



**Directorate of
Intelligence**

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Near East and South Asia Review



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12 September 1986

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**Near East and
South Asia Review**

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12 September 1986

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The Challenge of the Regional Recession 25X1
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If OPEC states continue to comply with the recent agreement on lower production quotas, employment prospects improve, and regional leaders can tap the private sector for nonoil investment, growth probably will rebound in 1987. Otherwise, the regional economic outlook will remain weak and raise prospects for domestic unrest in some states.

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Saudi Arms Diversification: Prospects and Implications

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Saudi Arabia is diversifying its sources of military assistance in order to limit its historical reliance on the United States and to guarantee a constant supply of weapons for its military modernization program. This program will most likely reduce Saudi military capabilities over the next five years.

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Bahrain: Looking for a New Best Friend

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Bahrain has concluded that it cannot rely on Saudi Arabia to protect its interests, and the government has launched a campaign to expand ties to the United States and dramatically increase purchases of US weapons. Closer military relations, however, are likely to be opposed by Bahrain's Shia majority.

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Morocco: Status of Military Modernization

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King Hassan is continuing to pursue a \$1 billion military modernization program to address his country's military imbalance vis-a-vis Algeria and to meet increasing equipment needs in Western Sahara, but Morocco's weak economy and the absence of foreign funding hamper the King's efforts.

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[Redacted]

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Algeria: Bendjedid Versus the Hardliners [Redacted] 15

[Redacted]

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Radicals within the Algerian Government are beginning to challenge President Chadli Bendjedid. He is not in serious danger of being ousted, but he almost certainly will be compelled to pay greater attention to the demands of his opponents. [Redacted]

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Syria: Vice President Rif'at Assad Down But Not Out [Redacted] 19

[Redacted]

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Rif'at Assad remains in self-imposed exile in Paris, where his personal diplomacy, public comments, and other activities have conflicted with but not fully contradicted the policies of the Syrian regime. Rif'at's actions are geared toward creating an image of an international statesman and undercutting his rivals in Syria. [Redacted]

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Syrian Air and Air Defense Forces: Developments and Prospects [Redacted] 23

[Redacted]

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Damascus is expanding its early warning and air defense systems, stressing joint air and air defense exercises, and pressing the Soviets for more and new equipment. This drive probably will enhance Syrian capabilities but will not result in the qualitative gains needed to put the Syrians on a par with the Israelis. [Redacted]

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[Large Redacted Block]

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Israel: Labor's Appeal to Sephardim [Redacted] 31

[Redacted]

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Israel's Labor Party is intensifying its effort to cultivate support from the Sephardim, who now constitute a majority of Israel's Jewish electorate. Labor's success will depend largely on its ability to shed its exclusivist Ashkenazi image in favor of a more equalitarian party offering Sephardim a viable alternative to Likud. [Redacted]

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[Redacted]

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Israel's National Religious Party: Still a Coalition Key [Redacted] 33

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[Redacted]

High hopes for reform were dashed at the recent National Religious Party convention, which was marked by infighting that almost led to a split. But with Israel's next election likely to produce another dead heat between Labor and Likud, even a split NRP probably will still play a key role in determining who leads the next government. [Redacted]

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Jordan: Friends in the Occupied Territories Caught in the Middle [Redacted] 37

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[Redacted]

King Hussein's steps to increase his influence in the Israeli-occupied West Bank and Gaza have caught Jordan's supporters in the middle. He is offering a range of financial inducements to foster a leadership loyal to Jordan and willing to negotiate with Israel, but so far his efforts have encouraged Palestinians to rally behind PLO chief Arafat. [Redacted]

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Pakistan: Government Weathers Current Unrest [Redacted] 41

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[Redacted]

Prime Minister Junejo and President Zia still have a clear upper hand over Benazir Bhutto and her Pakistan People's Party, who are trying to force new elections. Junejo will probably be able to continue to fend her off through a combination of force and legal action and is counting on rivals of Bhutto to divide the opposition.

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[Redacted]

Sri Lanka: The Return of Sirimavo Bandaranaike [Redacted] 45

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[Redacted]

Since returning to the public arena, former Prime Minister Sirimavo Bandaranaike has spearheaded her party's opposition to most of the government's political initiatives and has been particularly nettlesome during the peace negotiations with Tamil moderates.

