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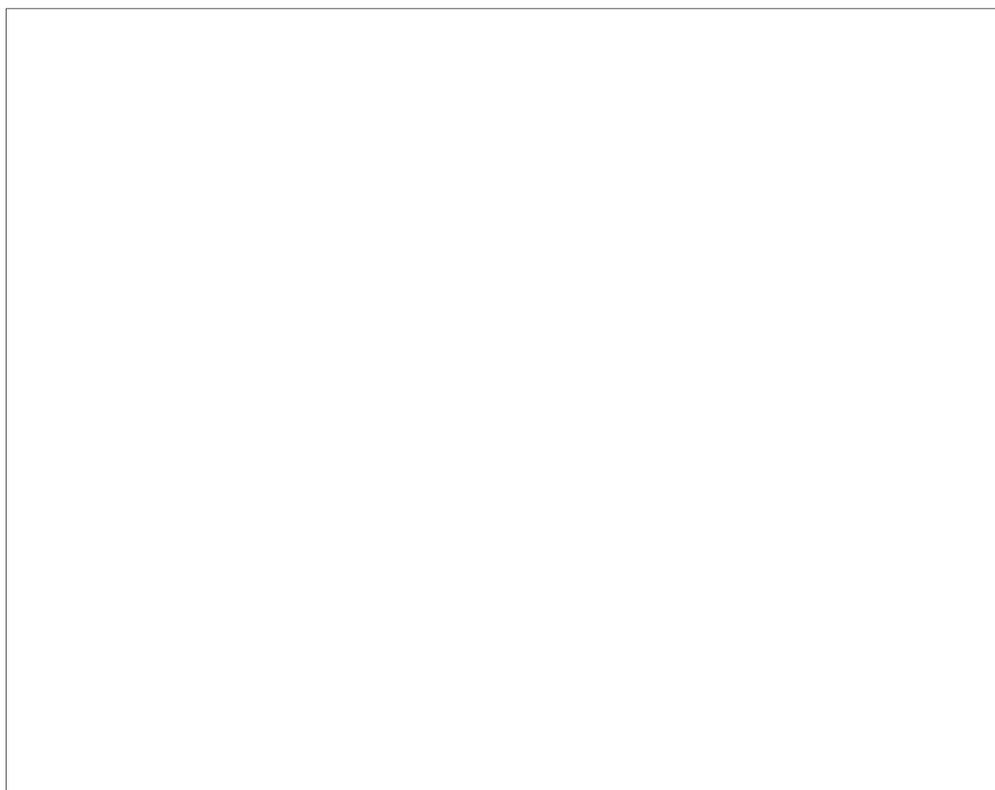


GERMANY: Berlin To Be Government Seat, Narrowly

The Bundestag's decision to move the seat of government to Berlin is a symbolic step in coming to terms with Germany's unity and greater European role. The close 337-to-320 rollcall vote transcended party lines. The Bundestag, most government ministries, and the federal presidency are to move over the next four years. The Bundesrat, which is the upper legislative house, and some unspecified ministries will remain in Bonn. Chancellor Kohl said the full move would take at least 10 years.



Comment: The vote gives eastern Germans a needed morale boost and is likely to attract more investment to Berlin and the eastern states. It also emphasizes Germany's position between Eastern Europe and the Western democracies, although without immediate impact on its Western ties. The vote may also help Kohl and his protege Interior Minister Schaeuble, both of whom came out strongly for Berlin. It is unlikely that the Defense Ministry will move to Berlin in the next few years, especially since the last Soviet troops are not to be withdrawn until 1994. Numerous other government functions will also stay in Bonn or other cities outside Berlin.



