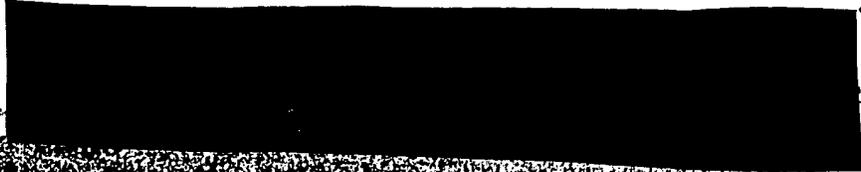




Director of
Central
Intelligence

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National Intelligence Daily

Wednesday
2 September 1987



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2-September 1987

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Contents

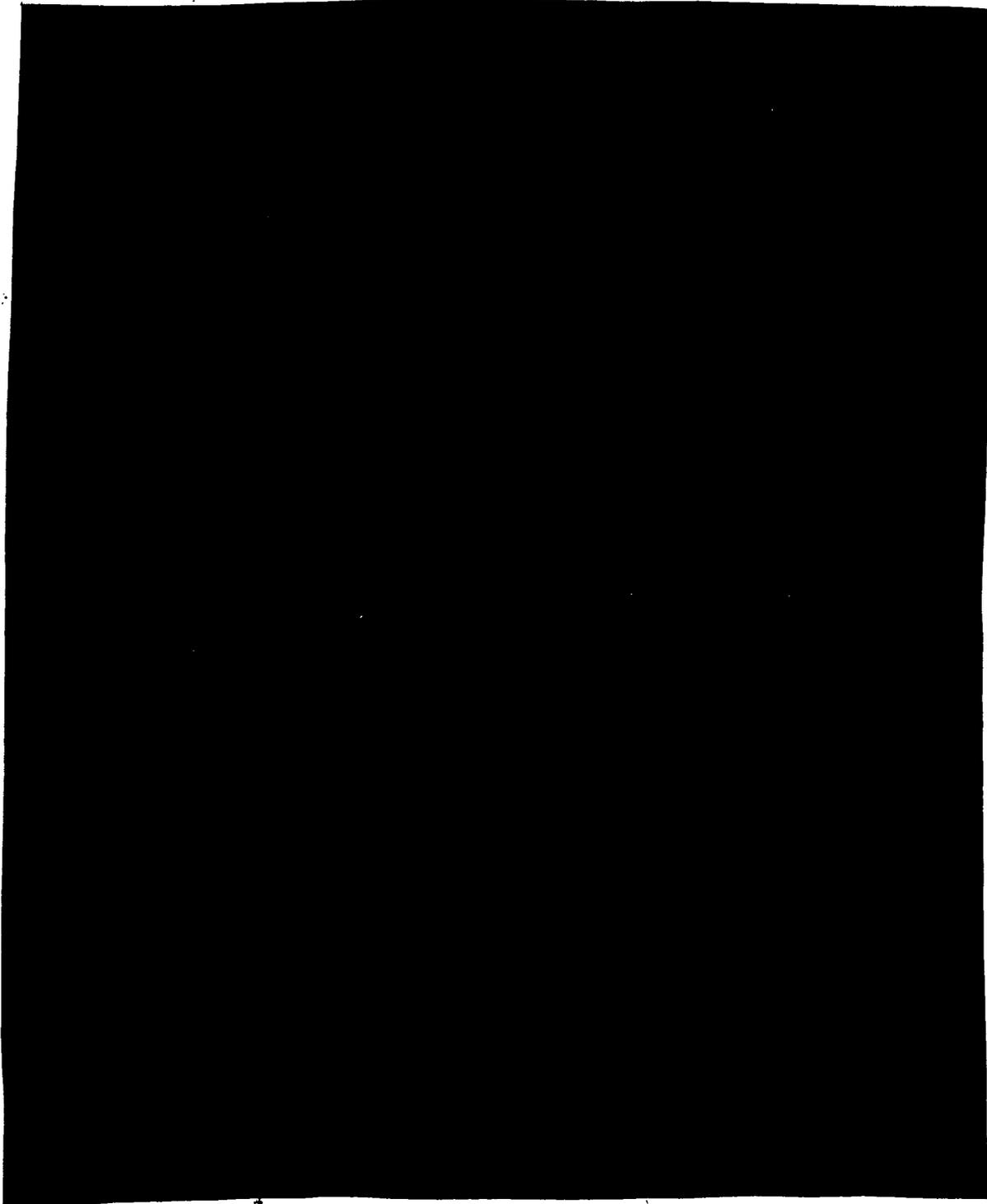
Persian Gulf: Situation Report	1	
[REDACTED]	3	
Syria-Lebanon: Syrian Tensions With Hizballah	4	
Argentina: Elections Key to Alfonsin's Program	5	
Panama: Régime Moves To Shore Up Support	6	
[REDACTED] b1 b3	7	b(1) b(3)
Notes		
USSR-Iran: Rafsanjani Invited to Moscow	8	
[REDACTED] b1 b3	8	b(1) b(3)
In Brief	9	
Special Analyses		
[REDACTED]	10	b(1) b(3)
[REDACTED] b1 b3	11	b(1) b(3)
[REDACTED]	13	
[REDACTED] b1 b3	14	b(1) b(3)

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2 September 1987

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PERSIAN GULF:

Situation Report

Iranian Ship Attacks Increase

Iranian naval forces have attacked at least four ships since yesterday in retaliation for Iraqi airstrikes on Iranian tankers and economic facilities.

[REDACTED]

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[REDACTED]

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D3 [REDACTED] Tehran will continue to retaliate in kind for Iraqi ship attacks, and may also target Gulf shipping in response to Iraqi airstrikes on economic and oil facilities in Iran.

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[REDACTED] war. Iranian difficulty in finding suitable Kuwaiti targets and lingering anger over the death of Iranian pilgrims at Mecca in July may have prompted Tehran to expand its attacks to include ships trading with Saudi Arabia.

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Iraqi Attacks Continue

Iraq increased the pace of its airstrikes on economic targets yesterday, bombing oil and industrial facilities throughout southwestern Iran and attacking at least three ships overnight.

[REDACTED]

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Meanwhile, Baghdad is concerned that Washington's strong objection to Iraq's resumption of attacks in the Gulf reflects a reduction of US support.

[REDACTED]

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[REDACTED]

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[REDACTED] Iraq will remain reluctant to enter into any partial
cease-fire, and negative reactions to Iraqi airstrikes will strengthen
Baghdad's suspicion that the US is more interested in removing the
threat to shipping in the Gulf than in ending the war. The Iraqis
probably believe that heightened tensions in the Gulf will give Foreign
Minister Tariq Aziz and Arab League delegations greater leverage in
talks this month with UN Security Council members—particularly the
Soviets—who are reluctant to impose sanctions on Iran. [REDACTED]