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[Redacted]

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India's Space Satellite Worries

[Redacted]

47

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[Redacted]

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India has asked the West European government consortium Arianespace to launch its INSAT-IC satellite following the canceled launch of the US space shuttle and Washington's refusal to make available an expendable launch vehicle. Further delay would disrupt the INSAT program and reinforce Indian doubts about US reliability. [Redacted]

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India's Attempts To Meet Its Rural Energy Needs

[Redacted]

51

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[Redacted]

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New Delhi's programs to boost agricultural output and encourage local small-scale industry have increased rural energy demand, which has led to extensive deforestation. To reduce the demand for firewood, New Delhi is expanding electricity generation to many rural areas and trying to take advantage of alternative energy sources. [Redacted]

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Gorkhaland: Creating Tensions in India's Northeast

[Redacted]

55

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[Redacted]

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Prime Minister Rajiv Gandhi is facing new separatist activity in India's northeast. The Gorkha National Liberation Front is seeking the creation of a separate state—Gorkhaland—to guarantee the rights and privileges of Indian citizens of Nepalese origin. [Redacted]

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Declining Health Services in Iran

[Redacted]

59

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[Redacted]

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The provision of health services in Iran is deteriorating because of the war, severe shortages of foreign exchange, and Islamic doctrine. There are no indications that Iran's health care will improve, and most Iranians have little choice but to endure. [Redacted]

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Brief

Tunisia: Economic Reform Efforts

[Redacted]

63

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[Redacted]

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Some articles are preliminary views of a subject or speculative, but the contents normally will be coordinated as appropriate with other offices within CIA. Occasionally an article will represent the views of a single analyst; these items will be designated as noncoordinated views. [Redacted]

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**Near East and
South Asia Review** 

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Articles

**Middle East and North Africa:
The Challenge of the
Regional Recession** 

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An estimated decline in real economic activity of 4 to 5 percent in 1986—compared with 3 to 4 percent growth in 1983 and 1984—plagues the Middle East and North Africa. If OPEC states continue to comply with the recent agreement on lower production quotas, employment prospects improve, and regional leaders can tap the private sector for nonoil investment, growth probably will rebound in 1987. Otherwise, the regional economic outlook will remain weak and raise prospects for domestic unrest in some states. The poorer states probably will request further aid from the United States.

The Downturn

Hard currency earnings plummeted during the first half of 1986 in the Middle East and North Africa and show few signs of improvement over the remainder of the year:

- Revenues from the sale of oil and petrochemicals—which together are by far the major source of foreign exchange earnings in the region—have fallen as much as 50 percent in some countries because of the weak oil market. Nonoil producers also have been hurt because of the price decline for such resources as phosphates and natural gas.
- Worker remittances to labor-exporting countries probably will drop by about one-third from their 1985 level. As Saudi Arabia and the smaller Gulf states are slowing construction projects, expatriates are leaving because of decreased job opportunities. Egypt and Sudan, in particular, are faced with the difficult task of providing returnees with housing and jobs.
- Tourism—an important moneymaker for Egypt, Morocco, and Tunisia—has declined because of the fear of terrorism.

- The lower value of the dollar also has substantially reduced the real value of current oil earnings and has eroded the value of a large portion of overseas investments.

Symptoms of poor economic performance are evident throughout North Africa and the Middle East. Business failures are becoming more common. Banks throughout the Gulf are awash with bad loans because Arab debtors are delaying repayment of principal and interest. Some banks are reluctant to grant more credit, further depressing economic activity. Capital flight continues as investors seek higher rates of interest and greater political stability abroad. Inflation is running at about 20 percent in North Yemen and Iran.

