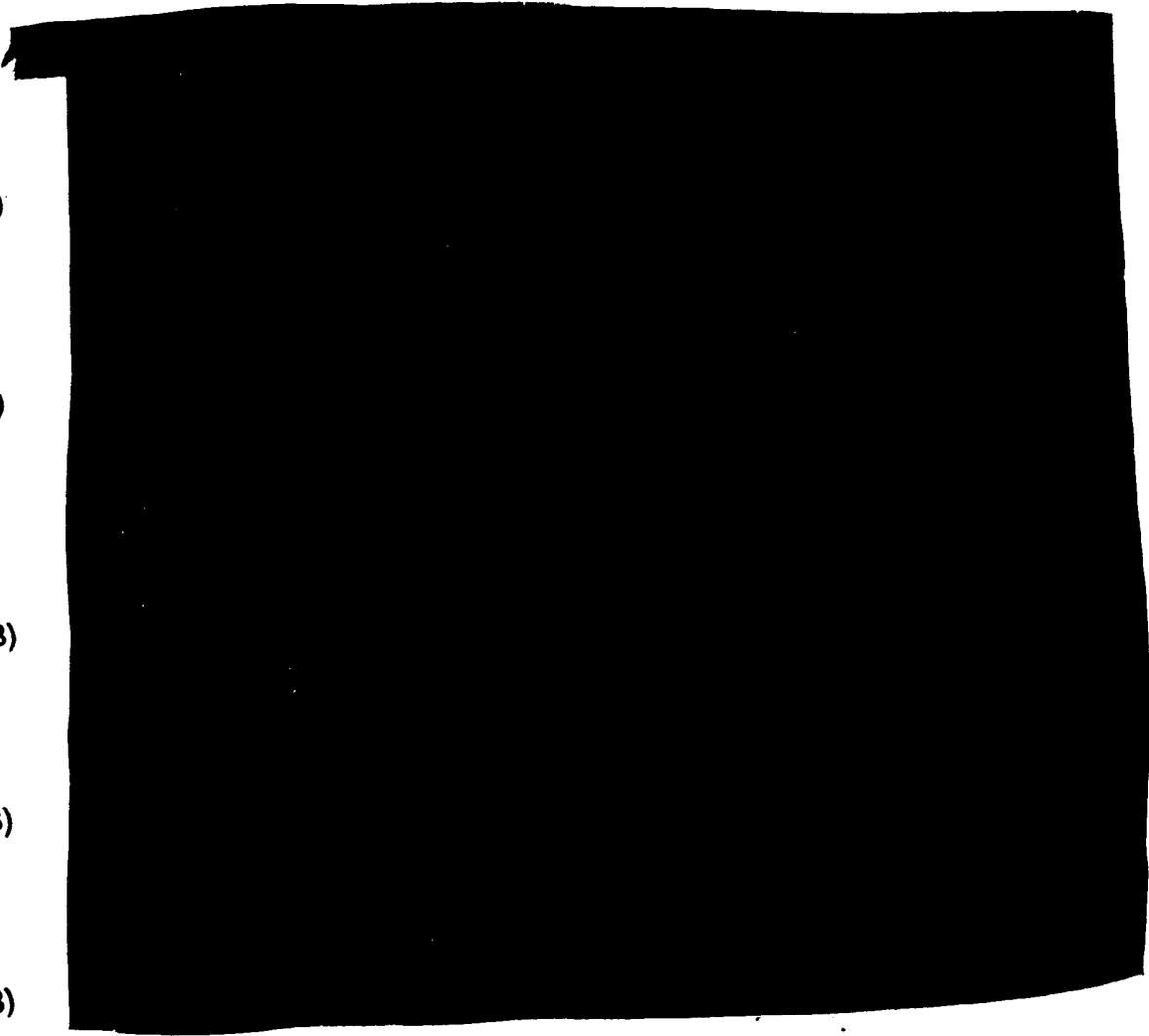
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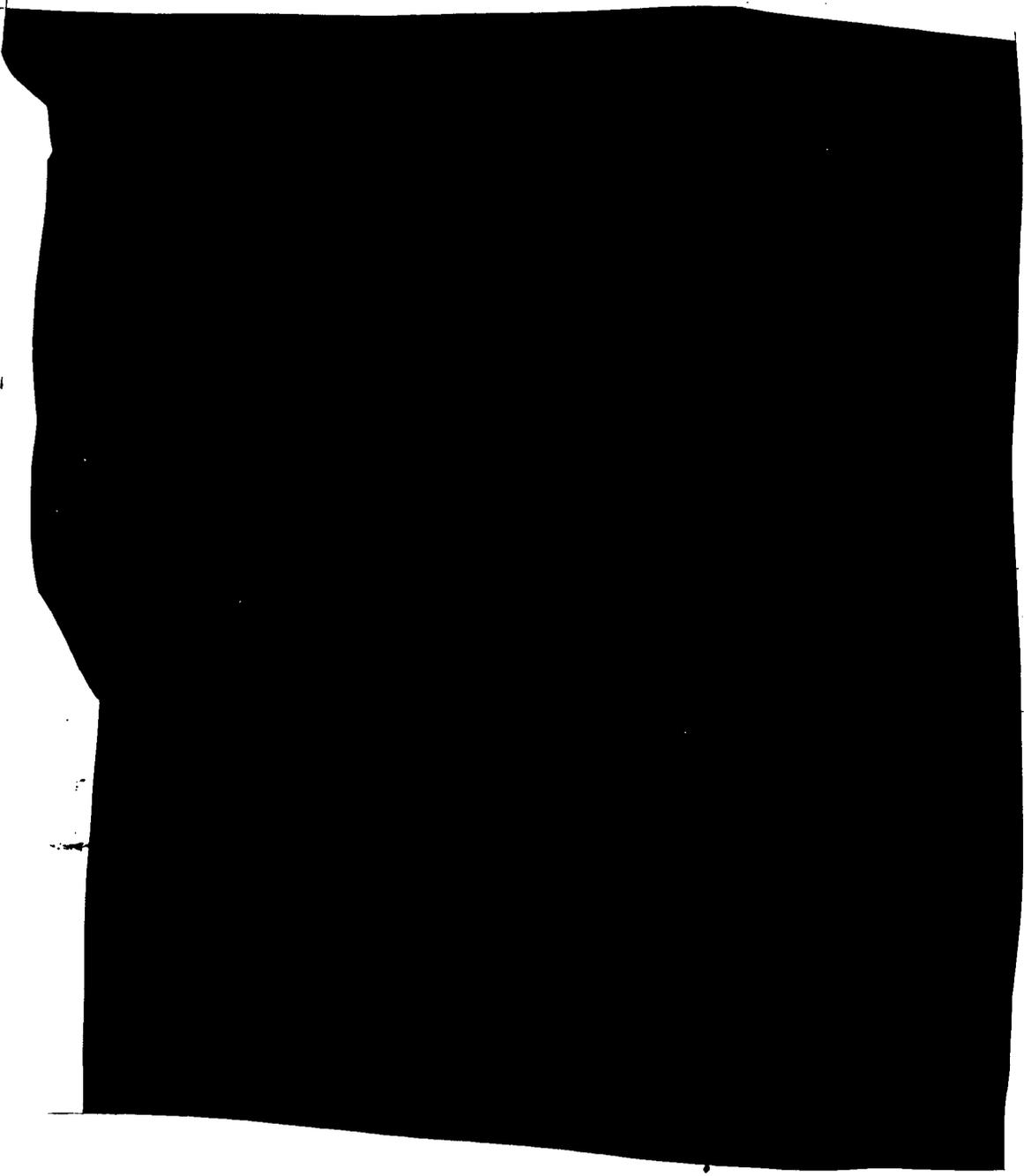
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AFGHANISTAN: Regime Increasing Military Activity

