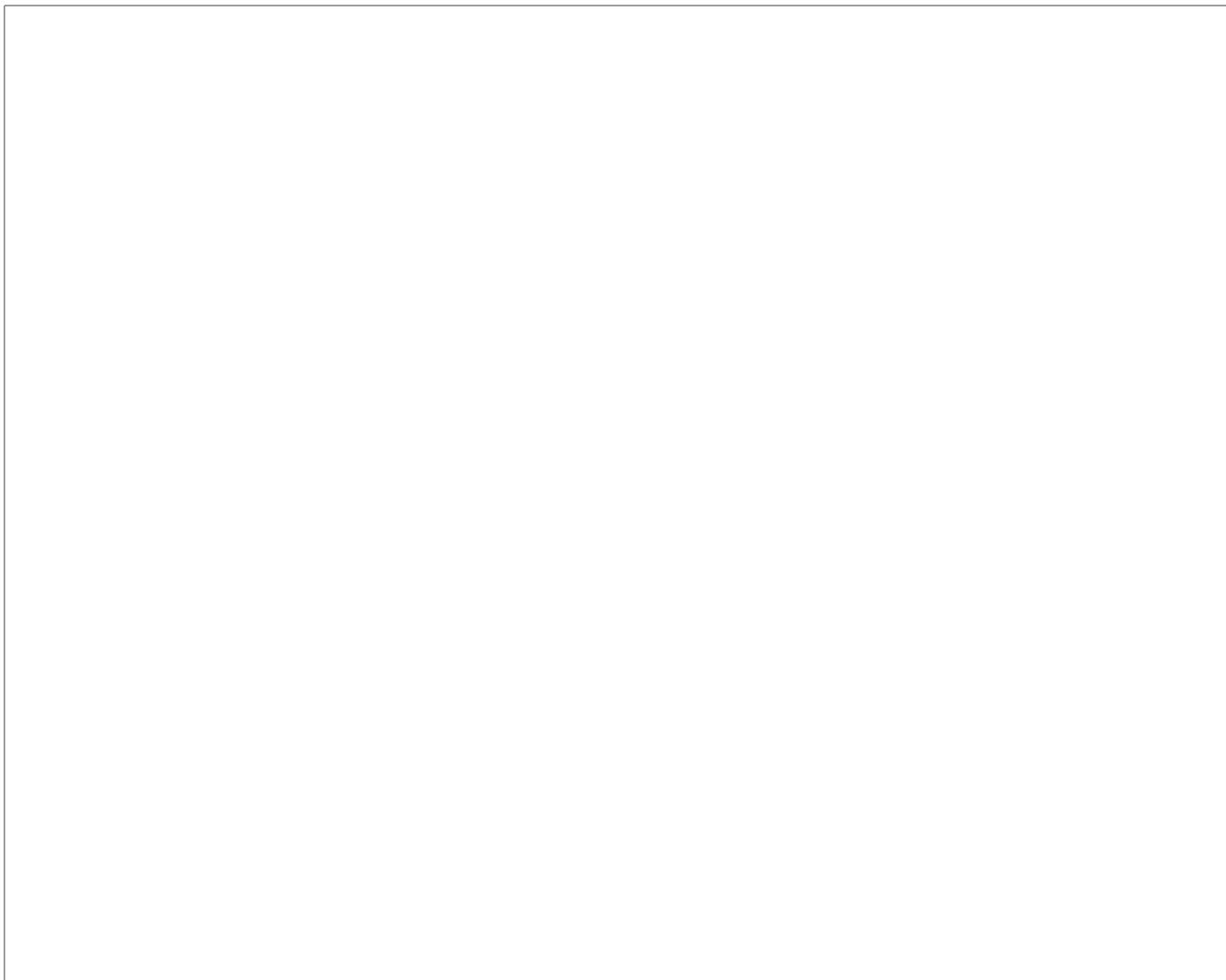


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Special Analysis

ETHIOPIA:

Eritreans Sowing Resentment

Eritrean People's Liberation Front efforts to reinforce Eritrea's de facto independence and the EPLF's limited contact with outsiders are straining relations with the new Ethiopian Government and may leave the EPLF isolated. [redacted]

[redacted] Eritrean officials told the government that they would open the vital Aseb port to fuel and food shipments bound for the capital, but the EPLF has subsequently shut off fuel deliveries and done little to restart port operations. [redacted]