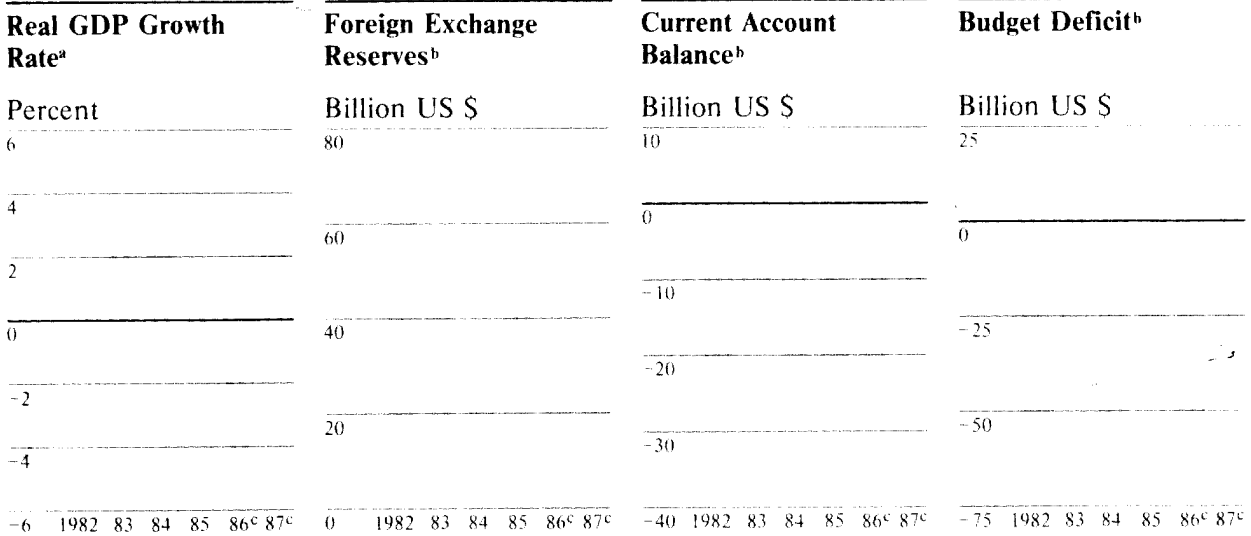
Severe labor force problems lie ahead for many area governments. Unemployment and underemployment are at least 30 percent in Algeria, Iran, Morocco, and Tunisia. Unemployment is compounded by the return of large numbers of foreign workers to countries such as Egypt and Sudan.

The younger generation faces particularly tough times. Population growth is rapid—3.5 percent in Kuwait and 3.3 percent in Jordan—and in several nations over half of the population is under 25. In many cases, untrained young people cannot compete with more highly skilled and lower paid South Asians seeking jobs in the region. Women also have been hit hard by tight labor markets. In Saudi Arabia, Kuwait, and Oman, women increasingly are as well educated as men but do not have the same job opportunities because of cultural prohibitions. The economic decline has reinforced these prohibitions.

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Middle East and North Africa: Regional Recession

Note scale change



^a Weighted average, estimated.

^c Projected.

^b Estimated.

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Expatriate Worker Remittances *Billion US \$*

	1982	1983	1984	1985 ^a	1986 ^a
Total	4.95	6.26	6.90	6.57	4.51
Egypt	1.94	3.17	3.93	3.78	2.00
Jordan	0.93	0.92	1.05	1.03	0.90
North Yemen	1.18	1.13	1.06	0.94	0.87
Sudan	0.11	0.25	0.25	0.23	0.14
Syria	0.42	0.44	0.30	0.30	0.35
Tunisia	0.37	0.35	0.31	0.29	0.25

^a Estimated.

Lower foreign exchange earnings are barely adequate to maintain imports of essential consumer and military goods in some countries. Shortages or black markets could become more of a problem in Iran, Iraq, Libya, Sudan, and Syria. Some regimes postponed completing their budgets because of uncertain oil revenues. Libya, Oman, Saudi Arabia, and Tunisia have been forced to devalue their currencies.

Efforts To Cope

To contend with large budget and current account deficits, most governments have used a combination of reducing subsidies and salaries, cutting back development expenditures, and slashing imports. Some regimes have tried to increase revenues by raising customs duties and licensing fees. Austerity measures, however, generally have not been tough enough. Poorer nations have relied heavily on continued Saudi aid and foreign borrowing to muddle through rather than face the difficult economic and political decisions that present conditions demand. Non-Saudi aid and loans to the region probably will dry up unless recipients implement stricter reforms. Egypt, Mauritania, North Yemen, and Sudan almost certainly will ask for more aid from the United States.