Additional Afghan troops have moved to the south and along the eastern and western borders, probably in preparation for increased military activity. [redacted]

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The Afghan regime has decided to increase the pace of military activity in order to force movement in the negotiating process.

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[redacted] These preparations suggest the regime has abandoned its national reconciliation efforts and intends to intensify its attempts to control resistance infiltration as spring approaches.

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[redacted]

The movement of [redacted] forces to the border will improve regime capabilities only marginally but, in conjunction with crossborder air attacks, may increase Pakistani concerns about border security.

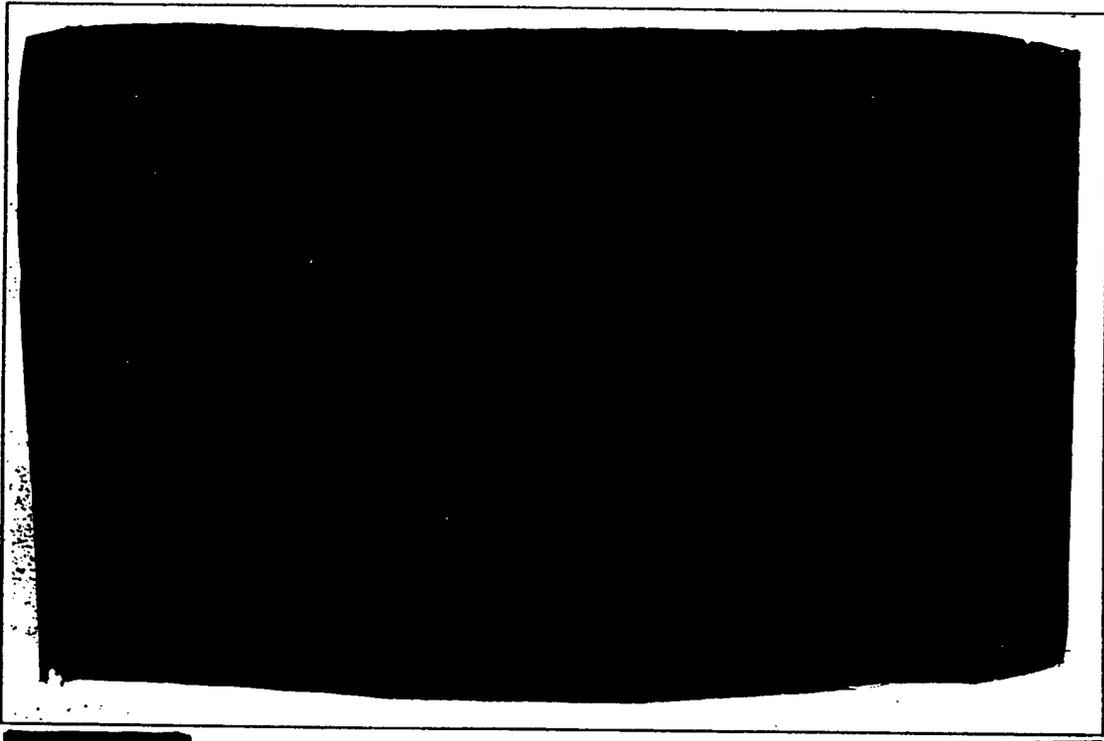
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BELGIUM-US: Visit of Defense Minister

Belgian Defense Minister De Donnea, who begins a visit to Washington tomorrow, will want to discuss how Belgium's planned cuts in its defense budget will affect its NATO commitments. The Cabinet instructed De Donnea to visit his NATO counterparts to review defense priorities in light of the expected decline in Belgian defense capabilities. Projected budget cuts will prevent replacement of the obsolete Nike air defense system and may require the withdrawal of Belgian HAWK air defense units from West Germany.