The EPLF leadership also appears wary of outsiders. The group reportedly is expelling non-Eritrean government employees and recently arrested and deported several journalists who arrived in Asmera without permission. The leadership is also refusing to transfer responsibility for food relief and prisoner-of-war camps to international organizations. The EPLF has turned down relief aid from France, Italy, the World Food Program, and the Red Cross, but Catholic Relief Services is providing assistance to prisoners. The EPLF recently invited [redacted] in Addis Ababa to visit Asmera this month, however, probably to counter bad publicity. [redacted]

EPLF leaders probably are trying to solidify control over Eritrea to improve their bargaining position before the Ethiopian Peoples Revolutionary Democratic Front's conference next month on forming a transitional government. The Eritreans may even suspect that the Tigray-dominated government's support for their right to self-determination is eroding. The EPLF has refused to join the transition government, however, and may be trying to show its economic leverage to ensure Eritrean independence. Ethiopian leader and EPRDF Chairman Meles Zenawi has said he will not wage war to stop Eritrean secession, but continued denial of fuel and food shipments to Addis Ababa may heighten resentment there of Eritrea and of the government's support for the EPLF. [redacted]

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Special Analysis

ANGOLA:

Political Contest Begins

The ruling MPLA, UNITA, and an array of smaller political parties are preparing to campaign for Angola's first multiparty national election to be held late next year. The MPLA's control of the government, balanced against UNITA leader Savimbi's charisma and his party's solid rural and ethnic base, promises a close, hard-fought match between the two top contenders. Despite some popular sentiment for a third force, none of the emerging parties is likely to obtain the funds or support necessary for a credible challenge, but in coalition they might deny the main contenders a majority. [redacted]

The MPLA's primary advantage is its control over the reins of power, including some \$2 billion a year in oil earnings, during the campaign. The government, [redacted] heedless of the needs of most of the population, is likely soon to embark on urban and rural reconstruction projects in the hope of bolstering its electoral appeal. It is also seeking foreign assistance for its electoral campaign. In mid-May MPLA delegations traveled to five continents to seek financial and political support. [redacted]

Despite recent liberalization efforts, the government still has a monopoly on broadcasting and seems in no hurry to allow open displays of non-MPLA political activity. Meanwhile, the MPLA has begun its own campaign; President dos Santos has visited several provincial capitals, and Luanda reportedly was awash with MPLA posters and propaganda during recent peace celebrations. The party will draw much of its support from government employees in Luanda and other urban centers and from the Kimbundu ethnic group, which accounts for about 25 percent of the population of Angola and dominates the party. [redacted]

UNITA in Transition

UNITA is gradually making the change from guerrilla group to political party. It will open an office in Luanda next month and undoubtedly will do so in other cities as well. It has solid support in rural areas and among the Ovimbundu, Savimbi's ethnic group, which accounts for some 40 percent of the population, but needs to

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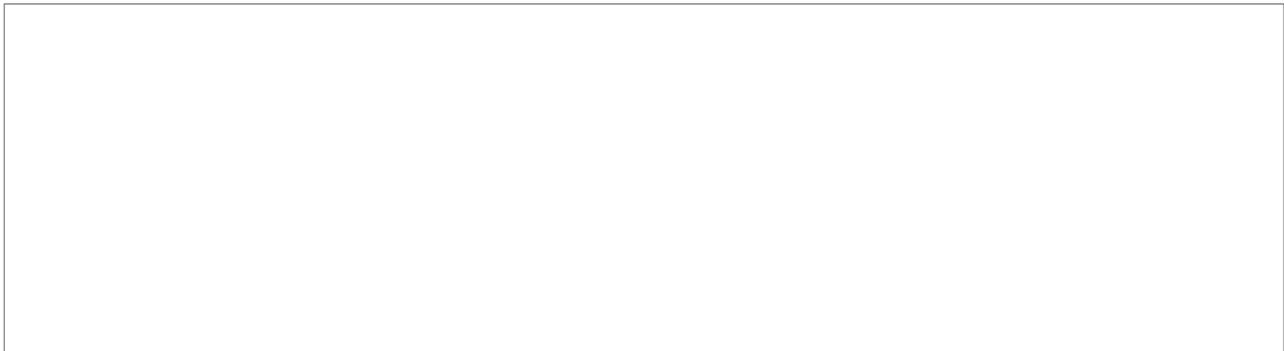


USSR

- In USSR, Ukrainian legislature voted Friday for direct election of president, probably early 1992 . . . prosovereignty Communist Leonid Kravchuk strong frontrunner . . . democratic forces will try to weaken presidency in new republic constitution. [Redacted]
- Lev Churilov, 56, confirmed as USSR Oil and Gas Minister . . . has extensive oilfield experience . . . strongly favors joint ventures in oil pipelines, drilling, and environmentally clean technologies to improve sharply falling output. [Redacted]

Oceania

- Australian Labor Party's annual conference begins today . . . contentious debate over Prime Minister Hawke's decision to ban mining on aboriginal land expected . . . will further test his authority, may revive leadership challenge. [Redacted]



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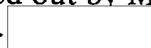
IRAQ-KUWAIT:

Situation Report

Kurdish leaders are meeting to discuss the autonomy proposal, and the EC has offered to help finance the UN police force for northern Iraq.