Richer countries, such as Saudi Arabia and the smaller Gulf states, have bought time by drawing

down foreign exchange reserves. Reserves in Saudi Arabia and Oman probably will shrink dramatically—by almost 30 percent in 1986. These states will have to rethink this course and enforce more rigid austerity measures if the oil market does not turn around.

There have been some positive trends. A few countries highly dependent on imported oil—particularly Lebanon, Morocco, and Sudan—have benefited from lower oil prices. Furthermore, regional borrowers will save a small portion—about \$1 billion—of their collective interest payment obligations in 1986 because of lower interest rates.

A number of governments increasingly are calling for more free market competition and privatization to boost economic growth, according to Embassy reporting. Such policy developments are unusual in the Middle East, where postcolonial governments traditionally have distrusted market forces. Bahrain hopes to establish a regional stock exchange where successful public-sector companies would be privatized and shares would be traded by Gulf state nationals. Some leaders in Morocco are promoting industry deregulation. Saudi Arabia is encouraging private investors to match the government's funding of some development projects. Saudi Government agencies also have contracted with local companies to improve existing infrastructure. Despite these moves, the poor outlook for the economy and oil revenues has discouraged private domestic investment and promoted capital flight.

Prospects

Under a scenario of continued OPEC compliance with lower production quotas, oil prices probably will strengthen but still remain volatile. Given higher oil revenues, modest improvements in government efficiency, and private-sector investment, positive real GDP growth of 2 percent could be achieved next year.

On the other hand, regional economic and political difficulties will mount if the OPEC agreement collapses. A prolonged recession would weaken political support for regimes such as Iran, Iraq, and

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Libya, where living standards have fallen off sharply in recent years. Although economic difficulties could provide the stimulus for destabilizing unrest in Egypt and Sudan, the recession alone is unlikely to produce instability in other countries in the region because generally strong domestic security forces discourage organized protest.

Remittances probably will level off rather than continuing their dramatic decline even if the OPEC agreement does not hold. Saudi Arabia and the smaller Gulf states would like to reverse their dependence on expatriate labor but are constrained for several reasons:

- Nationals are unwilling to do manual labor—which they consider demeaning—or are not appropriately trained for jobs that expatriates now hold.
- Demand for maintenance and operational staff remains high outside the construction sector.
- Influential groups within the native populations—particularly landlords and merchants—have vested interests in maintaining their incomes by keeping a large immigrant population.

Continued reliance by the Arab Gulf states on expatriate labor could relieve pressure on labor-sending countries in the Middle East and North Africa that have suffered from the recent drop in remittances.

A prolonged recession probably will aggravate existing problems in regional labor markets and present further impediments to economic growth. Disaffection—especially among unemployed and underemployed young people and women—will grow unless regional governments train local labor more effectively, create more jobs, and permit freer entry into the labor force.



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Saudi Arms Diversification: Prospects and Implications

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Saudi Arabia is diversifying its sources of military assistance in order to limit its historical reliance on the United States and to guarantee a constant supply of weapons for its military modernization program. US Congressional opposition to Saudi arms purchases has led Riyadh to question Washington's reliability as a source of weapons. Although Riyadh will continue to rely on the United States as its ultimate security guarantor, it will expand its defense relationships with West European and other nations. This arms diversification program will most likely reduce Saudi military capabilities over the next five years and at the same time weaken US influence with the Saudi armed forces.

Roots of Diversification

[redacted] Riyadh views the recent debate in the US Congress over the sale of military equipment to Saudi Arabia as another exercise in "Arab bashing" and as further evidence that Washington no longer is serious about maintaining a strong US-Saudi security relationship. As a result, the Saudis are coming to the conclusion that the United States is an unreliable supplier of military hardware that cannot be counted on to continue flows of equipment once original contracts have expired. Moreover, we believe Saudi Arabia greatly resents the US refusal to sell Stinger missiles shortly after providing the same weapons to various "freedom fighters" around the world.

Riyadh's initial steps toward diversification actually began several years ago. In 1980, Saudi Arabia signed a \$5.2 billion naval expansion contract with the French. Since then, Riyadh has contracted for at least \$14.3 billion worth of military goods and services from non-US companies, including a \$7.5 billion package for British Tornados that the Saudis settled for after the United States refused to furnish additional F-15 fighter aircraft.