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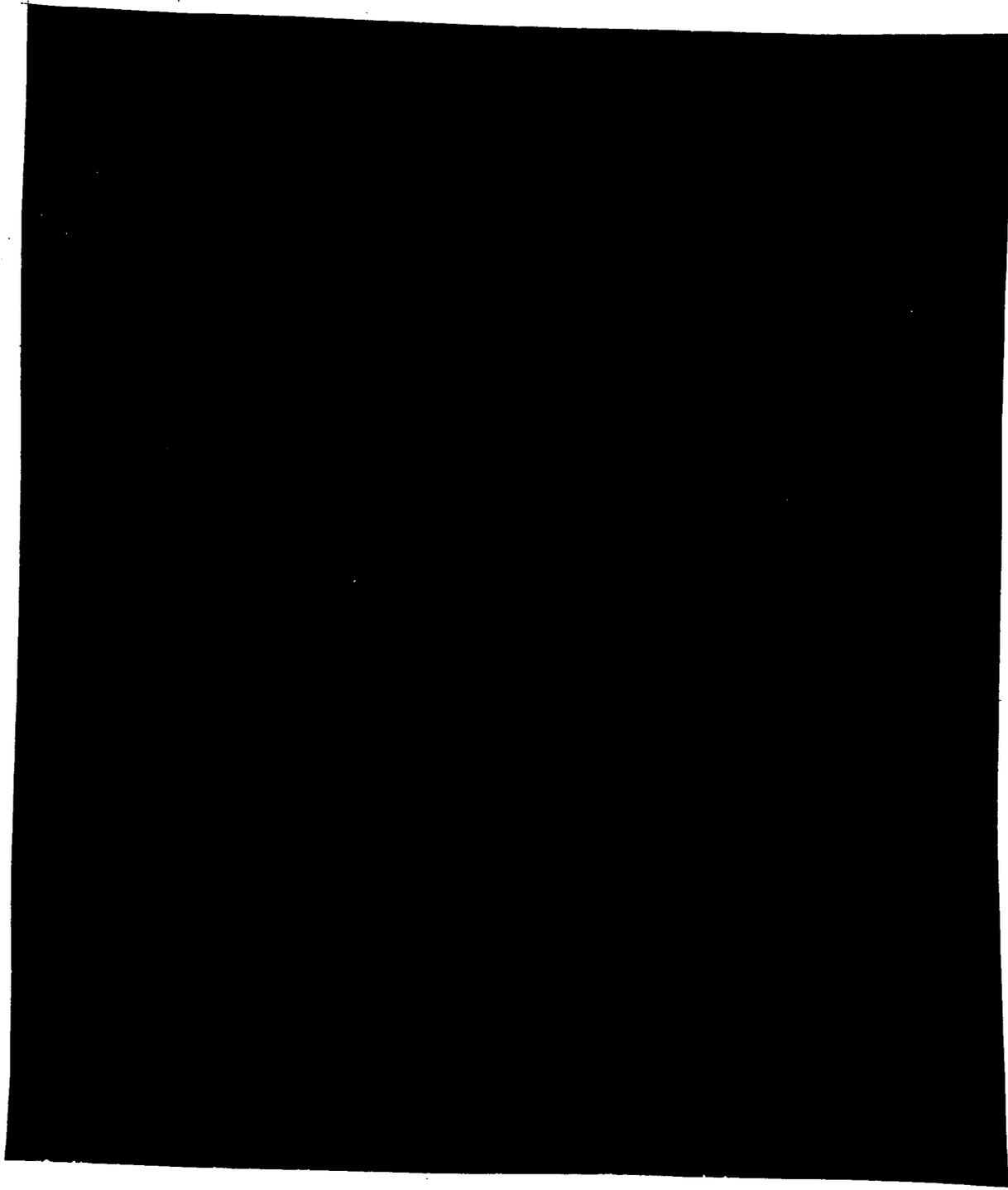
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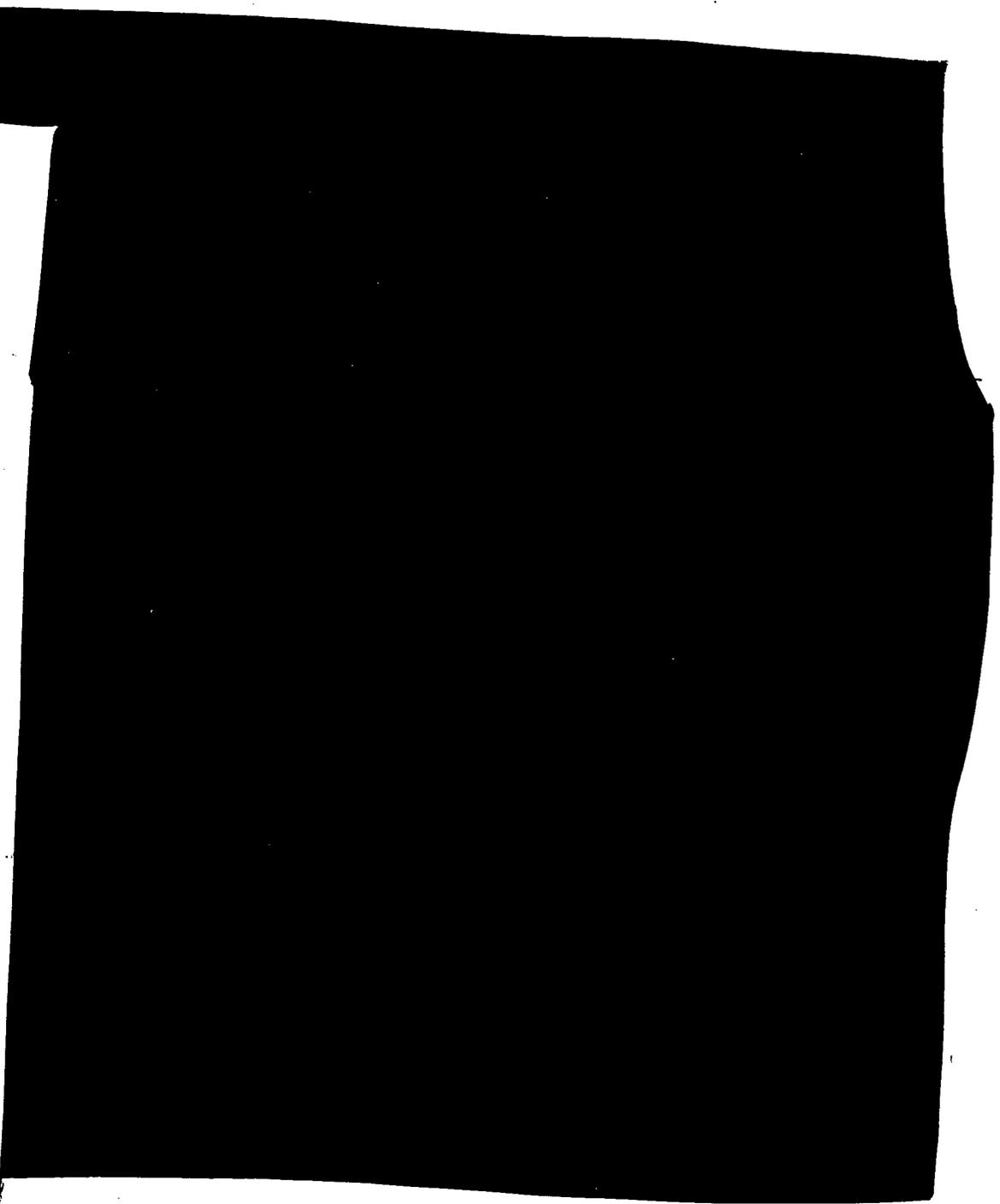
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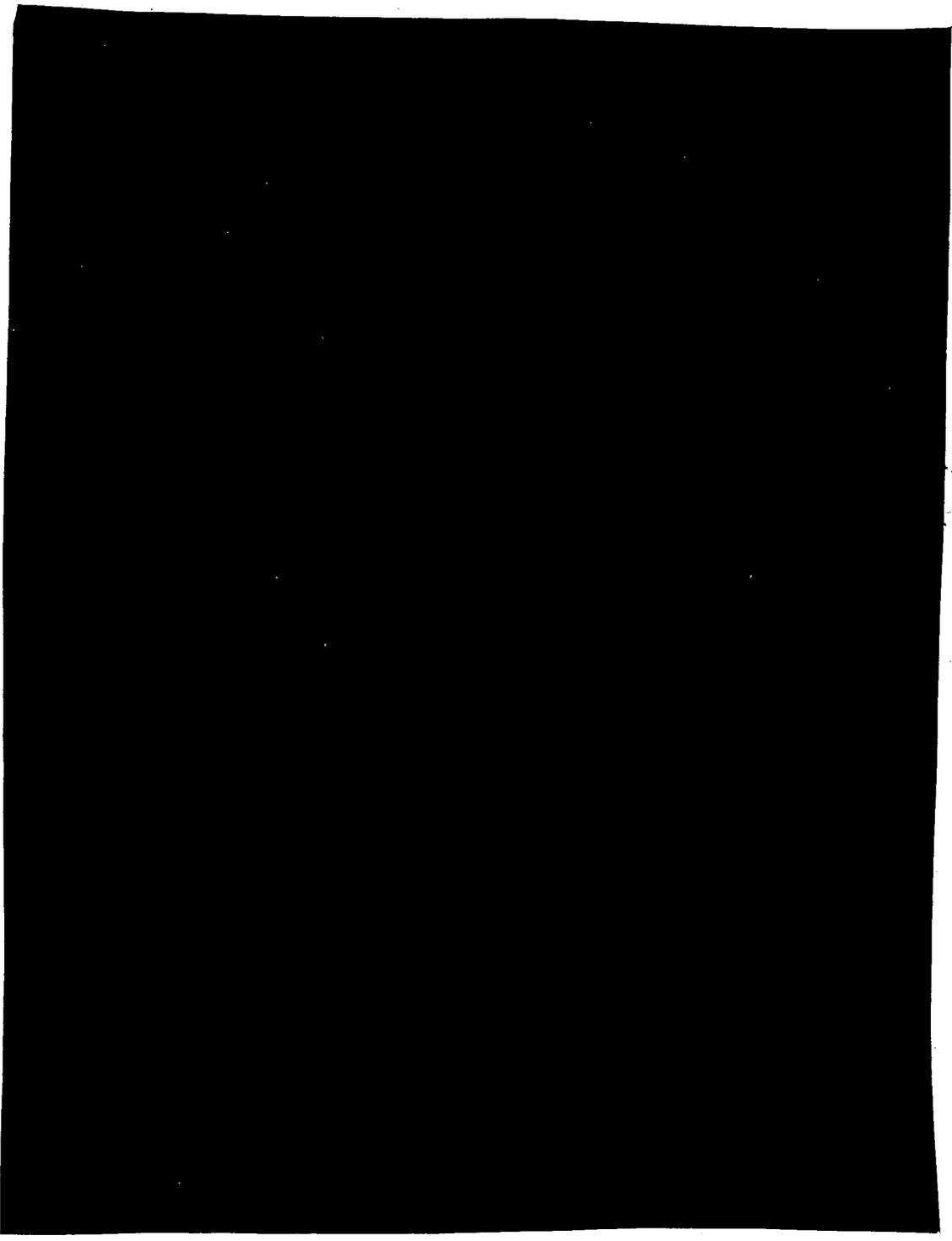
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SYRIA-LEBANON: Syrian Tensions With Hizballah