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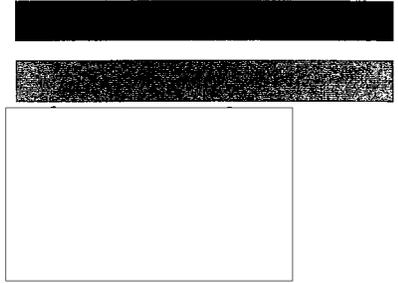


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Susan



Director of Central Intelligence

NATIONAL INTELLIGENCE DAILY

Friday, 21 June 1991



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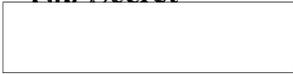
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Special Analysis

NORTH KOREA: Trying To Expand International Ties

North Korea's recent announcements that it will sign a nuclear safeguards accord and join the UN respond to foreign pressure, but P'yongyang is still unlikely to make the progress it wants in improving its international standing. [redacted]

The collapse of East European Communist regimes allied with P'yongyang and reduced Soviet political and economic support have presented North Korea with unprecedented foreign policy challenges. Soviet insistence on balanced, hard currency trade and cutbacks in aid have undermined the already struggling economy, and political change in Eastern Europe has left P'yongyang increasingly isolated. Moreover, domestic concerns—most notably the desire for a smooth transfer of power to Kim Chong-il—have encouraged P'yongyang to improve North Korea's international standing. [redacted]

Knocking on New Doors

North Korea has launched a campaign to find new friends primarily among industrialized states, where it hopes to develop new sources of badly needed trade, technology, and investment. North Korean officials have recently told several foreign visitors that they were disappointed their efforts to expand, or even maintain, ties abroad have failed. The decision to sign a safeguards accord with the International Atomic Energy Agency and the comments of government officials suggest P'yongyang recognized its foot-dragging on the safeguards issue was a major cause of this failure. The Soviets, increasingly irritated by P'yongyang's failure to sign a safeguards agreement, have threatened to cut off nuclear cooperation, and Japan has linked progress in normalization talks on North Korea's full compliance with the Non-Proliferation Treaty. Other countries, including Germany and Canada, have rejected P'yongyang's bid for improved ties, probably in part out of concern over P'yongyang's safeguards policy. [redacted]

The recent decision to apply for UN membership separately from South Korea is also probably a part of the North's campaign to stem its slide into diplomatic isolation. P'yongyang dropped its longstanding insistence that North and South share a UN seat once it became clear that it could not rely on China to veto Seoul's membership application and that digging its heels in on the issue was counterproductive. In addition to preventing Seoul from

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**EUROPE: European Confederation Fizzles**

French President Mitterrand's European Confederation proposal received a lukewarm reception at a conference of European countries, the US, Canada, and Japan in Prague last week, 
 and its future appears bleak. Some attendees, like Mitterrand, favored a Eurocentric confederation, but the majority, including the East Europeans, supported Czechoslovak President Havel's call for continued US involvement in European affairs. No followup meeting is planned any time soon. 

Comment: The meeting appears to have done little to mitigate skepticism among those initially opposed to the proposal or to clarify the confederation's purpose. The East Europeans fear it would be a "permanent waiting room" for entry into the EC and would not provide the financial assistance they need to bring their economies up to EC standards. Many West Europeans apparently believe the proposed confederation duplicates other European institutions.

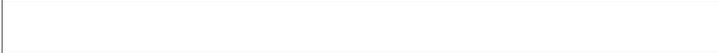

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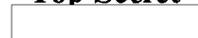


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“monopolizing” the UN forum, the North Koreans probably also hoped they could broaden international contacts by showing they could participate responsibly in the General Assembly.

Hurdles Remain

North Korea's recent moves may be opening some new diplomatic doors; last week the Philippines, citing P'yongyang's UN application as a motivating factor, agreed to work toward establishing diplomatic relations later this year. Other LDCs could follow suit, but North Korea will have to go much further to attract the key foreign contacts it seeks, particularly among the developed countries:

- Japan is likely to wait for actual movement on implementation of safeguards before significantly expanding ties.
- Industrial countries probably are in no hurry to develop economic ties because of North Korea's economic troubles and its resistance to economic reform. P'yongyang has done little to resolve the several billion dollars in defaulted loans it owes industrial-country banks, and North Korea's undeveloped economy has little to attract foreign investors or traders.
- Many countries may be unenthusiastic about improving relations because of North Korea's poor human rights record. Numerous delegates attending the Interparliamentary Union meeting in P'yongyang last month criticized the repressive conditions in North Korea and the regime's unwillingness to consider political reform.
- Several of P'yongyang's key targets for closer contacts, including the US and Japan, have linked progress in bilateral ties to a serious dialogue between the two Koreas. North Korea broke off the prime-ministerial talks with South Korea in February to protest the annual US-South Korean Team Spirit military exercise.