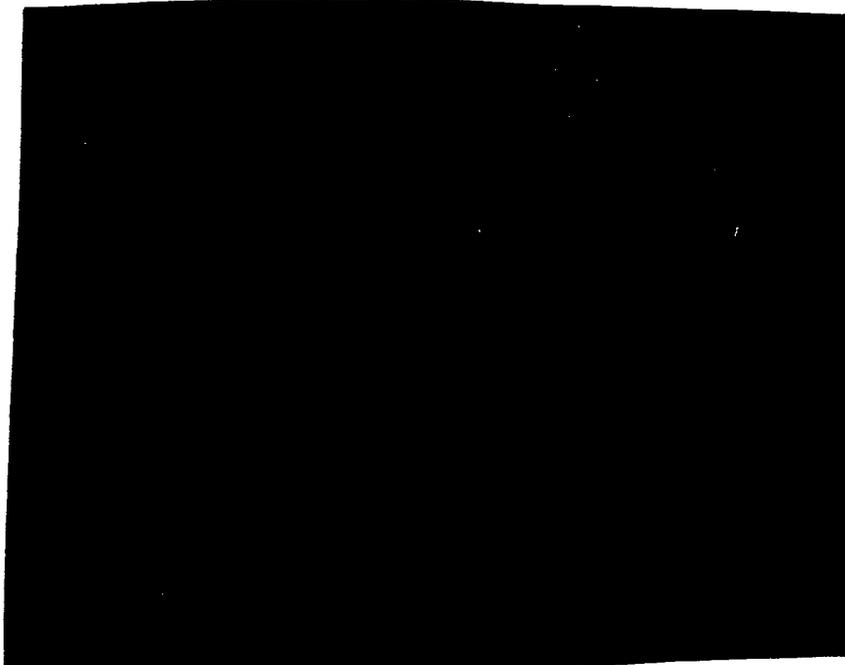
b (3) [REDACTED]

b (3) [REDACTED] De Donnea and other Belgian defense officials probably hope that US criticism of defense cuts will help bring pressure on the Cabinet for further funding before the budget process is completed in mid-May. This tactic will probably have little effect, however, because key members of the government are committed to an austerity program they believe they can sell only with comprehensive cuts. Moreover, Soviet General Secretary Gorbachev's arms control initiatives have added to a perception in the Cabinet that defense is a sector in which budget cuts can safely be made. [REDACTED]

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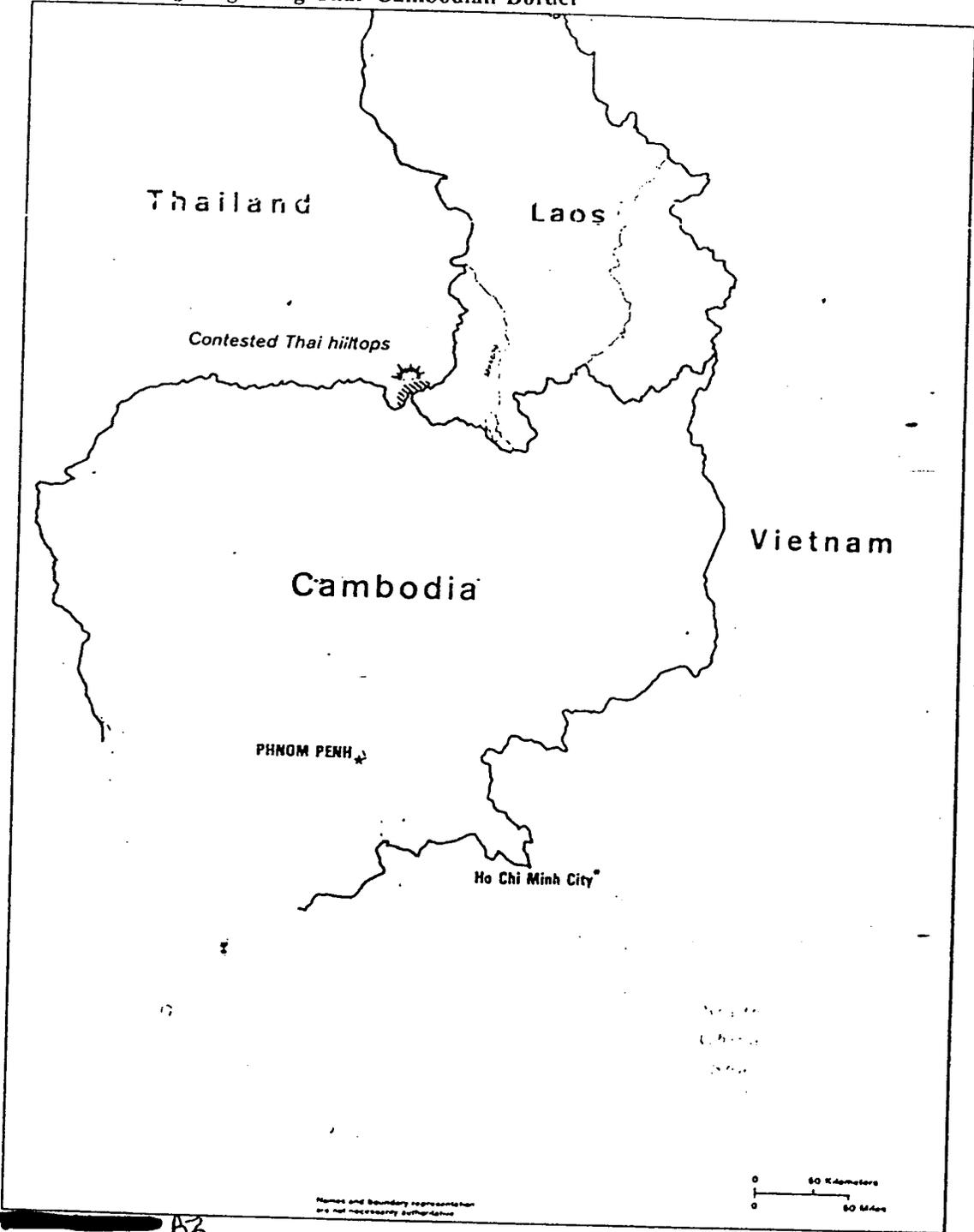
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Continued Fighting Along Thai-Cambodian Border