Syrian forces are maintaining pressure on Hizballah in Lebanon despite the return of US journalist Charles Glass, and Damascus appears to be trying to reassert the leadership of Amal chief Nabi Barri within the Lebanese Shia community.

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Tensions are increasing between the Amal and Hizballah militias in the Bekaa Valley because of Amal's cooperation with the Syrians against Hizballah there.



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Damascus appears determined to capitalize on restrictions it imposed on Hizballah and Iran following the abduction of Glass in June to promote its position in Lebanon. Syria probably feels it is worth trying to reinvigorate Barri's leadership of the Lebanese Shia community as a low-cost alternative to taking on Hizballah itself. Damascus will take care to avoid a major flareup with Hizballah that would seriously damage Syria's strategic relationship with Iran.

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Argentina: Races To Watch

Buenos Aires Province

The governorship of this province—the nation's power center and home to a third of the Argentine population—is clearly the most critical race. Radical gubernatorial candidate Juan Manuel Casella and Peronist rival Antonio Cafiero, who are running neck and neck, both have presidential ambitions for 1989. A victory will serve as an important steppingstone for those aspirations.

Cordoba

The Radicals are likely to maintain their hold on this industrial and agricultural center, but the Peronists, polling better than ever, hope to prove that they can expand their influence beyond their traditional strongholds. The Radical gubernatorial candidate, Eduardo Angeloz, is also likely to be a presidential contender, especially if Casella loses in Buenos Aires.

Santa Fe

The Radicals have gained ground in this densely populated, traditionally Peronist-controlled province, but their gubernatorial candidate, Luis Caceres, is an outspoken critic of Alfonsin and has not received strong endorsement from national party leaders.

Congress

Even if the Peronists reduce the Radicals' current majority in the lower house to a plurality, the ruling party should be able to retain working control with the aid of small, center-right provincial parties. An outright Peronist majority in Congress—a highly unlikely outcome—would seriously impede Alfonsin's ability to govern during his remaining two years in office.

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ARGENTINA:

Elections Key to Alfonsin's Program

Congressional and gubernatorial elections on Sunday will help determine the contenders for the 1989 presidential race and influence President Alfonsin's political strength for the remainder of his term.

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These are the second off year elections since Argentina returned to civilian rule in 1983 and represent substantial progress in consolidating democracy. Half of the 254 seats in the lower house of Congress will be contested, along with all 21 provincial governorships, 737 provincial legislature seats, and nearly 10,000 municipal offices.

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Most observers expect Alfonsin's Radical Party to outpoll the opposition Peronists, but its margin of victory may not be as wide as in the past because of the recent rise to dominance of a younger, more appealing reformist Peronist faction. The Radicals may also lose ground to several provincial conservative parties that have performed well on a local level, especially on economic issues.

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A victory by the Radicals would reinforce Alfonsin's political authority, eroded somewhat by the April military crisis and continued economic difficulties, and enable him to push for constitutional reform. He favors introducing elements of a parliamentary system and possibly a measure allowing him to run for a second term. A Radical win would also allow him to implement some of the free-market economic changes that have lain largely dormant since he introduced the Austral program two years ago.

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A closer result would help revitalize the Peronist Party, which has been working hard to overcome longstanding problems such as crippling factionalism and an authoritarian image. Even if the Radicals retain working control of Congress, a strong Peronist showing might encourage the party to begin to function as a more responsible participant in the country's fragile two-party system.

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Both the Radicals and the Peronists consider this race a referendum on Alfonsin's performance, as well as a dry run for the 1989 presidential election. The candidates who do well, particularly in the race for governor of Buenos Aires Province, will be best positioned to represent their party in 1989.

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PANAMA:

Regime Moves To Shore Up Support

Efforts by the Panamanian regime to buttress its support are unlikely to reduce political tensions. [REDACTED] b3

The regime has unveiled proposals for social legislation—including enactment of a civil service law—to pacify public employees whose support appears to be waning, according to the US Embassy. Government workers are striking today to press the regime to grant the right to unionize, rehire employees dismissed for alleged participation in opposition activities, and fulfill promises of salary and benefit increases. [REDACTED] b3

Meanwhile, [REDACTED] the Civil Crusade may modify its plans for further marches and rallies in lower-income neighborhoods. Attacks on an opposition march on Sunday by proregime leftists left one protester dead and several injured. [REDACTED] b3

[REDACTED] Public workers—traditionally in the government camp—are trying to exploit the situation to exact further concessions from the regime. Panama City appears prepared to compromise on some of the workers' long-held grievances to avoid alienating a key constituency, but it will have serious difficulty meeting their economic demands. The regime may move to rein in progovernment leftists who hope to use public worker dissatisfaction to increase their political influence. The regime's willingness to turn a blind eye to harassment of opposition protesters will keep tensions high and may lead to further violence. [REDACTED] b3