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In Brief

USSR

[Redacted]

— **Soviet** environmental activist, writer Yuriy Shcherbak confirmed as Ukrainian Ecology Minister . . . first non-Communist to hold Ukrainian ministerial post . . . republic trying to broaden coalition with more liberal appointments. [Redacted]

[Redacted]

[Redacted]

East Asia

[Redacted]

— Former Trade, Foreign Minister Hiroshi Mitsuzuka named yesterday to succeed late Shintaro Abe as head of **Japanese** ruling party's second-largest faction . . . likely to stay allied to dominant Takeshita faction, help it influence party succession. [Redacted]

Americas

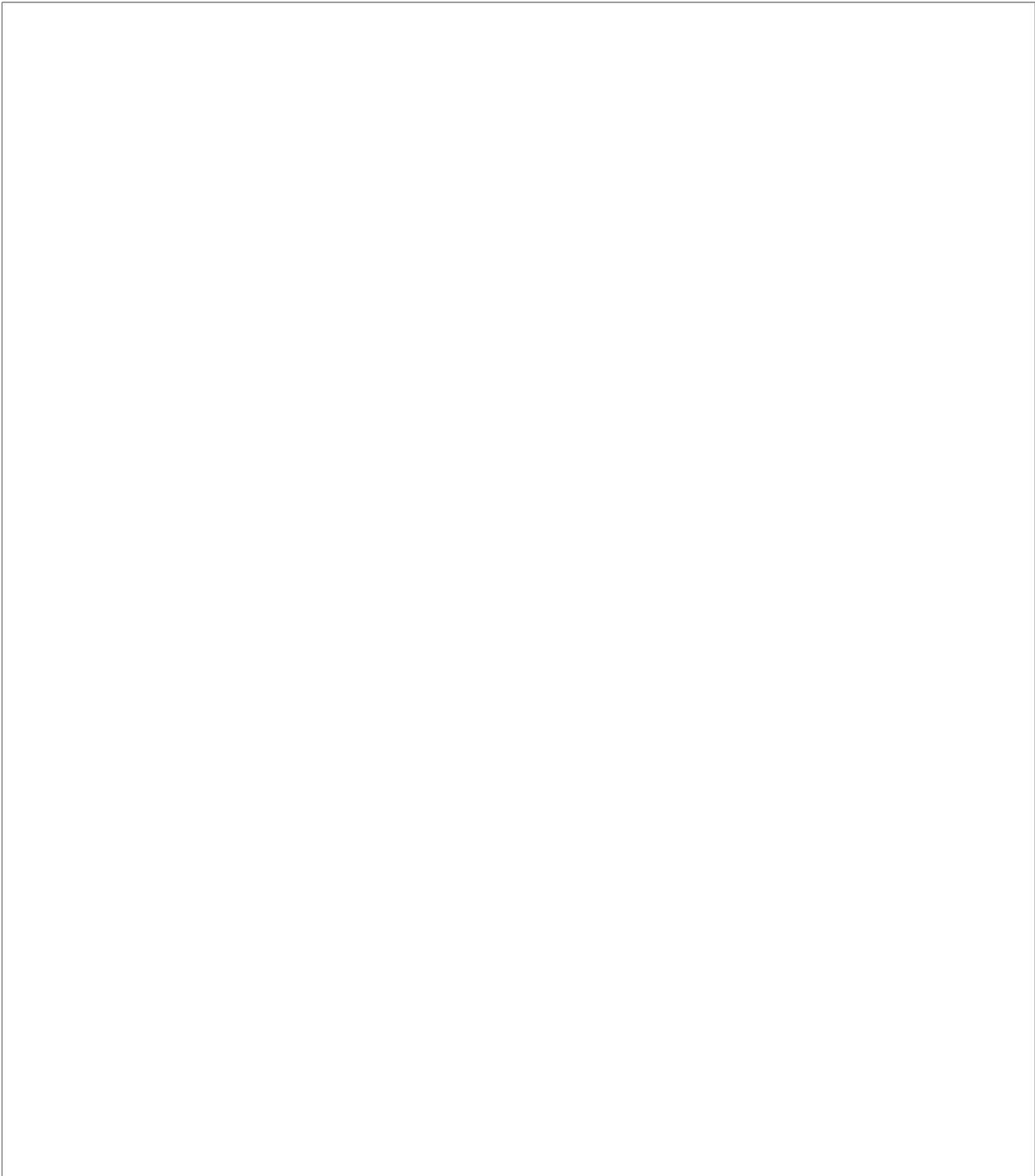
— **Brazilian** Senate has overwhelmingly approved paying \$8.6 billion in interest arrears due foreign banks . . . \$2 billion this year; remainder converted to 10-year bonds . . . sets stage for new loan talks with IMF, renegotiating \$51 billion principal. [Redacted]