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THAILAND-CAMBODIA-VIETNAM: Heavy Border Fighting

b (3) Thai Army units are suffering heavy casualties attempting to recover several hilltops just inside Thailand from entrenched Vietnamese troops. [REDACTED] Thai Army Commander Chavalit in January had ordered his units to retake the border hilltops in order to open an important infiltration corridor used by the Cambodian resistance and to reassert Thai sovereignty. Thai officers have told [REDACTED] that casualties may already total more than 200, making this the most costly Thai military operation in the past decade. [REDACTED] b (3)

b (3) [REDACTED] Chavalit's public pronouncements have placed his prestige and that of the Army on the line. Faced with unanticipated losses and the onset of the rainy season next month, the Thai must now decide whether to forge ahead or to declare victory and abandon the operation. Bangkok may consider asking Beijing—in a show of support—to increase shelling along China's Vietnam border. Any such action probably would be requested before the visit to Bangkok by Chinese Foreign Minister Wu Xueqian scheduled for 17 April. [REDACTED] b (3)

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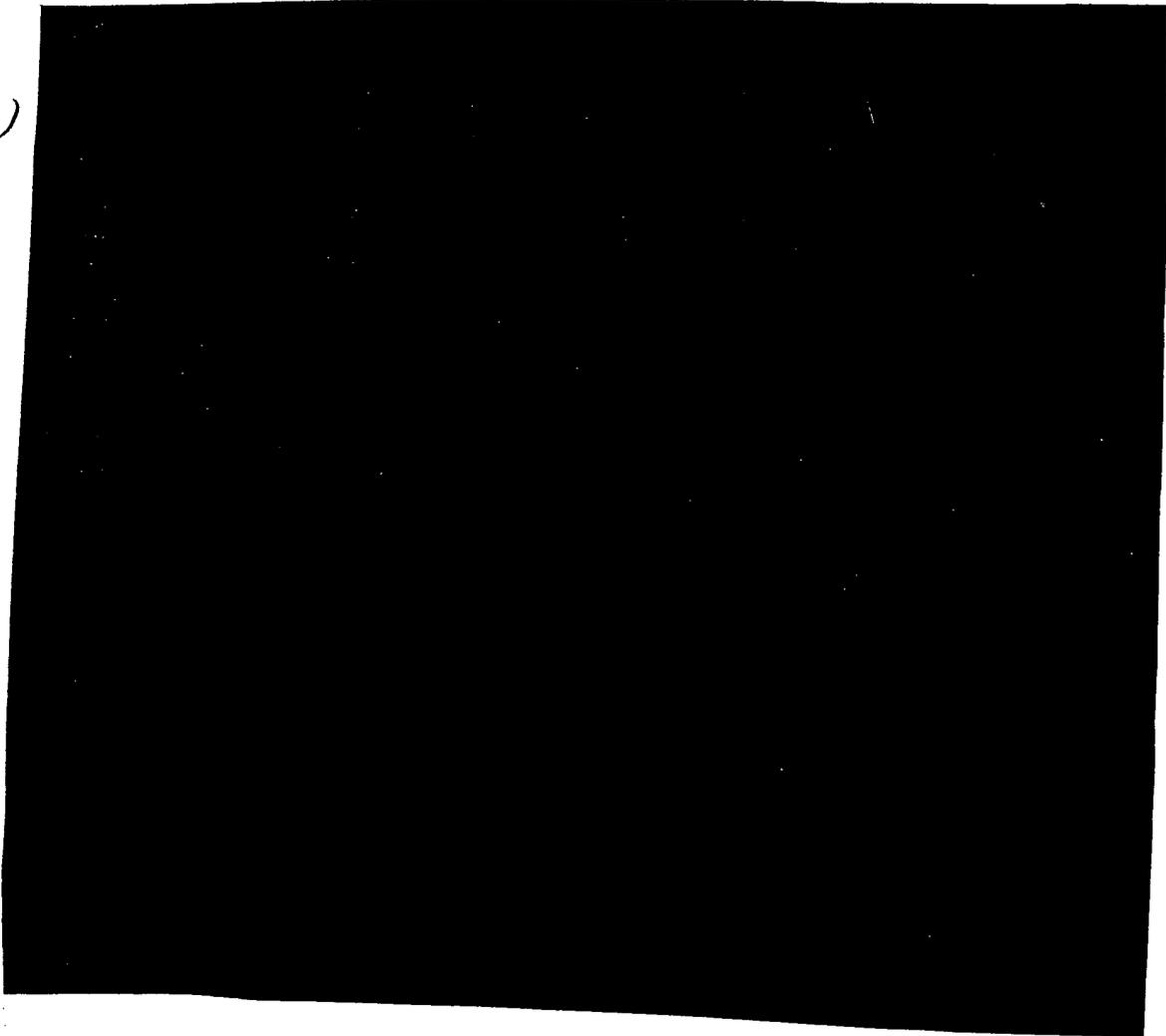
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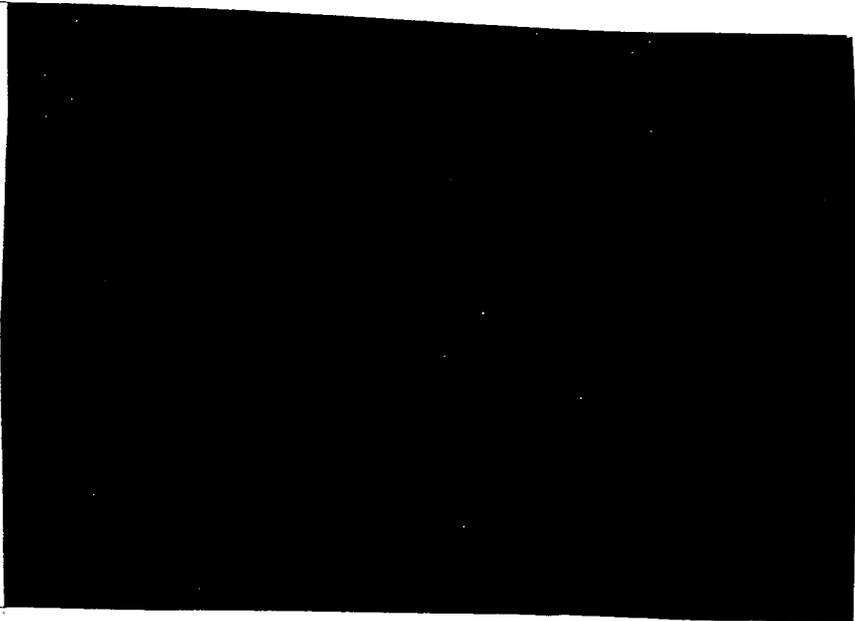
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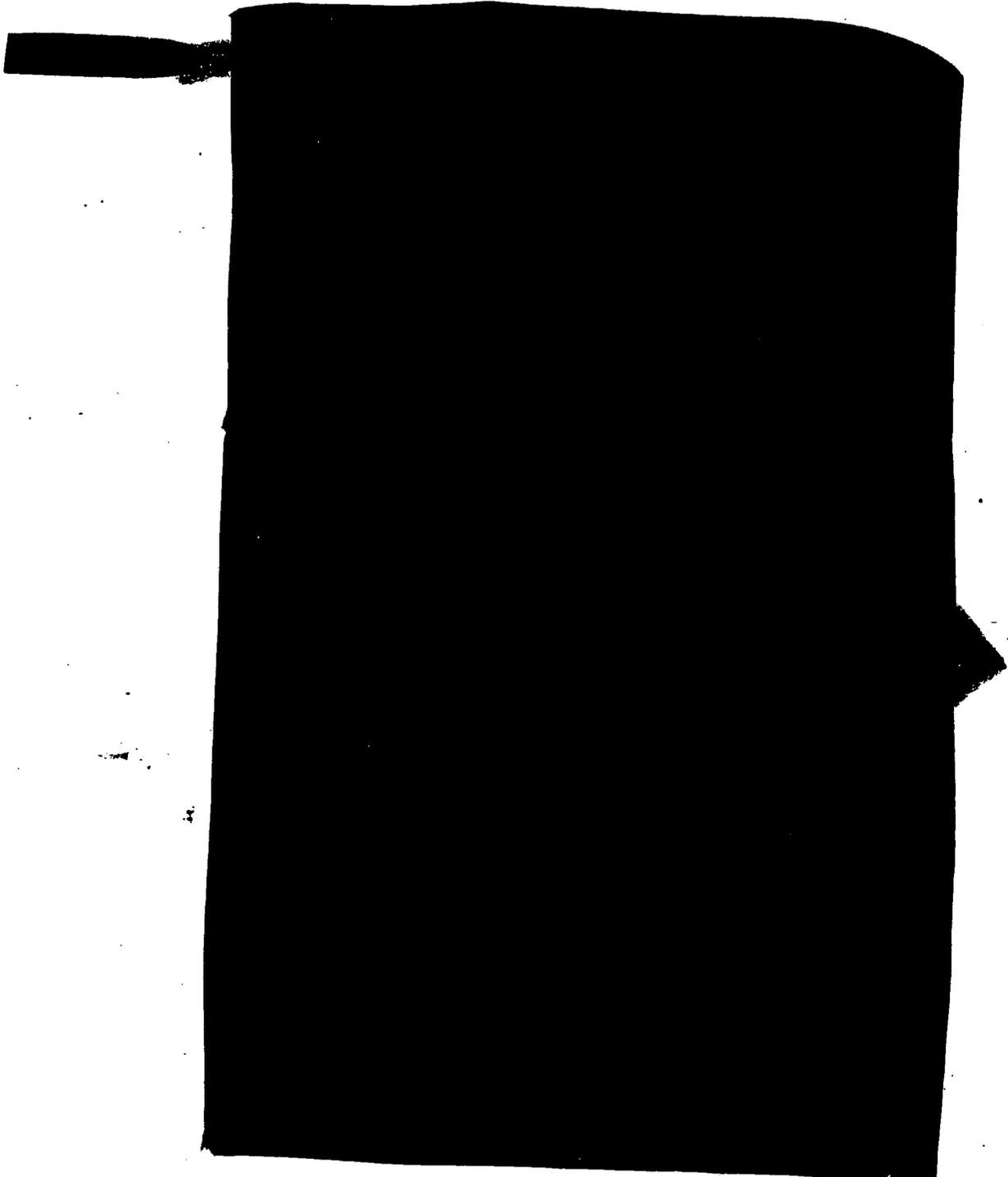