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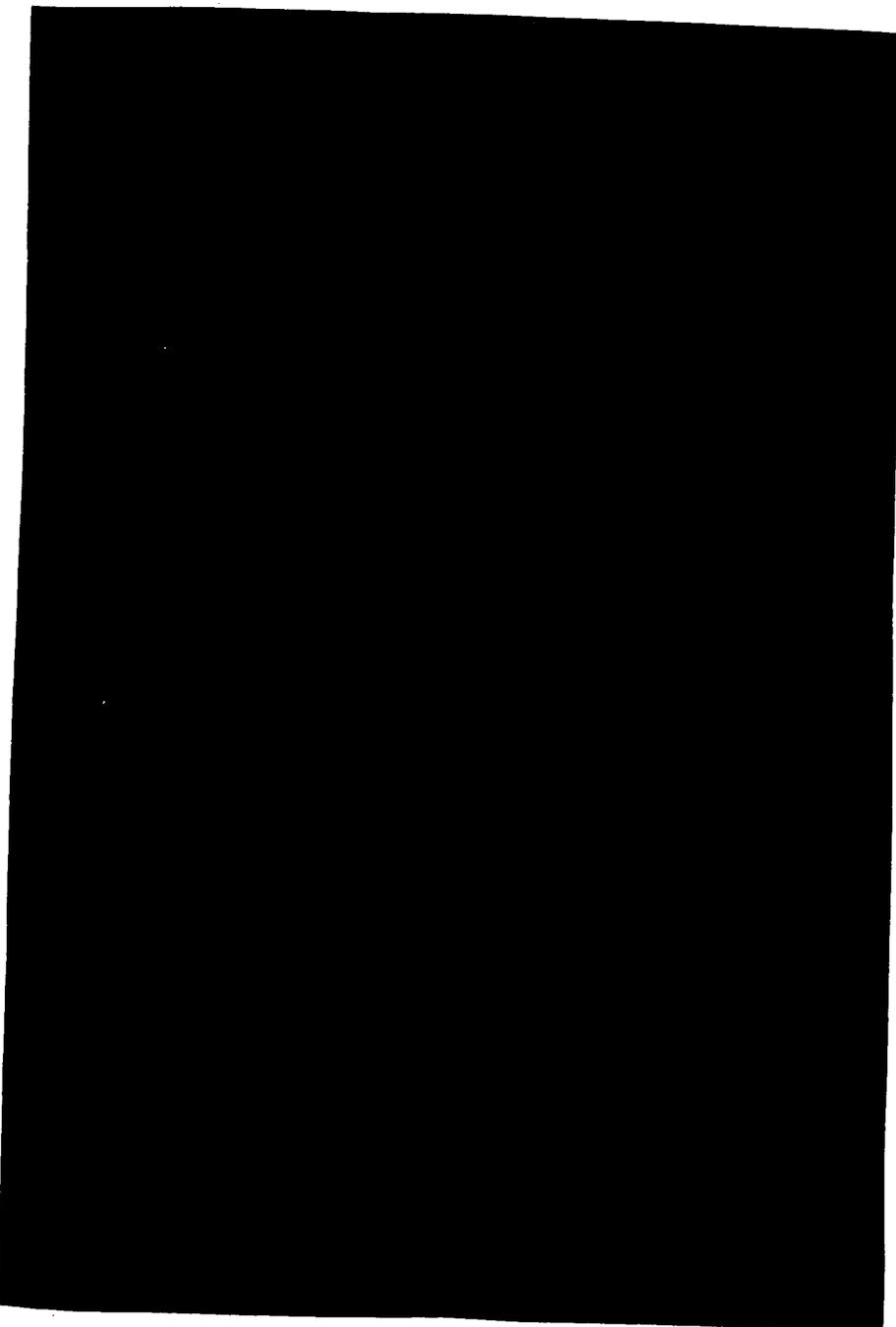
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USSR-IRAN: Rafsanjani Invited to Moscow

The USSR has invited Iranian Assembly Speaker Rafsanjani to Moscow in November, [redacted] as the Soviets continue to probe for an opening to Tehran in the wake of renewed US-Iranian tensions. [redacted]

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[redacted] Rafsanjani accepted the invitation and said he hopes to visit the USSR at an opportune time. Soviet media have not mentioned the exchange. [redacted]

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[redacted] Rafsanjani would be the highest level Iranian to visit the USSR since the Shah's fall. The Soviets might raise the possibility of a meeting with General Secretary Gorbachev to elicit political concessions from Tehran. Moscow would like to persuade Tehran to stop harassing the Tudeh Communist Party, to reduce support for the Afghan insurgents, and to grant an increased Soviet diplomatic presence in Iran. Iran would see a visit as a major step toward better relations with Moscow and as a counter to the increased US presence in the Persian Gulf. Tehran might also see it as reinforcing Moscow's inclination to delay action on proposed UN sanctions on Iran. [redacted]

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[redacted]

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In Brief

[REDACTED]

[REDACTED]

Americas

[REDACTED]

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— Ecuador's former Air Force Commander Vargas named Socialist presidential candidate . . . perennial coup plotter has limited support . . . erratic behavior may worsen unstable political climate, prompt already alarmed military to intervene. [REDACTED] b3

USSR

[REDACTED]

b1 b3

Africa

— Decisive win by Mauritian Prime Minister Jugnauth's Alliance in election Sunday makes continuation of pro-US foreign policy likely . . . defeat of opposition Mauritian Militant Movement probably will aggravate ethnic, personal divisions within party. [REDACTED] b3

[REDACTED]

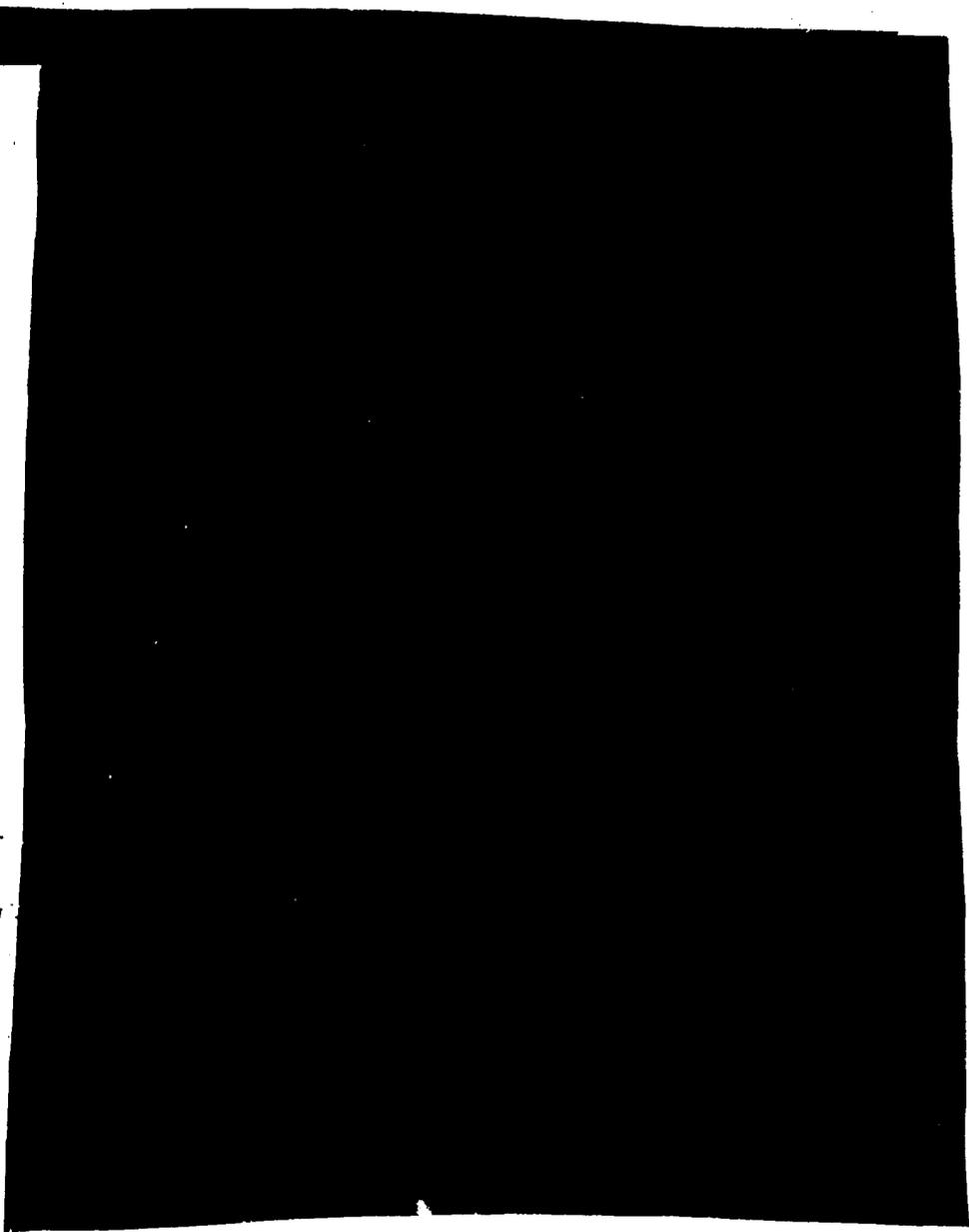
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Special Analysis