Africa

— **Madagascar** opposition has unilaterally declared provisional government . . . demonstrations in second week . . . President Ratsiraka may offer modest political concessions, not likely to placate groups . . . crackdown on opposition leaders likely. [Redacted]

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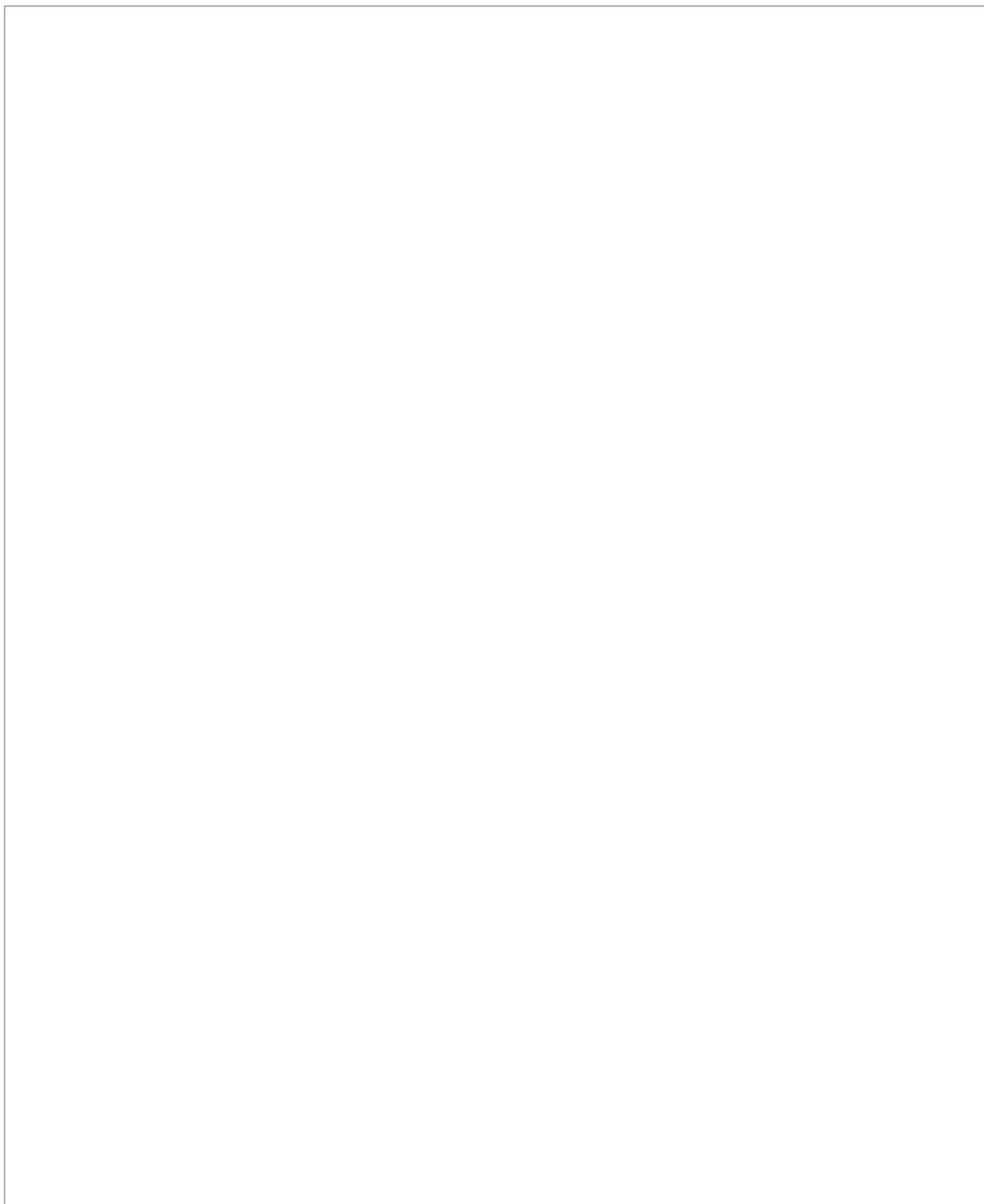