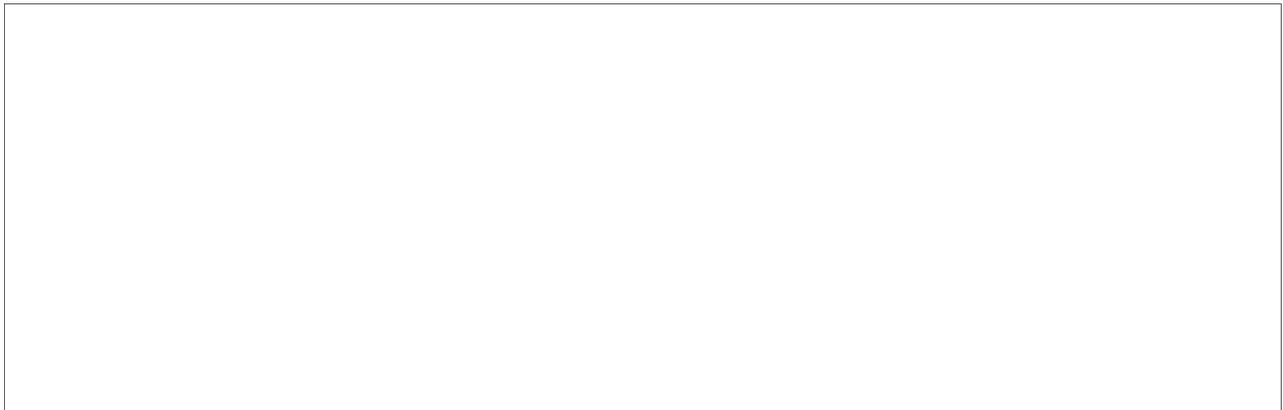
Talabani Visits Northern Iraq

Patriotic Union of Kurdistan chief Jalal Talabani traveled to northern Iraq from Ankara yesterday to discuss with Kurdish leaders the autonomy deal reached in Baghdad, according to press reports. He reportedly will meet with leaders from all Kurdish factions to debate whether to approve the agreement worked out by Mas'ud Barzani, head of the Kurdish Democratic Party. 

Comment: Kurdish leaders probably are concerned about unresolved issues in the draft agreement, such as the exact borders of Kurdistan and the timing of Kurdish and Iraqi elections. 

EC Offers To Fund UN Police Force

European Community foreign ministers have agreed to help finance the proposed 500-man UN force to police the Kurdish enclave in northern Iraq. The EC reportedly has promised to augment any gap between the proposed police force budget and the UN's own fundraising efforts. 



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POLAND:

Walesa Offensive Gaining Ground

President Walesa is flexing his presidential muscles in an effort to buy time for economic reform and to improve his prospects in the legislative election in October. 

Walesa's proposal that the government rule by decree on economic issues probably will not be acted on before mid-July. The move has already pushed a long-stalled foreign investment bill clear of the lower house, however, and has expedited action on other key economic bills. 

Walesa last week got Senate backing for an electoral law that does more to discourage small parties than the version he vetoed earlier, but the lower house has rejected it. Walesa must now accept the earlier version, veto it again and force another legislative drafting effort, or carry out his threat to dissolve the legislature and draft a law on his own. 



Comment: Walesa appears to sense that political infighting and growing labor restiveness threaten the reform program. By forcing other political players to react to his agenda, he has bought the Bielecki government time for its plans to speed privatization. 

Walesa probably will demand reconsideration of the election bill in the expectation that his opponents will yield rather than risk blame for any delay of the election. He is unlikely to dissolve the legislature because doing so would create a constitutional crisis. An election would have to be called within three months, but there would be no legislature to adopt an election code. The old law guaranteed the Communists and their erstwhile allies 65 percent of the seats in the lower house. 

Fitting more elements of the old Solidarity coalition into the cabinet would help bring them back under Walesa's wing. Charges that he seeks dictatorial rule are overstated; his goal remains to solidify democracy, although his understanding of its procedural requirements is limited. 