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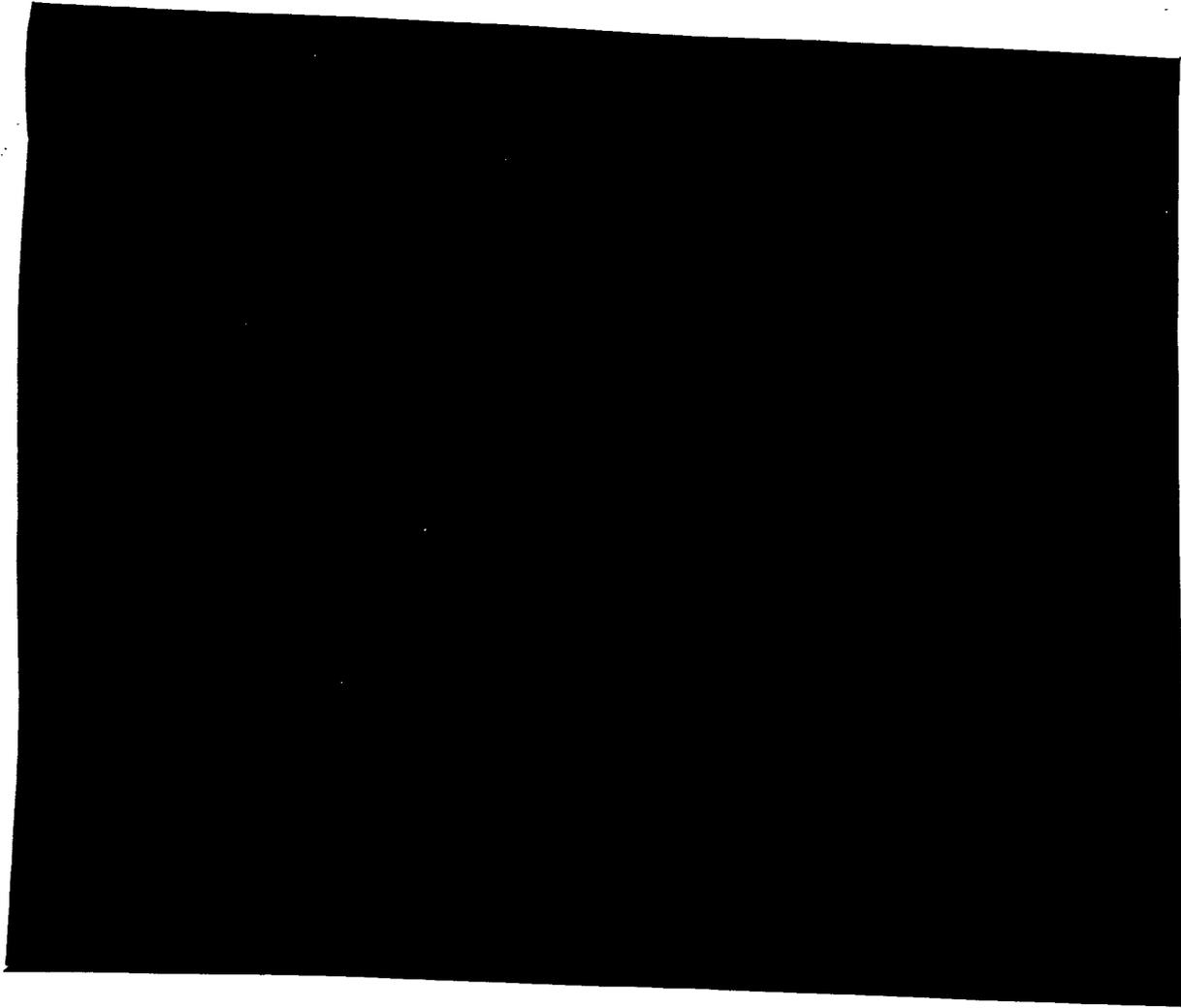
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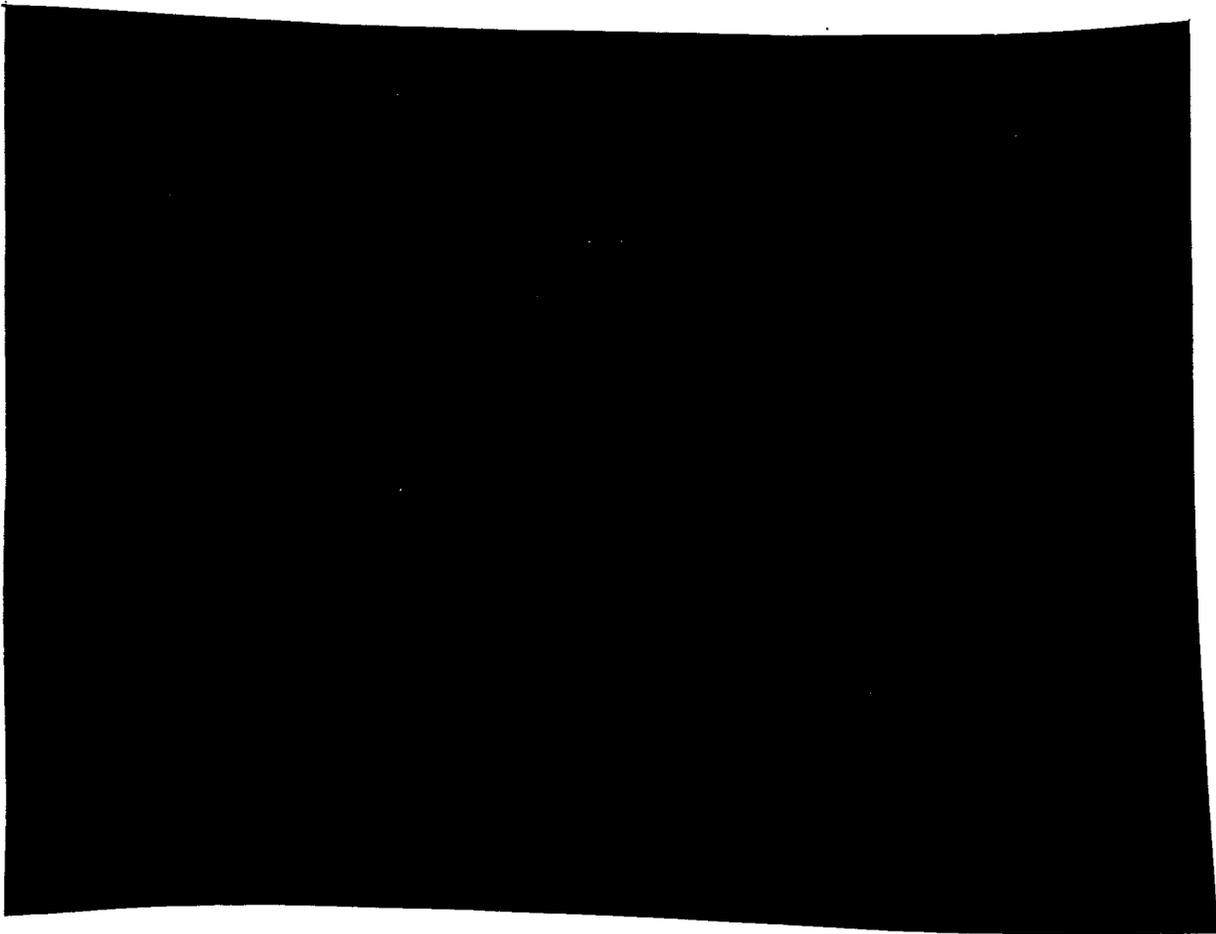