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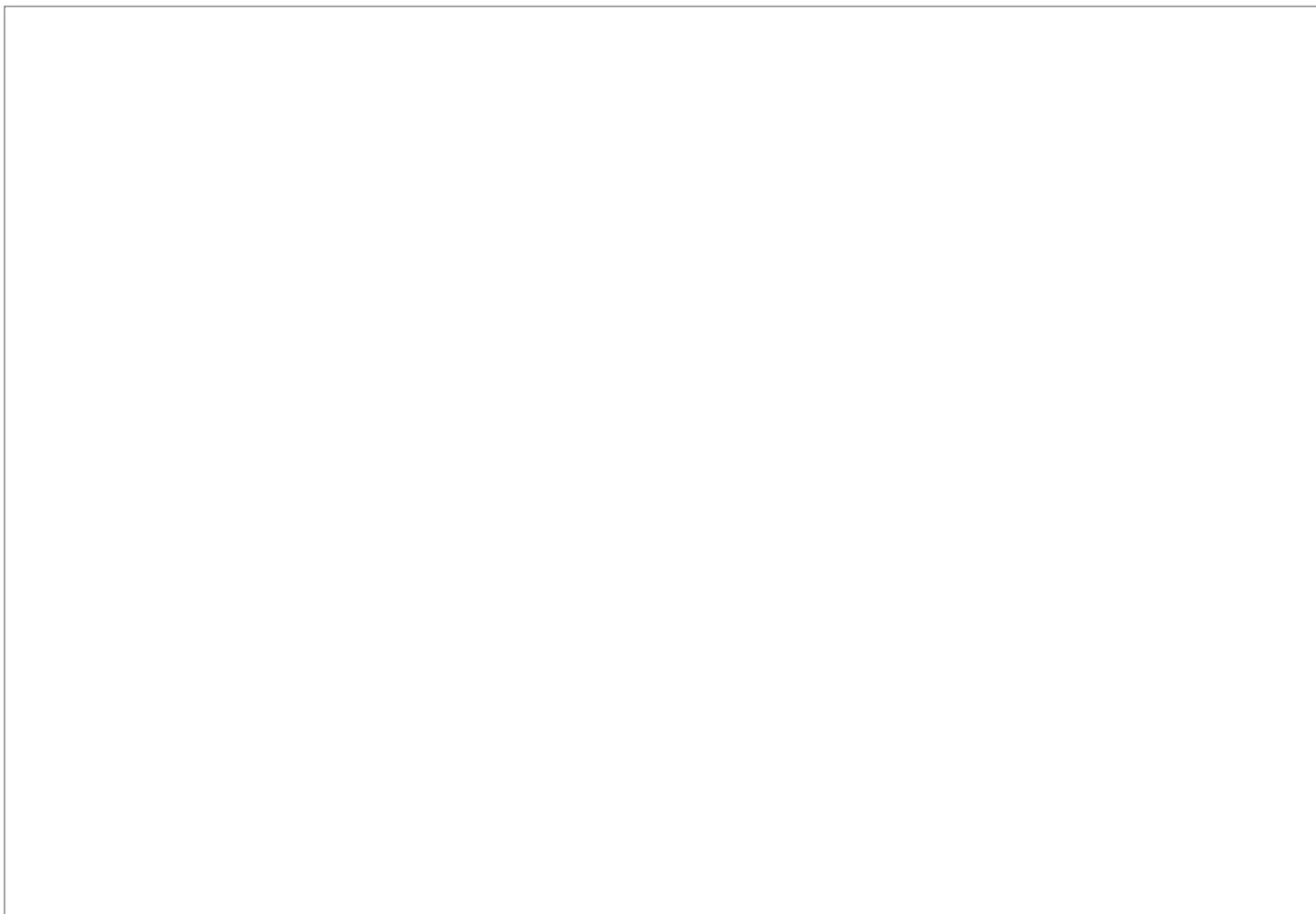