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~~Top Secret~~**ALBANIA:****Tackling Economic Reform**

Albania's new government, a coalition including the former Communists and the democratic opposition, must give the country's dire economic situation priority if it is to avoid further social unrest and emigration.

Economy Minister Pashko, from the Democratic Party, plans to emphasize privatization of industry and agriculture, price liberalization, currency convertibility, and a balanced budget. Tirane will seek foreign aid and extension of loan repayment schedules to help ease its budgetary problems. The government's financial situation will be further complicated, however, by Prime Minister Bufi's agreement to raise wages by 15 to 80 percent, depending on the nature of the job, under the recent settlement with independent trade unions.

Comment: Secretary Baker's visit to Tirane and signs that Albania will soon gain access to Western assistance will bolster the reformers. Their ability to implement comprehensive economic reform, however, may be hindered by divisions in the cabinet and the former Communists' continued majority in the legislature; the platform the Communists adopted recently rules out private landownership. Worker apathy, a lack of raw materials, and Albania's poor infrastructure will continue to hamper economic recovery as well. Although a relatively small infusion of foreign assistance could markedly improve the availability of consumer goods in the near term, in the longer run living conditions are likely to worsen as prices and unemployment soar. Tirane will be hard pressed to prevent further streams of would-be refugees from leaving for Italy, Yugoslavia, and Greece.

Albania almost certainly will be unable to accommodate the promised wage increases, suggesting a repeat of the widespread labor unrest that brought down the Communist government this month. If the new government's compromise with the opposition proves untenable, a new election, now set for next May or June, may be required before yearend.

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[redacted]**USSR: Ukrainian Nationalists Oppose Union Treaty**

Separatists and militant workers took action over the weekend that could challenge the efforts by republic moderates to promote gradual economic reform and increased sovereignty within a new union. Ukrainian strike committees over the weekend formed an association that brings together miners from the Donbass region and western Ukrainian separatists. The group calls for Ukrainian independence, defends political strikes, and opposes the signing of a new union treaty before a new republic constitution is adopted. Yesterday in Kiev 10,000 people participated in a demonstration organized by radical nationalists against the union treaty. [redacted]

Comment: The Ukrainian legislature begins debating the new union treaty today, and the strike committee association's call for independence adds to the impact of yesterday's demonstration. Delay in approval of the treaty by the Ukraine would be a setback for President Gorbachev's plans, as well as for Ukrainian legislative Chairman Kravchuk and his moderate nationalist supporters. [redacted]

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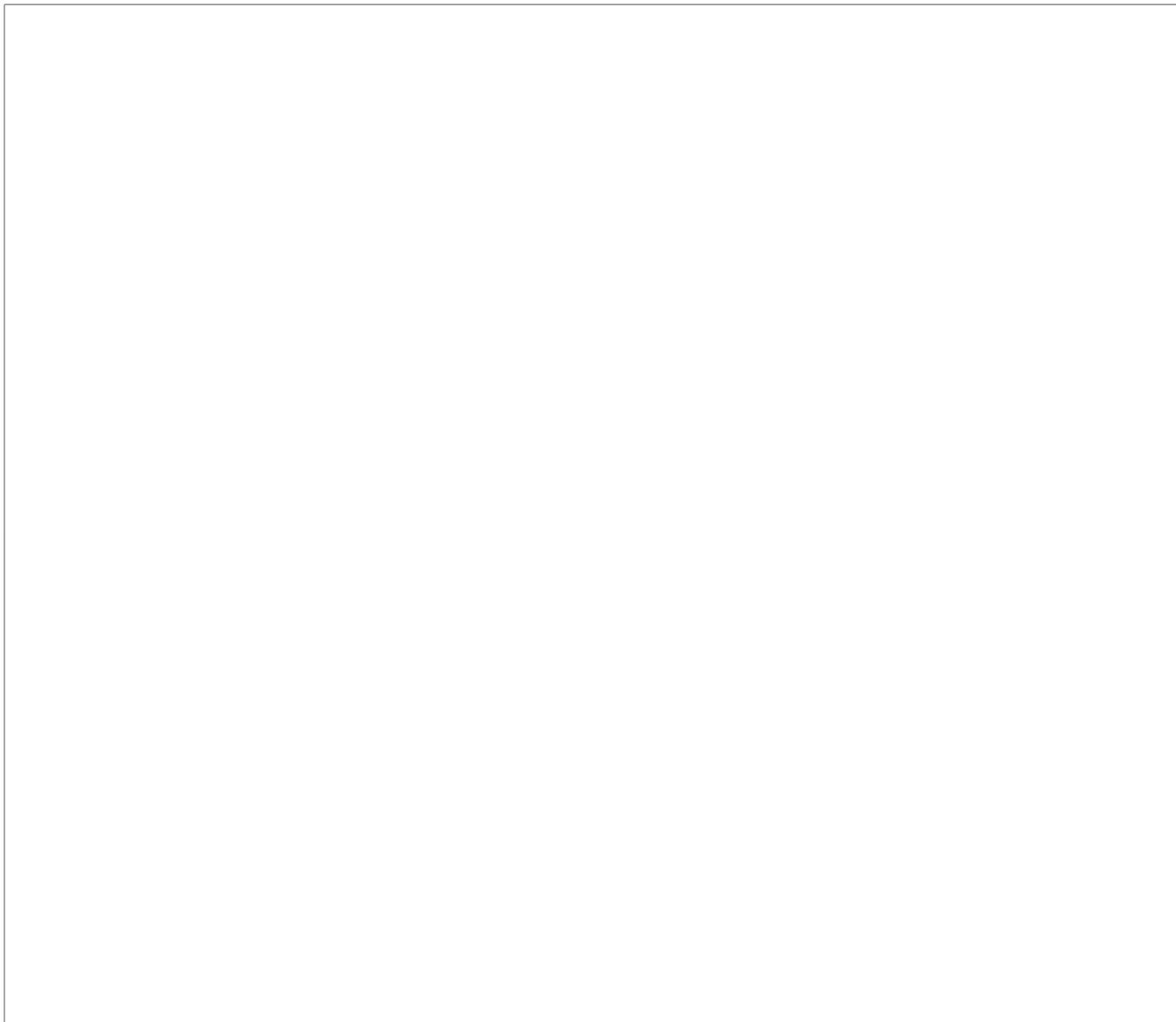
NORTH KOREA: More Stalling on Nuclear Safeguards