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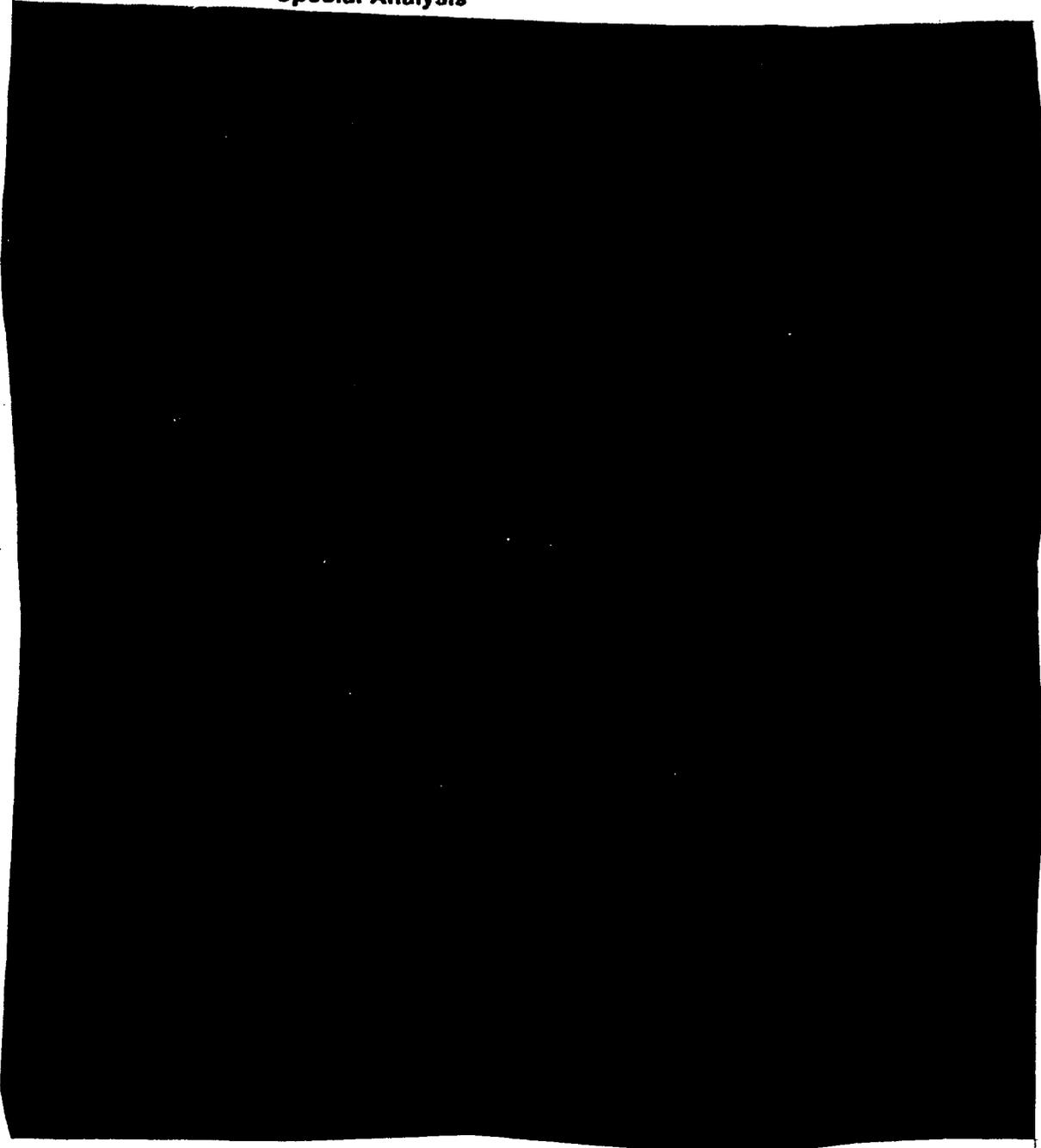
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Special Analysis