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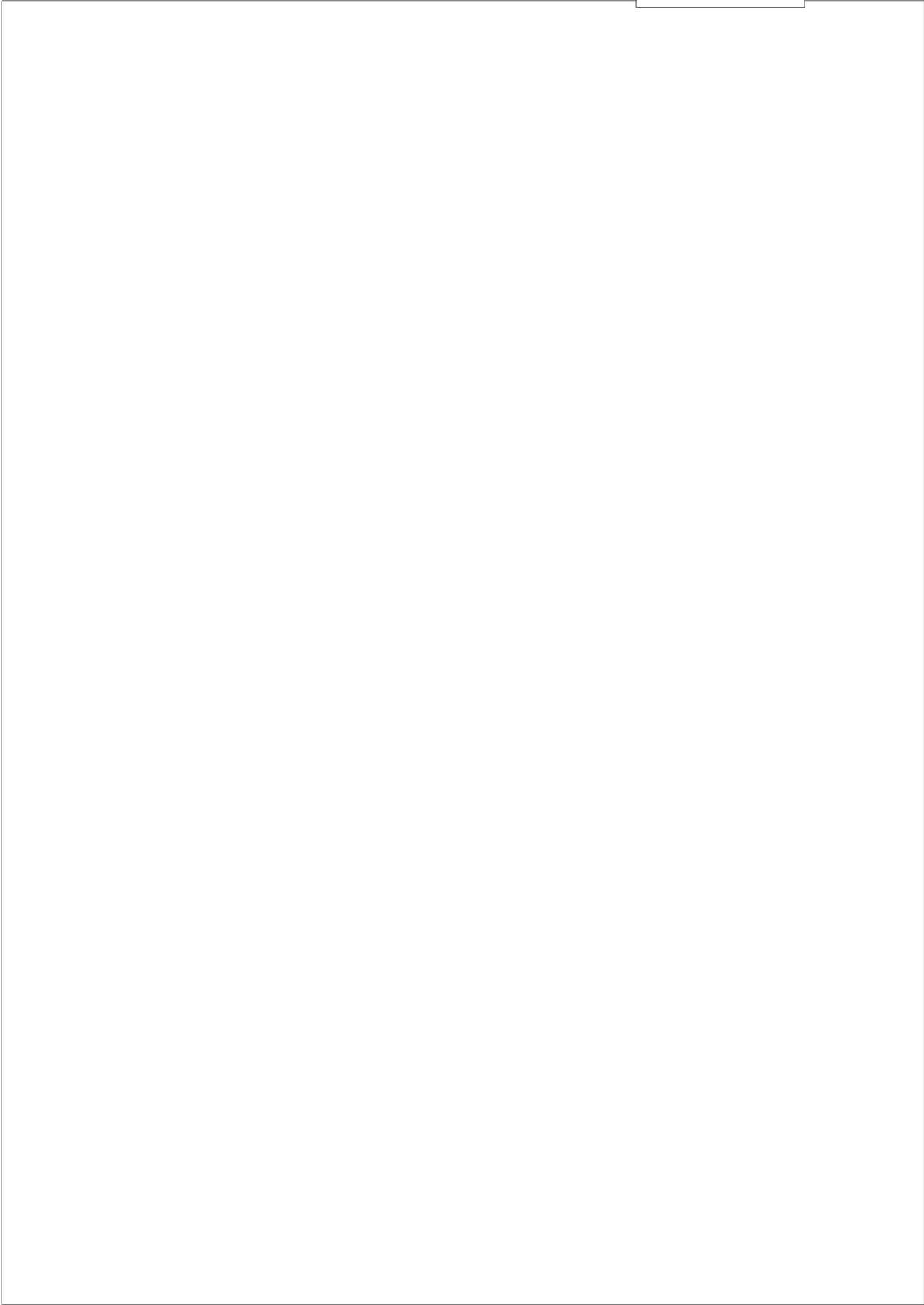