The growing sophistication of West European weapons and the technical expertise found in newly

industrialized countries is giving Saudi Arabia new flexibility in military purchases. In the past, Saudi requirements for top-of-the-line military hardware could be filled only by US suppliers. In the last few years, however, West European arms manufacturers have developed systems that equal, and sometimes surpass, similar weapons produced in the United States. In addition, the spread of US weapons around the world has built up a large corps of technicians from newly industrialized nations who can replace US contractors on such systems as the F-5.

Impact on Capabilities

In our view, Riyadh's diversification efforts will reduce its military capabilities over at least the next five years because major purchases of non-US weapons will prove difficult to integrate into the predominantly US-supplied Saudi armed forces:

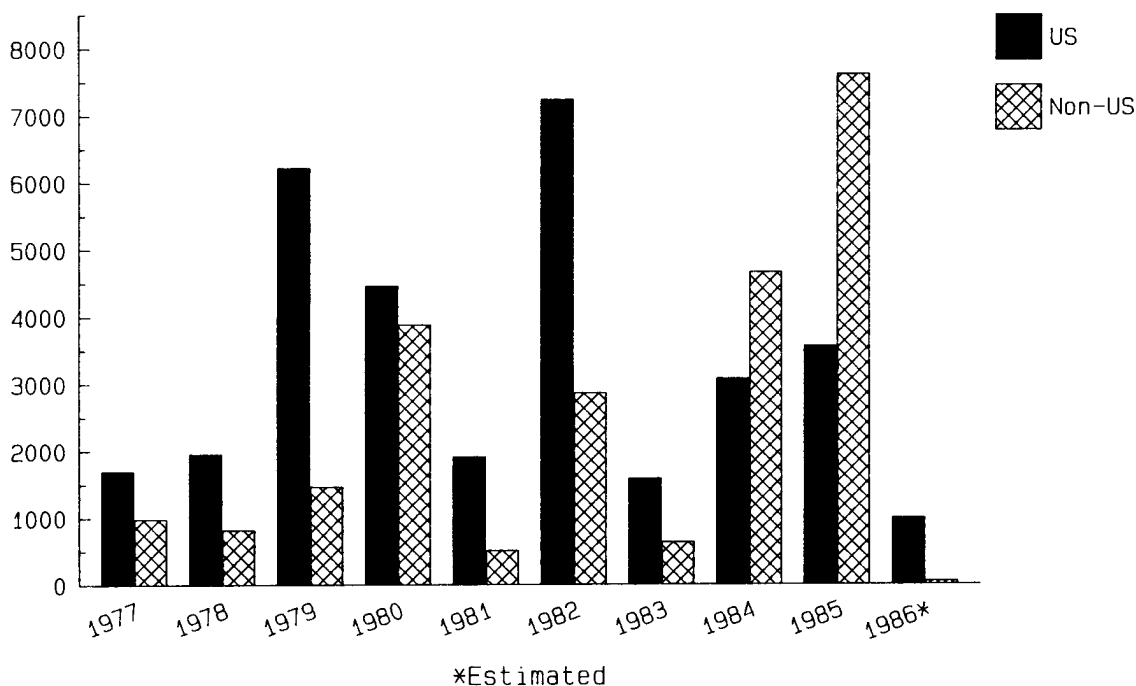
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- *Training.* Diversification will require that soldiers become familiar with completely new weapon systems. The Saudis have already experienced problems in retraining crews from US-built to French-built ships since the two systems are fundamentally different. The French also have had difficulties in training Saudis because English must be used as an intermediary language between French and Arabic.
- *Logistics.* Saudi Arabia will have to establish additional supply networks, as well as adequate supplies of spare parts, ordnance, and support equipment, to augment its present US-style system.
- *Maintenance.* Readiness rates for Saudi military equipment will suffer because maintenance crews—already in critically short supply—probably cannot become proficient in several different weapon systems simultaneously. In addition, some West European systems, such as the Tornado, require significantly more maintenance than their US counterparts.

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Saudi Arabia: Military Contracts By Supplier

Million US\$



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- **Command and Control.** Saudi Arabia's efforts to diversify will limit the effectiveness of its US-designed command and control network. Much of the radar and communication equipment that comes with non-US systems will be unable to communicate with the highly centralized Saudi communication system.