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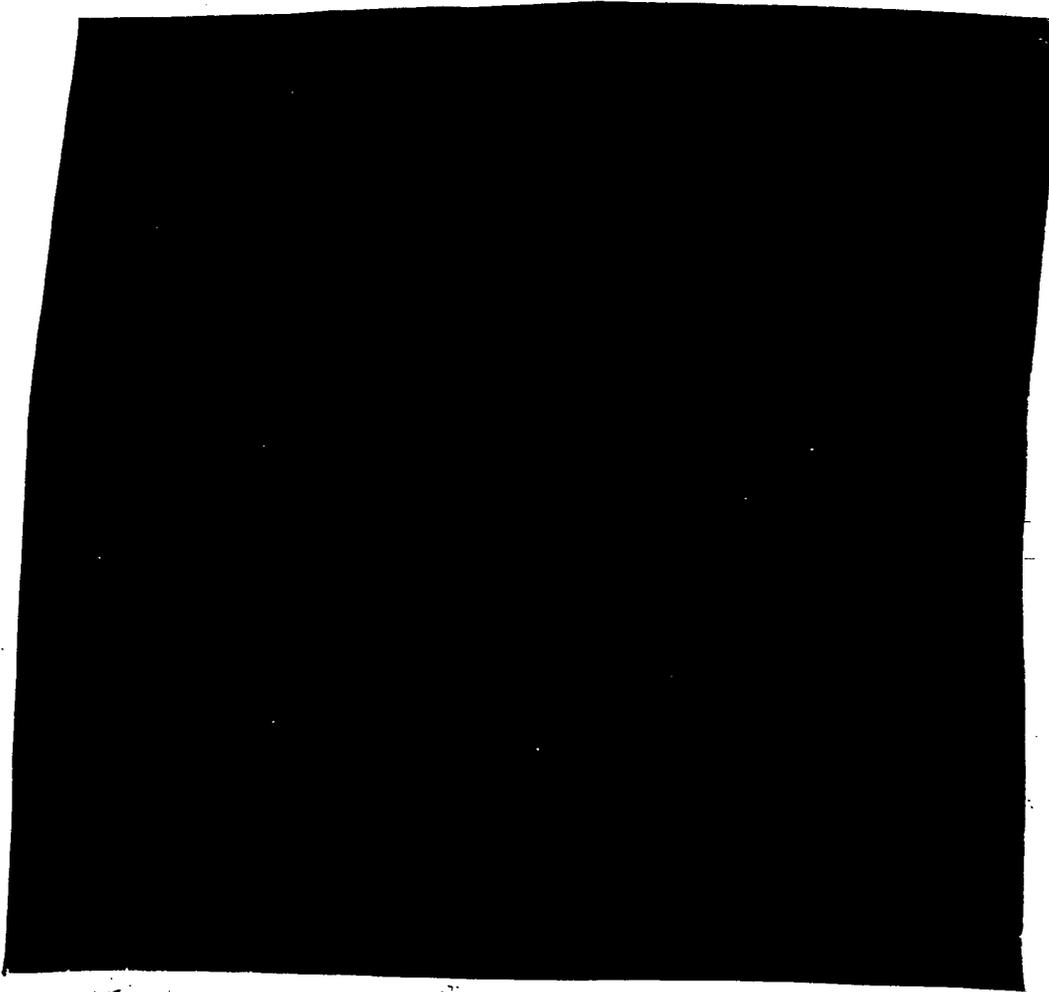
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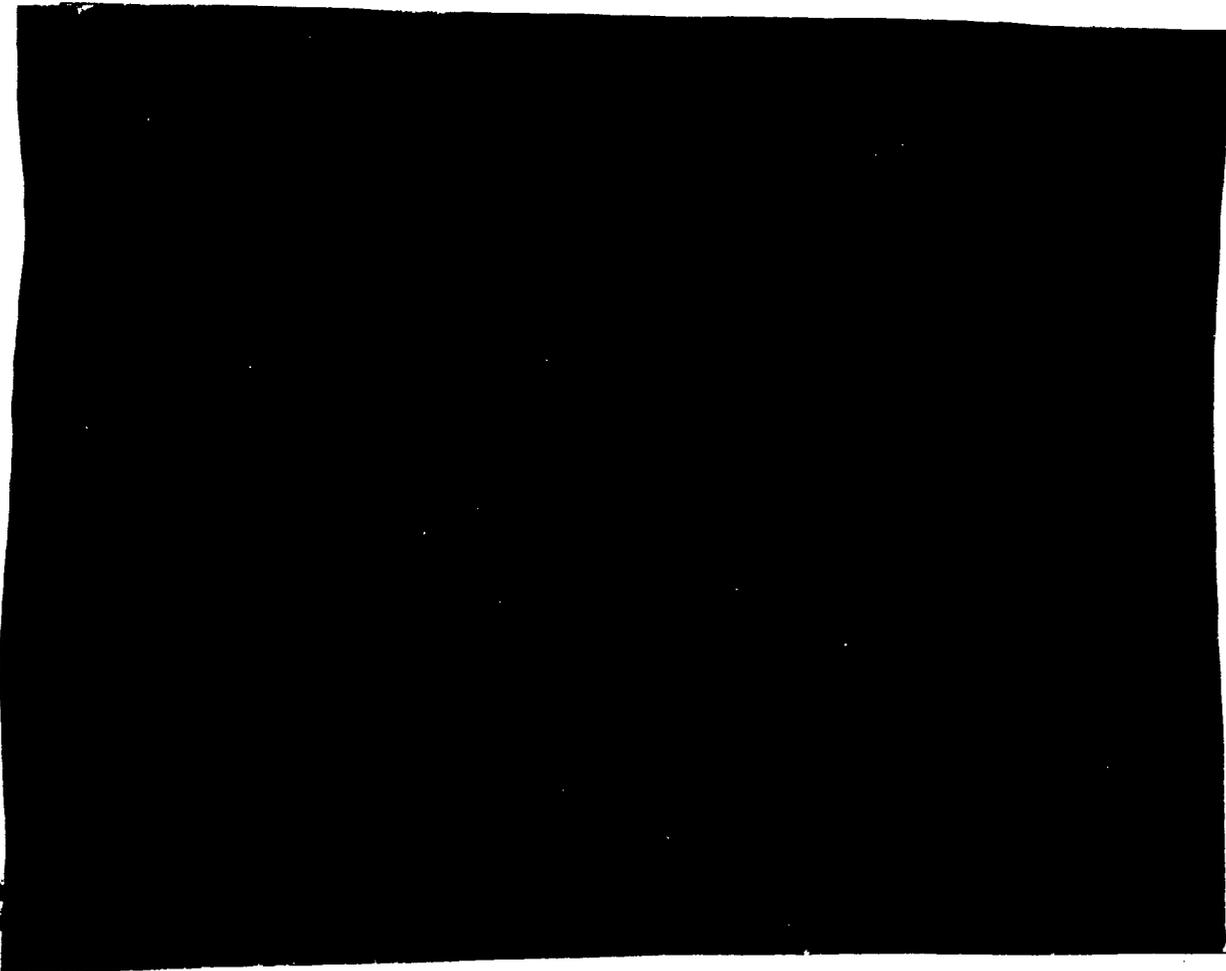
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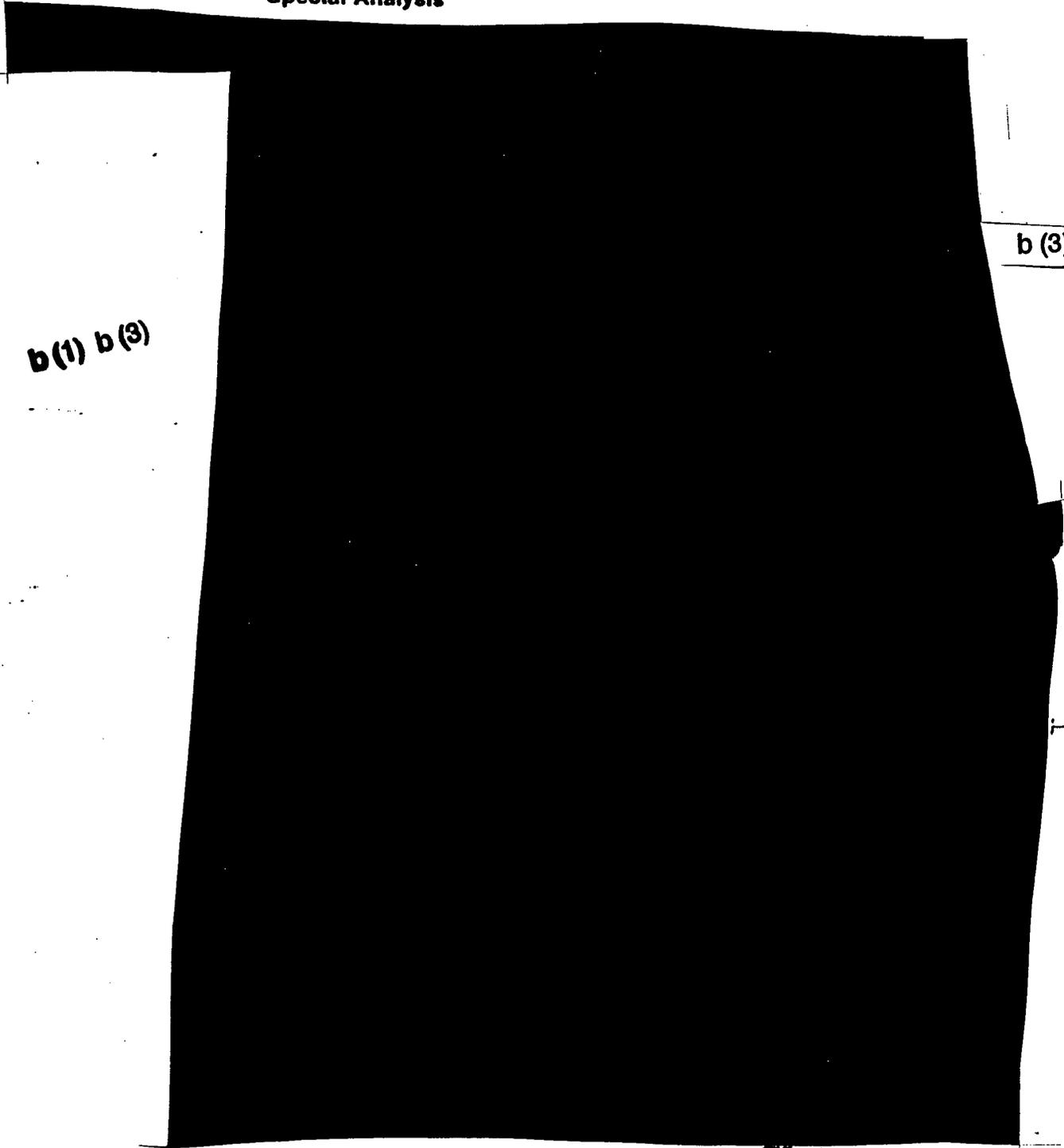