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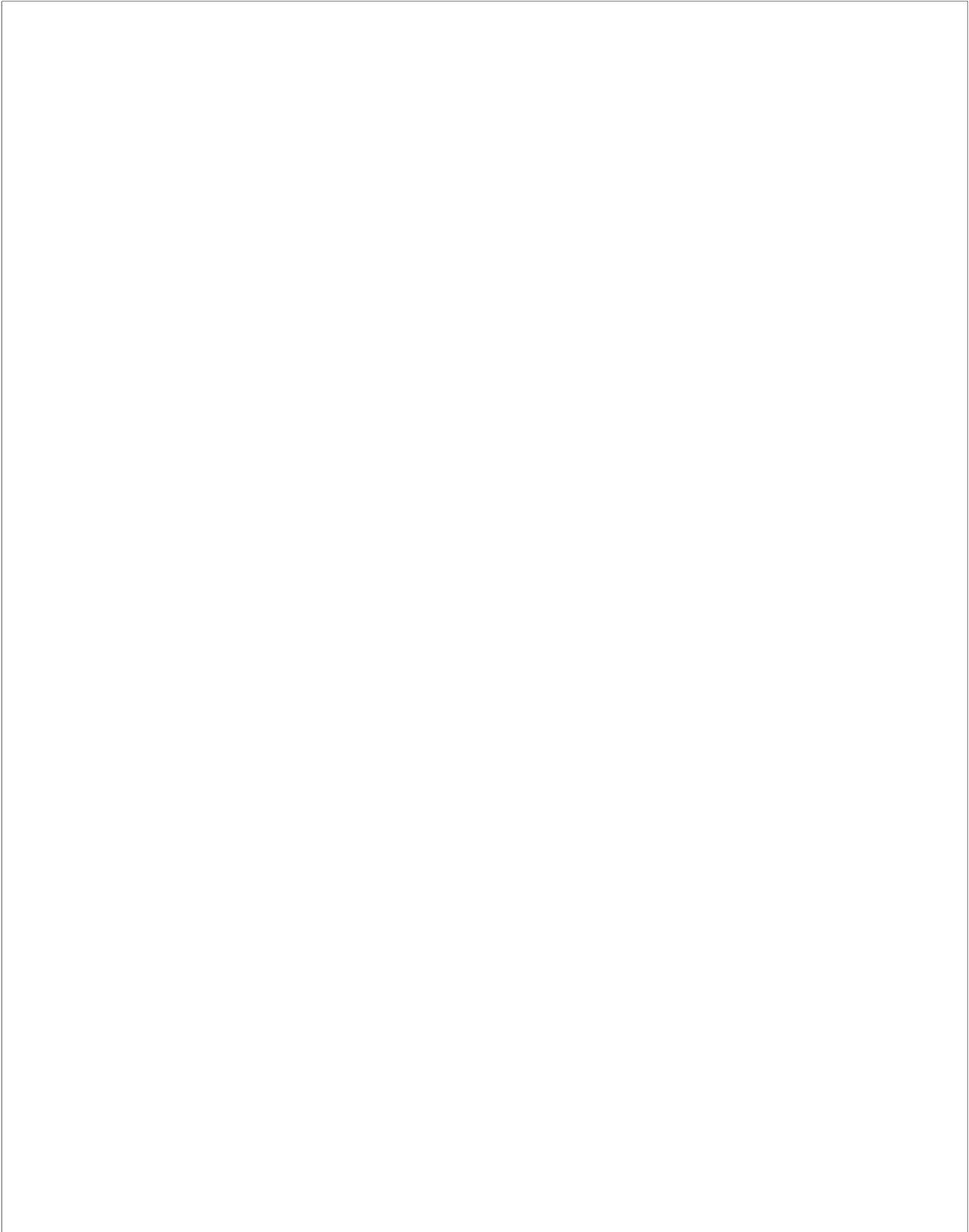