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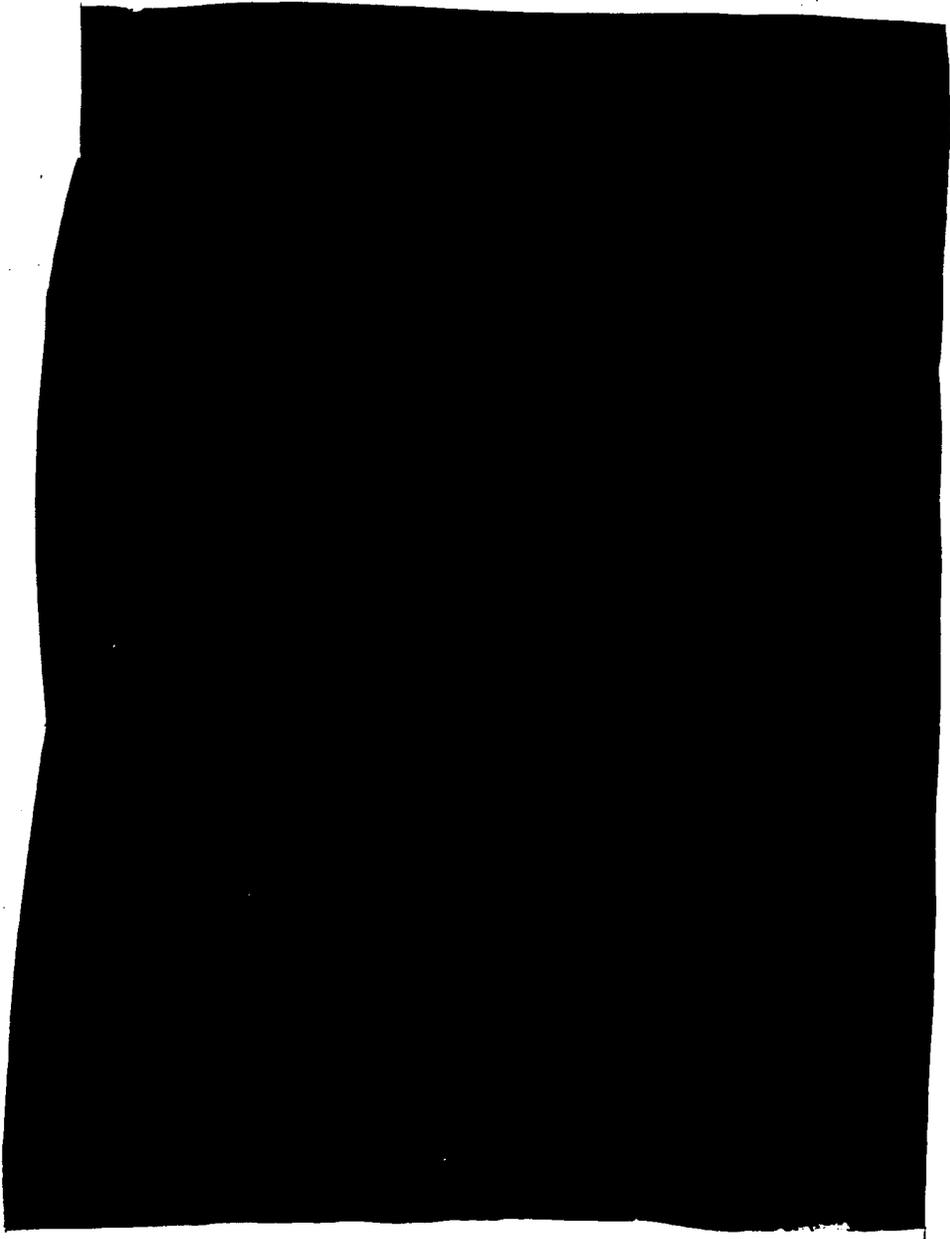
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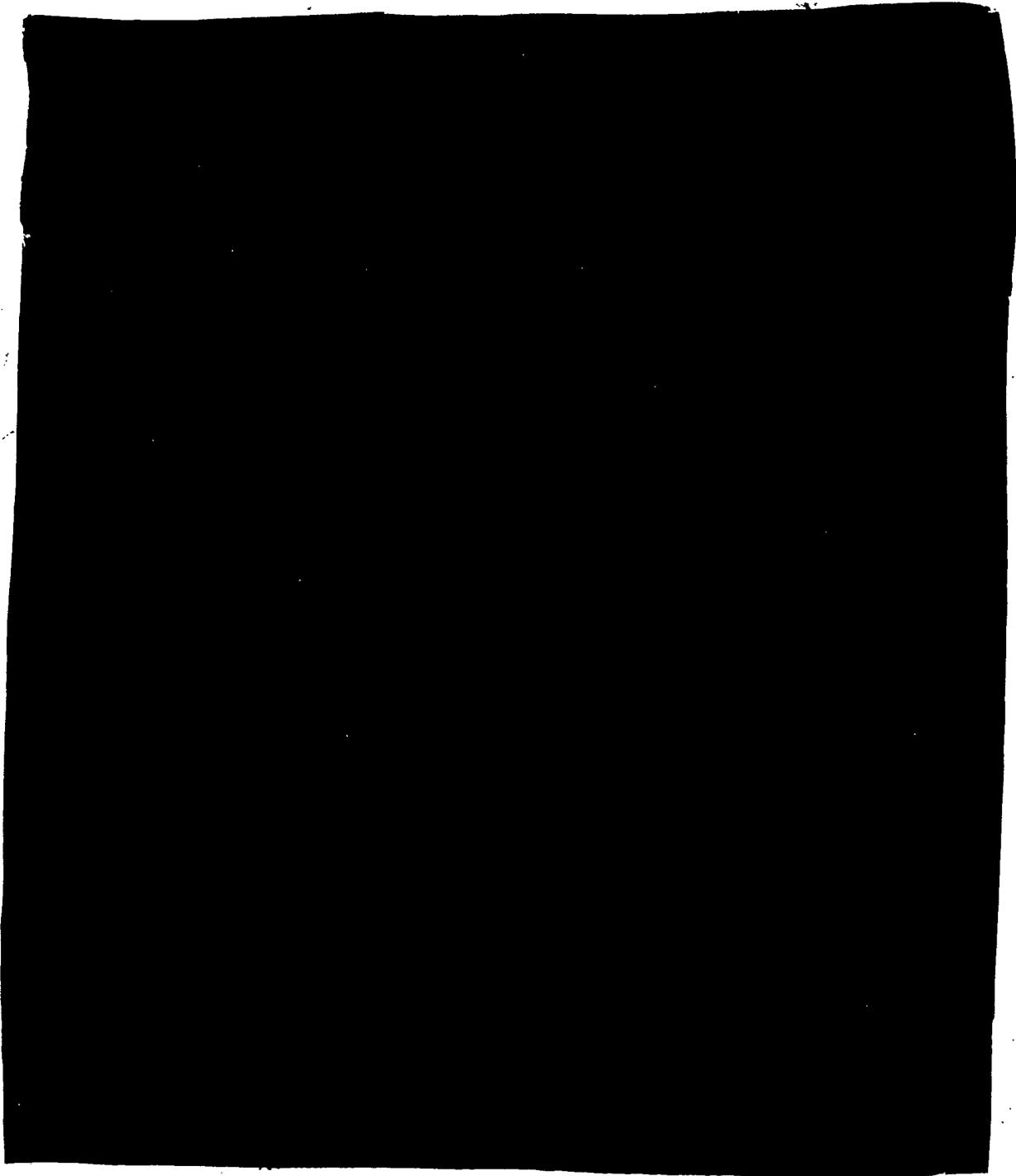
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Special Analysis