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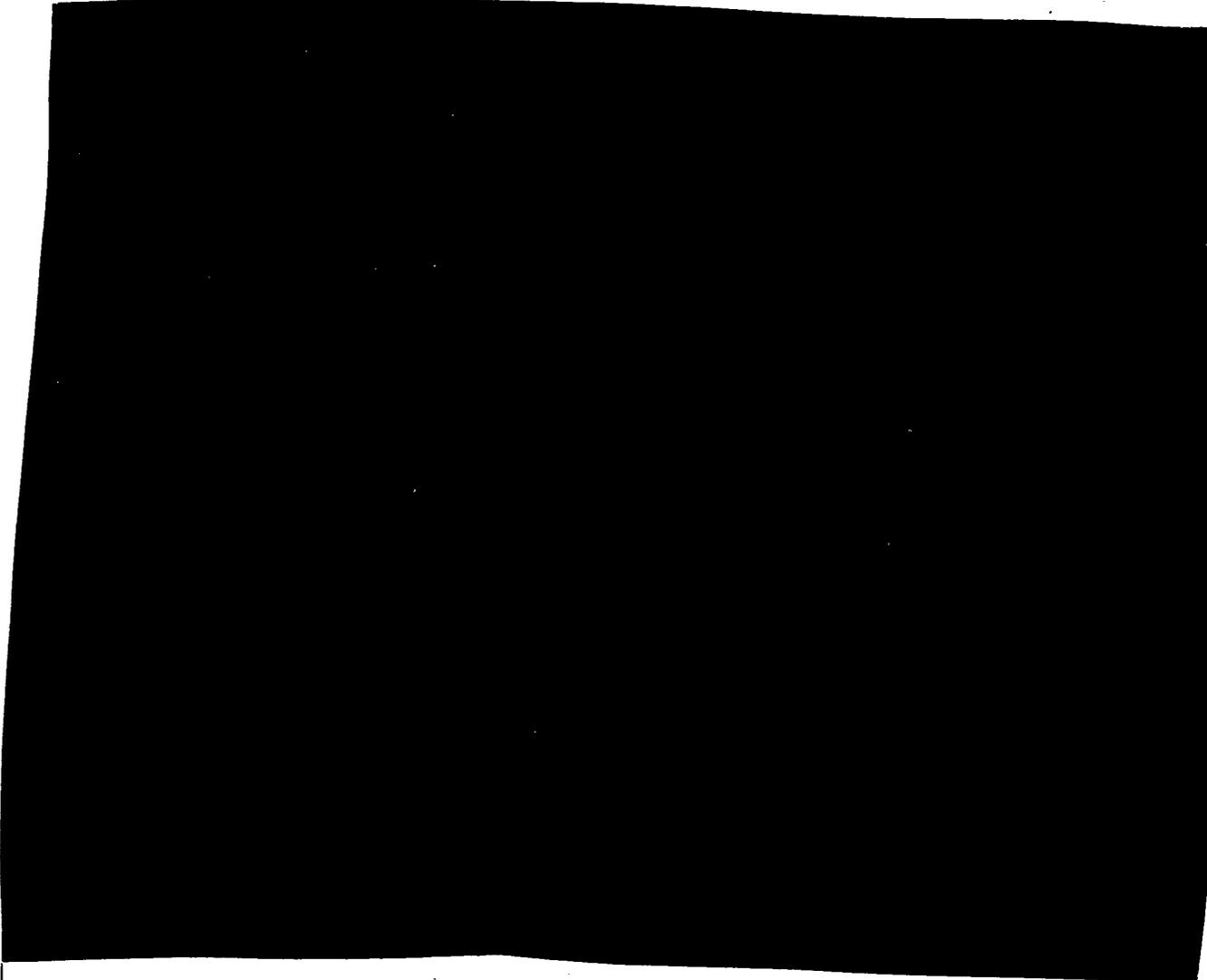
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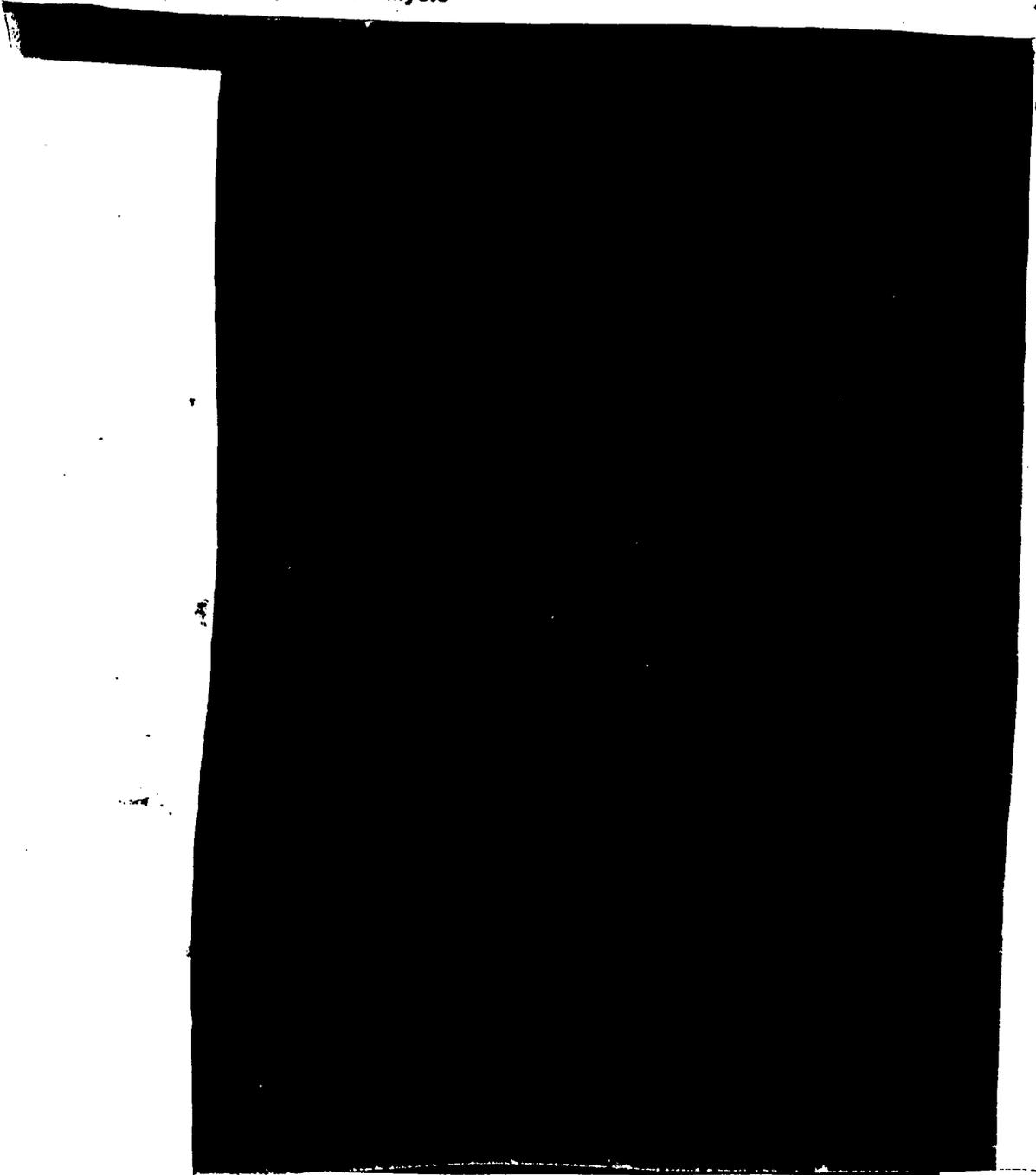
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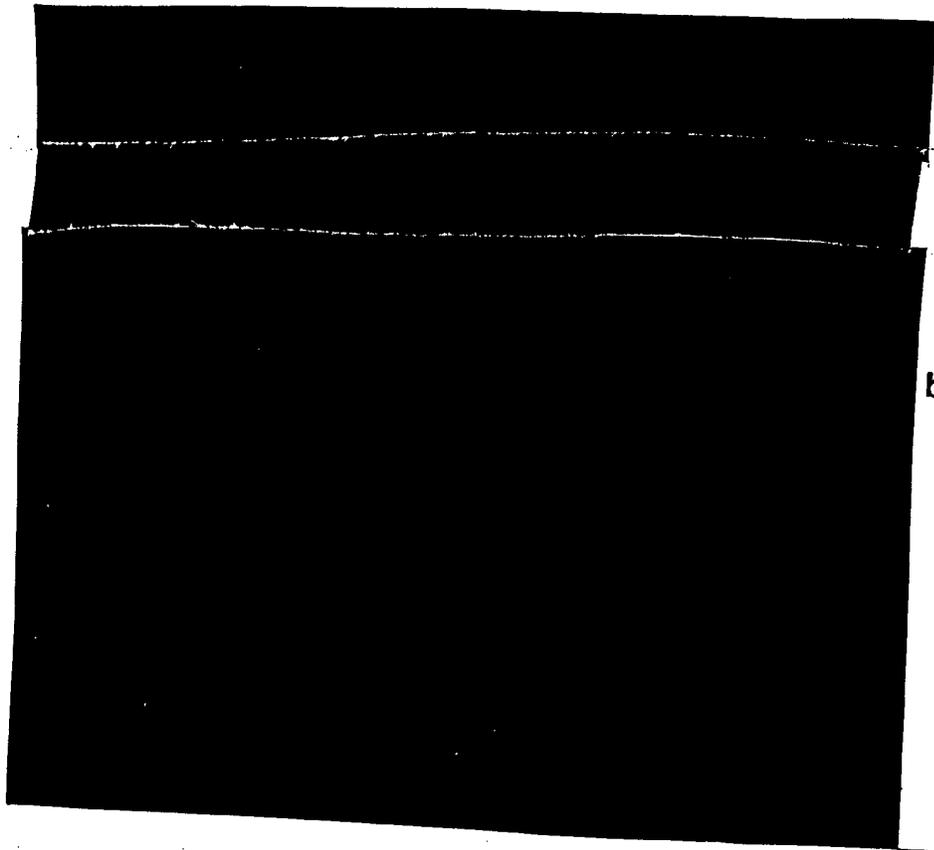
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