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IRAQ:

Kurds Debate Draft Agreement

Kurdish leader Mas'ud Barzani will try to persuade other Kurdish leaders to accept the draft agreement with Baghdad that makes territorial concessions but gives the Kurds limited control over the deployment of Iraqi security forces in the north. [redacted]

[redacted] the draft agreement negotiated with Baghdad was the minimum the Kurds could accept and the maximum Baghdad would concede "at this time." The Kurds apparently compromised on the territorial issue, and areas Baghdad refused to include in the autonomous region—such as Karkuk—would be jointly administered but technically outside the region. [redacted]

Baghdad, for its part, agreed to hold countrywide elections for a new National Assembly, which would approve a new constitution, and promised to seek approval from the local legislative council before introducing additional security forces or making new appointments in the autonomous region. Kurdish leaders outside Iraq, including Jalal Talabani, will gather tomorrow in northern Iraq to discuss whether to sign the agreement. [redacted]

Comment: The compromises appear to give the Kurds some degree of local control over the presence of Iraqi security forces in the north and a role in the implementation of a version of democracy in Iraq. If the agreement is signed by all the Kurdish leaders, Baghdad probably will observe it technically while it tries to redefine or manipulate its substance. The Kurds still hope to get international guarantees for their safety, however, and these Barzani loyalists are right to worry that other elements in the fragile Kurdish coalition may refuse to accept the agreement and that Iran and Turkey will encourage this fractiousness. Barzani, who probably sees this agreement as his last chance while foreign troops remain in northern Iraq, may hope his compromise on Karkuk will win him support from the Turkish-backed Turkoman tribes, who also claim it as their city. [redacted]

[redacted]

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[redacted]

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USSR:

Showdown in Supreme Soviet Today

Traditionalists led by Prime Minister Pavlov will press to limit Gorbachev's power in the Supreme Soviet today, but they face an uphill battle. [redacted]

[redacted] Pavlov's request for expanded powers, including the right to take action without Gorbachev's approval, has given rise to fears of a traditionalist challenge to Gorbachev. The traditionalist Soyuz group of deputies has seized on the Pavlov request and is requesting an extraordinary session of the Congress of People's Deputies to call Gorbachev to account and take decisive steps to preserve the union. Soviet media say KGB Chairman Kryuchkov, Internal Affairs Minister Pugo, and Defense Minister Yazov have supported Pavlov and responded quickly with prepared texts to a Soyuz request to appear before the Supreme Soviet. [redacted]

Russian Republic Radio says the proreform military union Shield reports an increase in activity of some units in the Moscow area last weekend in connection with the traditionalist challenge in the Supreme Soviet. No unusual military activity has been detected.

[redacted]

Comment: The traditionalists are making a major effort to keep Gorbachev from giving up significant power to the republics and accepting a reformulated union. They probably have opted for political means in part because they are uncertain of the troops and concerned about sharp divisions within the security services and the military. The leading military newspaper *Krasnaya zvezda* has dropped its former hostility toward Yel'tsin, for instance. General Makashov's dismal showing in the Russian presidential election shows there would be no popular support for such a move. [redacted]

The traditionalists are unlikely to succeed unless they can present a united front of top leaders. The position of Supreme Soviet Chairman Luk'yanov, who is normally a Gorbachev loyalist but has not rushed publicly to defend the President, will be critical. Many traditionalists see him as an alternative to Gorbachev, and with his participation they would have some hope of success. Even if they fail, the Defense and Internal Affairs Ministries and the KGB are likely to continue pressing Gorbachev to accommodate their interests in dealing with Yel'tsin. [redacted]

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