BAHRAIN-QATAR-UAE:

Mixed Economic Performance

Bahrain, Qatar, and the United Arab Emirates have limited prospects for economic growth over the next year, but their substantial financial resources will allow the regimes in each state to shield their citizens from the continuing recession in the Middle East. Even so, a period of austerity will increase the pressure on the ruling families to broaden political and economic opportunities or face a growing threat of domestic instability or external meddling. [redacted] b (3)

The economies of Bahrain, Qatar, and the UAE differ sharply in structure and scope from those of their larger neighbors, but they too are dependent on crude oil. Despite sharply higher oil production in the UAE and Qatar last year, real gross domestic product dropped 3 percent and 9.6 percent, respectively. Even Bahrain's greater economic diversification did not prevent a 4-percent decline. [redacted] b (3)

Coping With Lower Oil Revenues

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The burden of austerity has not been evenly shared within these countries. For the most part, the expatriate communities and local businessmen have borne the brunt of falling oil revenues. In Bahrain, slow economic growth aggravated the government's neglect of the underprivileged Shia majority. Qatar has trimmed its extensive welfare system. [redacted]

The countries' trade and budget surpluses have also suffered. All three states trimmed imports by as much as 17 percent last year. The real impact of the cuts is even greater, however, because all three peg their currencies to the US dollar, the value of which has eroded relative to the currencies of their major trading partners. [redacted] sharply lower revenues forced all three to slash planned budget expenditures as much as 18 percent last year and to scramble for new sources of financing. [redacted] b (3)

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The recession has taken a heavy toll on financial services. [redacted] Governments in all three states have been slow to deal with this problem, hoping to avoid alienating influential investors. [redacted] b (3)