Advanced weapons purchases from other countries will, in our view, be more expensive in the long term than comparable US systems. The cost of the complete new logistic infrastructure will more than equal any savings attained on the unit cost of the weapon. The Tornado, for example, will ultimately cost at least twice as much as the F-15.

Impact on Policy and Pocketbook

Diversification will reduce Saudi Arabia's reliance on the United States and make it less vulnerable because of arms request rejections by Washington. Moreover, West European suppliers place no restrictions on the use or basing of equipment. By having several sources of supply, Riyadh can virtually guarantee a constant flow of military equipment in the future. Furthermore, foreign suppliers of weaponry will almost certainly be able to respond to Saudi requests more quickly than the United States.

Regional Implications

Riyadh probably hopes that its efforts to diversify arms sources will reduce criticism from other Arab states, particularly the more radical states that have long criticized the Saudis for their close security ties to Washington. Over the years, states such as Libya, Iran, and the Yemens have complained that Riyadh's close relationship with Washington is inconsistent with its role as impartial mediator in Arab affairs. As

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a result, Riyadh probably believes that a cooling of the US-Saudi "special relationship" will help its image in the Arab world and improve its standing as a regional power.

Saudi Arabia's arms diversification policy will have a mixed impact on the other Gulf Cooperation Council (GCC) members. By increasing its purchases from France and the United Kingdom, the Saudis will be advancing GCC military standardization since most of the other Gulf states rely on these countries for their military hardware. In time of crisis, standardization will improve military cooperation between the GCC states, both within the context of the GCC Rapid Deployment Force and on a bilateral basis, such as Saudi resupply of Kuwait.

Since Riyadh acts as the security guarantor for the smaller Gulf states, however, the decrease in Saudi Arabia's military capability will negatively affect GCC security. The GCC Rapid Deployment Force, despite its embryonic moves toward standardization, will not be able to adequately defend the Gulf states from their militarily superior neighbors and will continue to rely upon Saudi Arabia for the bulk of their military strength. Any diminution of Saudi military power, therefore, will decrease the GCC's ability to defend itself.

Implications for the United States

We believe that Saudi Arabia will continue to diversify its military purchases toward European and Third World suppliers. Although small US military sales will continue, future prospects for multibillion-dollar contracts are slim. Within the next five years Saudi Arabia may sign several large contracts for a variety of military equipment including tanks, helicopters, submarines, and fighter aircraft. The United States is a serious contender only in the competition for helicopter sales. In addition, service contracts for previously delivered equipment, once mainstays of the US defense relationship with Saudi Arabia, will continue to be awarded to other countries.

Riyadh's decision to diversify its sources of weapons also may affect US military capabilities in the region. In the past the Saudis purchased more ordnance and

spare parts than required for their defense, meaning that a ready supply of compatible ammunition, equipment, and spare parts was potentially available to the United States in a regional crisis. Although this stockpile will remain for a number of years, in the long run fewer US-compatible weapons will be available as Saudi Arabia replaces its stocks with newer West European weapons.

The US ability to influence indirectly Saudi military policy will diminish as the kingdom's reliance on US weaponry decreases. When supplying sophisticated weapon systems, the United States can place constraints on the Saudi military in several ways, including:

- Restricting the use and deployment of the weapons so as not to threaten the security of Israel.
- Mandating adequate security to protect the weapons from theft for possible use by terrorists.
- Controlling to whom Saudi Arabia might sell the weapons by requiring prior US approval.

Reductions in the number of US military advisers will also decrease US leverage in Saudi Arabia. For years the United States has benefited from extensive contacts with the Saudi Government through programs such as the US Military Training Mission. An influx of West European weapon systems, trainers, and technicians will probably displace some US military training personnel.

Saudi arms diversification will result in billions of dollars in military contracts, which previously would have gone to US firms, to be made with West European and Third World countries. US defense contractors in Saudi Arabia have already been forced to reduce drastically the number of workers in the country. Moreover, the cost to the United States of sophisticated weapon systems, such as the F-15, could increase as reduced overseas sales cause unit production costs to rise.