North Korea's attempt to feign movement toward accepting inspections at its nuclear facilities probably will backfire and increase pressure on P'yongyang to comply. The conditions on a nuclear safeguards agreement that North Korea's Foreign Minister listed for a US reporter on Thursday include removal or international inspection of US nuclear weapons allegedly based in South Korea and US legal assurances not to use nuclear weapons against the North. [redacted]

Comment: If North Korea signs an agreement, IAEA member states almost certainly will press for early provision of a list of declared sites to be monitored and for quick initiation of inspections. Even if North Korea eventually accepts inspections, the Foreign Minister's assertion in the interview that the Yongbyon nuclear center is a small, peaceful research laboratory may foreshadow an incomplete declaration of these facilities. [redacted]

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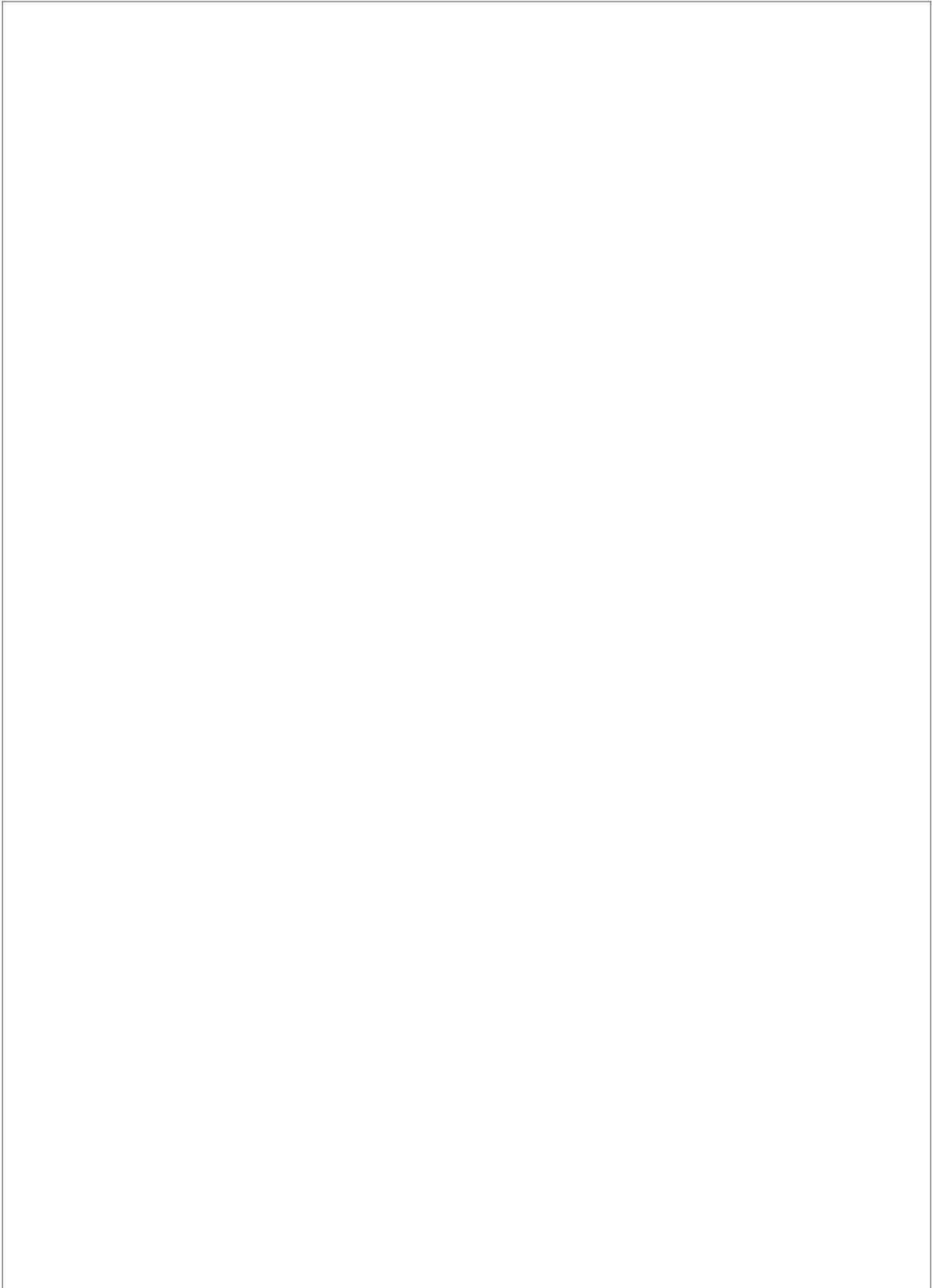


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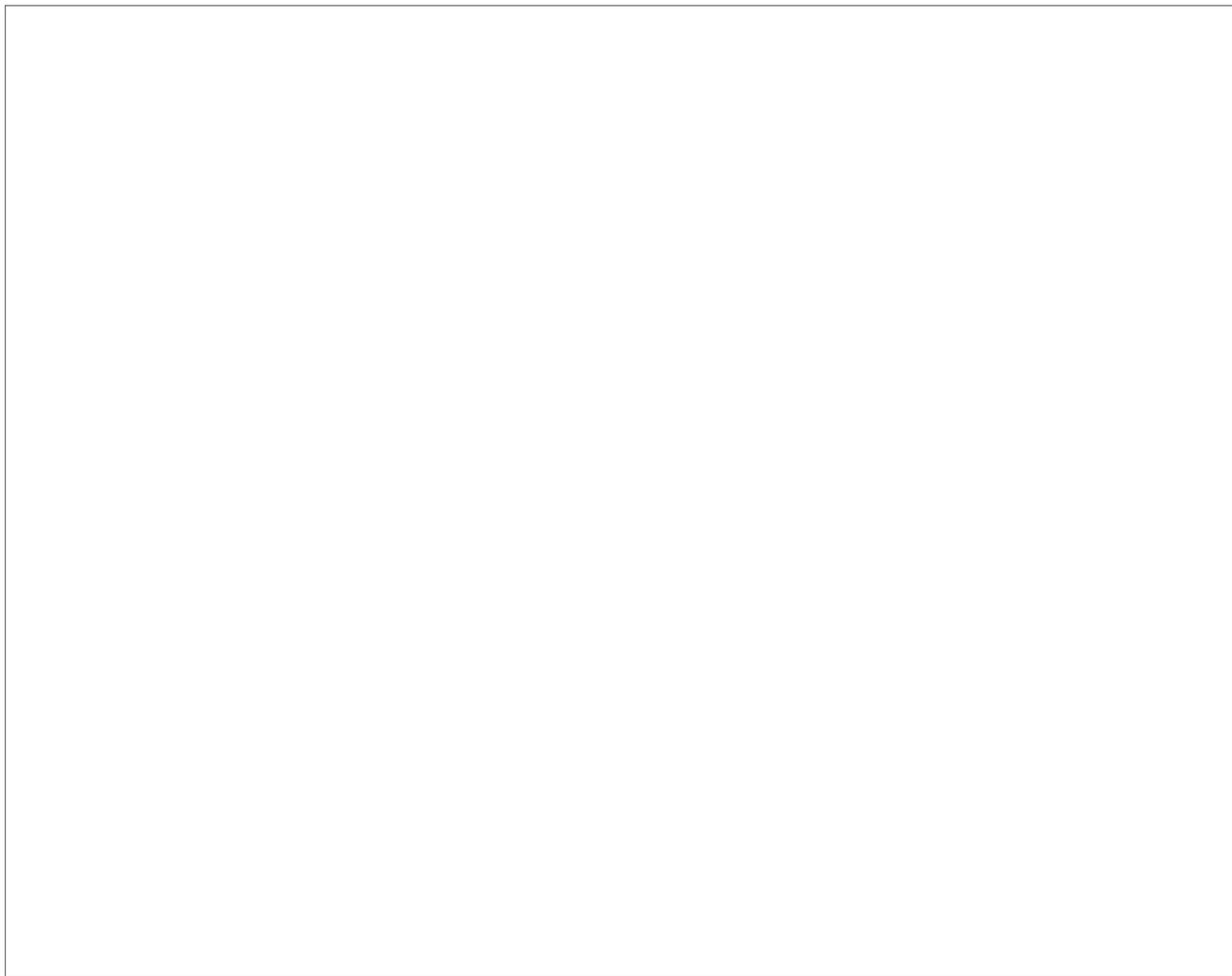
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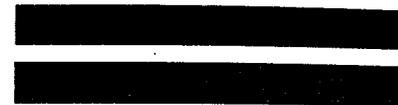
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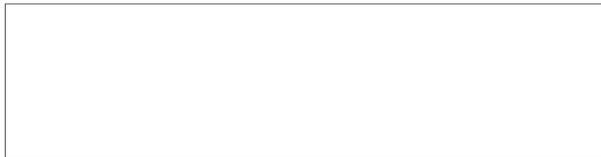
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Director of Central Intelligence