All three states also face sharply higher defense costs. Territorial problems between Bahrain and Qatar have brought these states to the brink of hostilities. Bahrain has requested F-16 fighters and other equipment from the US, and Qatar is planning a small air defense

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modernization program. [redacted] b (3)
[redacted] but the package will still burden
Manama's economy. The attack—probably by Iran—on an offshore
oil platform in the UAE last November prompted the Emirates to seek
some [redacted] US aircraft and air defense equipment. [redacted]

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Political Impacts

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Diminishing oil revenues are a threat to the stability of the UAE's
loose federation. Abu Dhabi's oil wealth has enabled it to dominate
federation politics, but improving economic conditions in the northern
Emirates are prompting them to push for greater political
representation. [redacted]

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Outlook

Near-term prospects for economic growth in Bahrain, Qatar, and the
UAE are limited. Real gross domestic product will probably decline
again in Qatar and the Emirates if those states honor their new OPEC
quotas. All three states have large foreign investments and enough
borrowing capacity to maintain their living standards, however, over
the next several years. [redacted]

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Growing economic and political problems leave all three states
vulnerable to foreign meddling or subversion. [redacted] b(1),
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[redacted]
probably keep Bahrain's economic problems from threatening
domestic stability. Qatar's substantial oil wealth and its security
apparatus should keep economic issues from boiling over. Mutual
security concerns among the seven Emirates should help keep the
federation intact. [redacted]

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Special Analysis

PHILIPPINES:

New Civilian Anti-Communist Groups

b (1) b (3) The recent proliferation of civilian anti-Communist organizations in the Philippines is proving popular [redacted]

[redacted] These groups, even when armed, are probably not able to withstand attacks by experienced insurgents, [redacted]

b (1) b (3) Similar groups in El Salvador, Peru, and Guatemala have either evolved into private political armies that further polarize communities or, if unarmed, have been slaughtered by the insurgents. [redacted] b (3)

The well-publicized success of the armed Alsa Masa group in the Davao area, combined with increasing resentment of taxation and abuses by the Communist insurgents, has encouraged the spread of similar groups—both armed and unarmed. Just south of Davao, unarmed bands have formed a group called NAKASAKA, the Philippine acronym for "People United for Peace," that alerts local security forces to insurgent activity; [redacted]

[redacted] after field visits, apparent broad-based support for NAKASAKA, and [redacted] has instructed officials throughout Mindanao to form similar groups. [redacted] b (3)

Citizen watch groups also are appearing in the sugar-growing region of Negros and in Cebu. In addition, Tadtad, an anti-Communist religious cult known for its violence, has regained prominence in Cebu and Mindanao. [redacted]

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Problems Ahead

b1, b3 The Philippine Cabinet has endorsed the concept of unarmed civilian self-defense forces. [redacted] some government leaders, [redacted] are wary of armed groups like b1 b3 Alsa Masa. Most [redacted] leaders, [redacted] believe civilian anti-Communist organizations are necessary to defeat the insurgency because of the planned phaseout of the notorious Civil Home Defense Force, [redacted] b3

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On the other hand, [redacted] has misgivings about the lack of coordination between civilians and the Defense Department,

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[redacted]

Several prominent churchmen have voiced concern about the lack of control over these groups and their use of violence. Even the conservative political opposition coalition, Grand Alliance for Democracy, argues that the formation of these groups is an acknowledgment the Aquino government is incapable of providing local security. Human rights organizations are seeking to disband the groups because of the potential for abuse, the apparent violation of the constitutional ban on of private armies, and the influence they could have over voters during the legislative election next month.

[redacted] B3

The Commission on Elections has nevertheless reversed its order to dismantle all unauthorized armed groups during the election campaign, allegedly under pressure from the military, according to Philippine media. Aquino has appointed a task force from the Department of Local Government, the Defense Department, the armed forces, and the Presidential Commission on Human Rights to recommend measures for controlling and supervising civilian self-defense forces.

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Special Analysis

SOMALIA:

Succession Maneuvering

President Siad has reduced the powers of his heir apparent, Prime Minister Samantar, over recent months in an effort to placate fellow Marehan clansmen who oppose the Prime Minister. Siad's measures, which probably are also designed to prevent Samantar from usurping power prematurely, are unlikely to end Marehan opposition. Samantar's enemies will continue their efforts to unseat him, clouding prospects for a smooth succession to the 75-year-old Siad.

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Siad removed Samantar—a member of an outcast clan—as Defense Minister two months ago and appointed him to the newly created position of Prime Minister. This step separated Samantar from his military power base, satisfying a longstanding demand of his opponents. Siad subsequently installed Marehan critics of Samantar in senior positions in the Defense Ministry and the ruling party.

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The President selected Samantar as his successor primarily because of his managerial skills, his lack of a strong tribal constituency, and his popularity within the military—the main pillar of Siad's regime. To ensure an orderly transition, however, Siad must address the opposition to the Prime Minister. The curbs on Samantar's power appear to be an effort by Siad to ease Marehan concerns that the Prime Minister—once he becomes president—would curtail Marehan domination of the country's political and economic life.

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Although Samantar's power has clearly been reduced, he remains Siad's political heir, and many of his opponents will continue to seek to have him removed from the succession picture. Even if they fail, their positions in the Defense Ministry and domination of key military units in Mogadishu and its environs place them in position to remove Samantar after Siad's death or to relegate him to the status of figurehead.

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