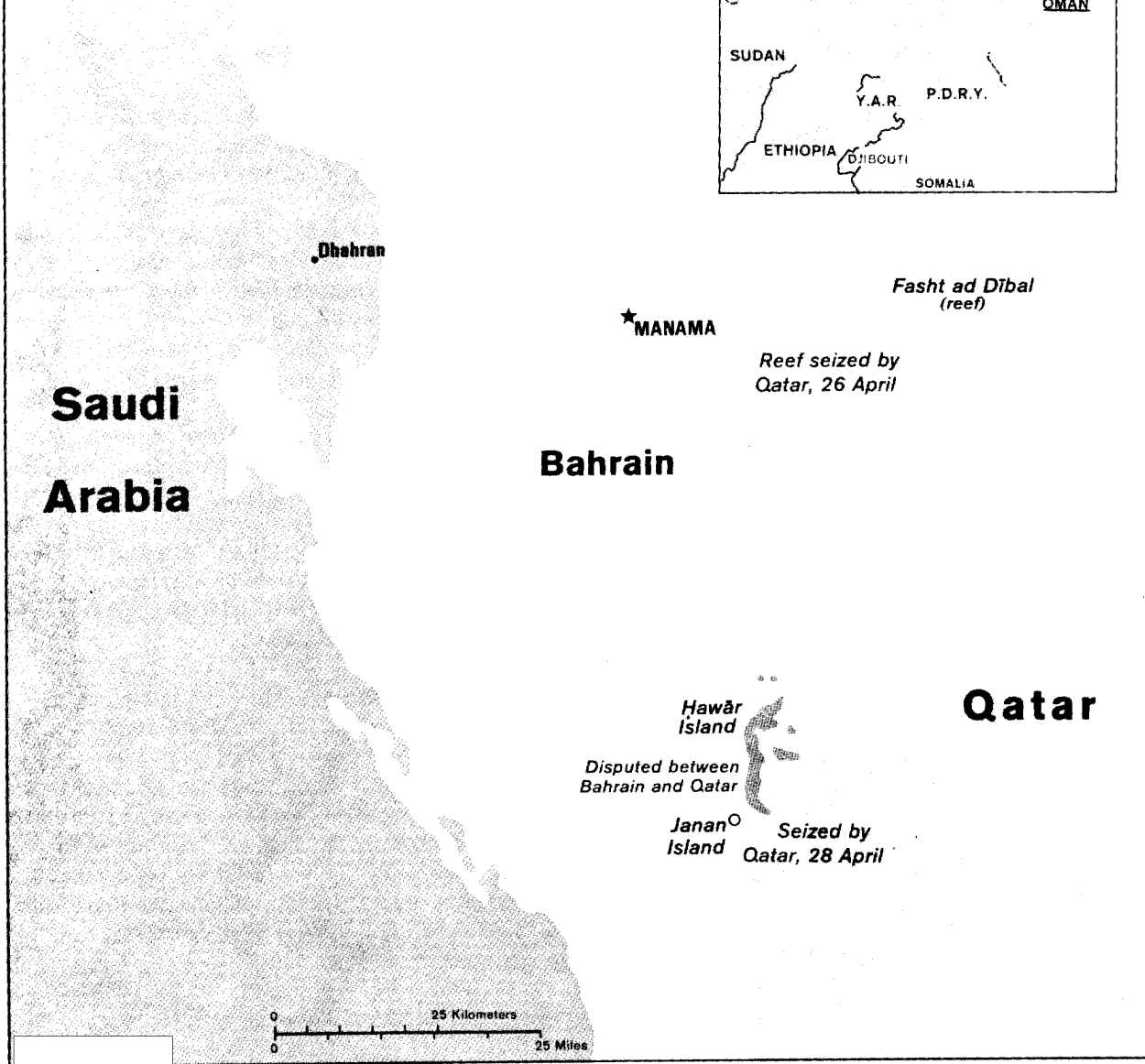
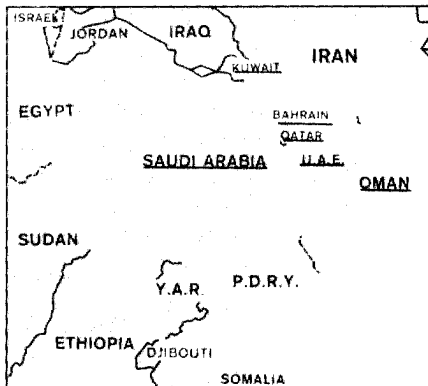


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Bahrain and Qatar have been contesting ownership of the Hawar Island group at least since 1939, when Great Britain awarded Hawar to Bahrain, which maintains small military and police contingents on some of the islands. Hawar itself is a barren island, and the only other inhabitants are transient fishermen. It does not possess any significant oil or gas deposits, but both countries would like to exploit potential offshore drilling sites.