NATIONAL INTELLIGENCE DAILY

Monday, 24 June 1991



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24 June 1991

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extend its appeal in urban areas. Savimbi's charisma will help, as will UNITA's access to its own radio station. The former insurgents also plan to establish a newspaper soon. [redacted]

Although it has been supplied with weapons, food, and fuel by South Africa and other foreign backers, UNITA lacks campaign financing. Savimbi was well received during his five-nation European tour last month [redacted] almost certainly solicited electoral assistance from his hosts. South Africa probably will donate some money to maintain its leverage with UNITA even as it pursues closer ties to Luanda. The former insurgents also must overcome the damaging effects of years of MPLA propaganda portraying UNITA as responsible for the suffering of hundreds of thousands of Angolans. [redacted]

Smaller Parties Seek Spoiler Role

Many Angolans probably would consider a viable alternative to the MPLA and UNITA, but the emerging parties are small and lack the means for a credible challenge. More than 25 groups are seeking to participate in the election, according to press reports. Some have been in exile for years and are now returning home, while others have organized in Angola over the past few months. [redacted]

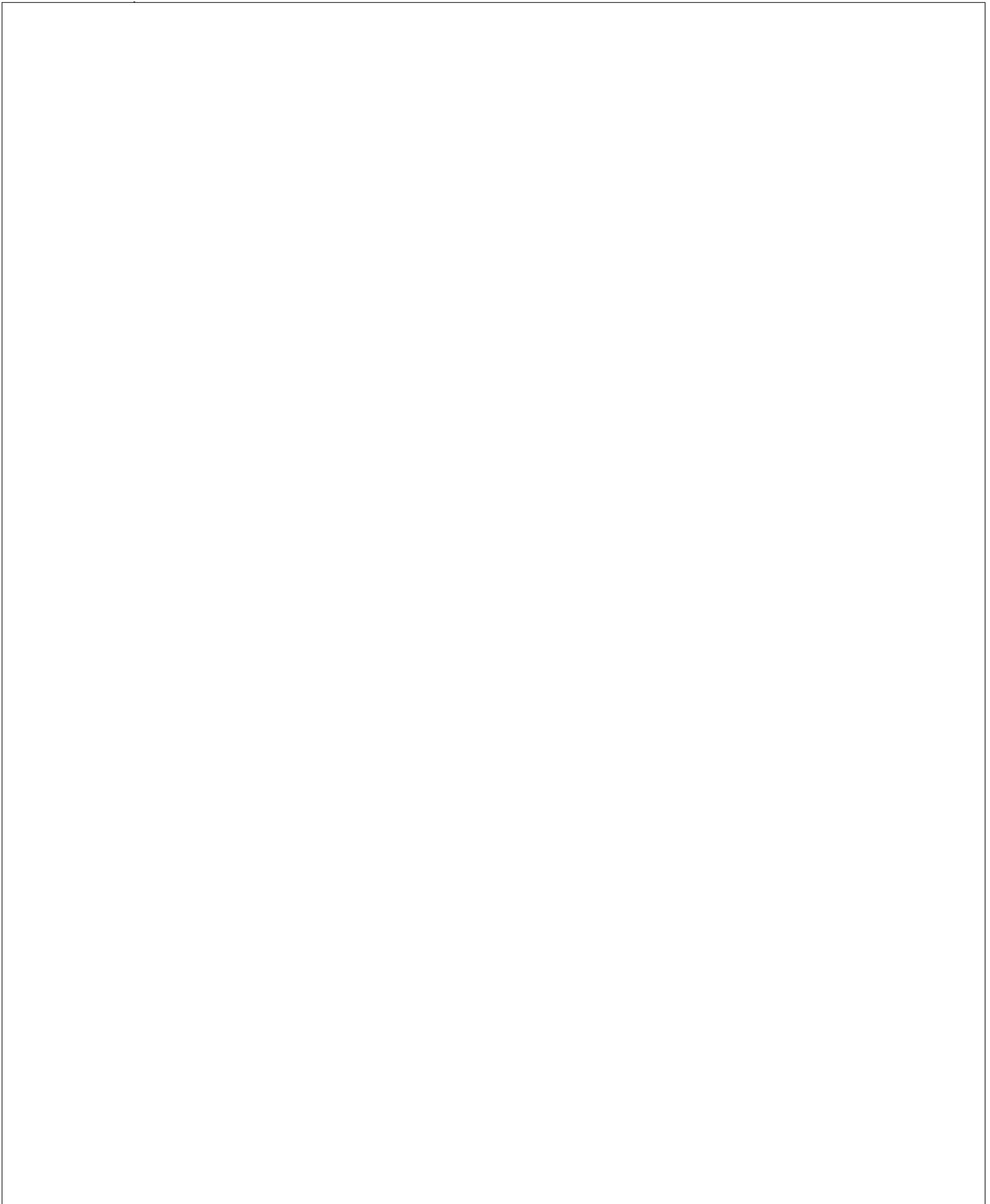
Outlook

Despite the government's best efforts, most Angolans will hold it accountable for years of political oppression and economic failure while government officials have lived in luxury. Some MPLA party members may smell defeat and form their own parties, defect to UNITA, or leave the country. UNITA's success at dispelling negative stereotypes will depend largely on the power of Savimbi's personality and his ability to play down the organization's reputation as a predominantly Ovimbundu group. The signing of the peace accords have established UNITA's international legitimacy and should help the group solicit funds from foreign backers. [redacted]

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~~Top Secret~~**In Brief****Europe**

— **New Turkish** Cabinet announced yesterday, confidence vote within two weeks . . . Prime Minister-designate Yilmaz has drawn Cabinet from all factions of ruling party, needs balance . . . Ozal's pro-Western policies likely to continue for now. [redacted]

— **German** legislature agreed Wednesday to let **USSR's** Baltic republics establish joint information center in Bonn . . . willing to strengthen unofficial ties, cultural exchanges . . . center will have no diplomatic status, German Government financing. [redacted]

— EC expanding Energy Charter to all European countries, US, **Canada, Japan, Australia, New Zealand** . . . **Spain** secured observer status for Maghreb countries . . . mid-July ratification conference, formal charter by yearend now likely. [redacted]

— **Bulgaria** has set up state committee to regulate military production, curb politically embarrassing sales . . . seeking better ties to West, chairman likely to come from democratic opposition [redacted]

Africa

— **South African** Government, ANC, Inkatha officials forming committee to halt factional violence . . . such cooperation between Pretoria, rival black organizations unprecedented . . . improves prospects for talks on a new constitution. [redacted]

— **Malawi** has cut **Mozambican** rebel radio communications to negotiators in Rome . . . says radio used for military purposes . . . could give RENAMO excuse to postpone round of peace talks set for 1 July. [redacted]

East Asia

— **South Korean** opposition leader Kim Dae Jung likely to announce resignation today over recent local elections defeat, press reports say . . . probably will attempt comeback this summer, determined to run for presidency next year. [redacted]

— **French** press claims Paris reconsidering frigate sale to **Taiwan** . . . **Chinese** pressure killed deal last year, Beijing again likely to threaten retaliation . . . Paris also faces domestic pressure to approve sale. [redacted]

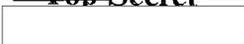
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