Gulf Cooperation Council States



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Bahrain: Looking for a New Best Friend

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Bahrain has concluded that it cannot rely on Saudi Arabia to protect its interests, and the government has launched a campaign to expand ties to the United States and dramatically increase purchases of US weapons. Closer military relations with the United States, however, are likely to be opposed by Bahrain's Shia majority. In addition, declining oil revenue and dwindling financial reserves will pose economic limitations to an arms buildup.

Desperately Seeking Someone

Humiliated over its inability to recapture the Fasht ad Dibal reef from Qatar and distressed by Saudi Arabia's reluctance to play a more supportive role during the recent dispute, Manama is actively seeking increased US weaponry and lessened dependence on Riyadh. According to the US Embassy, Crown Prince Hamad, commander of the Bahrain Defense Force (BDF), recently offered to grant the United States access to military facilities and pre-positioning rights if requests for 12 F-16 aircraft and other military items were approved. Hamad also suggested the possibility of building US military facilities in the Hawar Island group, which—like Fasht ad Dibal—Bahrain and Qatar both claim.

Manama's Misconceptions

Bahrain's belief that it must expand its relationship with the United States stems from the Fasht ad Dibal dispute. Manama was confident that Riyadh would side with Bahrain militarily and diplomatically after the attack by Qatar. The Saudis did neither. Manama now believes that Saudi Arabia, by failing to act decisively on Bahrain's behalf, can no longer be considered a reliable ally. In our view, such beliefs are misguided because Riyadh sees Bahrain's security as vital to its own strategic interests and would quickly come to its aid in the event of a serious external threat. The fall of Bahrain would threaten Saudi oilfields that lie just 30 kilometers away on the mainland. For the same reason, King Fahd probably would try to intervene in a domestic crisis that threatened the stability of the Al Khalifa regime.

The Fasht ad Dibal Dispute

The British Government in 1947 awarded Fasht ad Dibal to Bahrain, which at the time was under British rule. Qatar protested the decision and continued to press its claim to the reef, which is located on Qatar's continental shelf. In 1965 Bahrain agreed to international arbitration to resolve the dispute, but the case never made it to a tribunal.

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On 26 April 1986, Qatari troops seized Fasht ad Dibal, where Bahrain was building an early warning radar site. Qatar, which claimed the reef was to be used as a Bahraini coast guard station, captured it and 29 foreign workers without resistance. The US Embassy reported that Bahrain's decision not to use its Defense Force lowered respect for the BDF and forced the government to turn to Riyadh to negotiate a settlement.

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Manama expected Saudi support because it believed it was the victim of an unprovoked attack and because of its close ties to Riyadh. The Saudis have provided extensive military aid to Manama and are paying for the Bahrain-Saudi causeway in its entirety. Saudi neutrality in the dispute, therefore, was viewed by Manama as a breach of faith.

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The dispute has not been fully resolved, but some progress has been made. Qatar released its prisoners and withdrew its forces in exchange for Manama's commitment to destroy the radar site. The case still has not reached international arbitration, primarily because Bahrain wants all discussions held within a Gulf Cooperation Council framework.

Although Bahrain believes additional weapons purchases will help it reach military equality with the other small Gulf states, its primary obstacle is manpower, not equipment. According to the US

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Embassy, Bahrain's 300- to 400-man Air Force is having problems supporting four F-5 aircraft, and additional aircraft would require a dramatic increase in expatriate manpower. Bahrain has been constrained in its domestic recruiting because the ruling family wants to ensure that the military remains dominated by Sunnis, who are regarded as more trustworthy than Bahraini Shias. [redacted]

Manama also desires closer ties to Washington because of a growing belief that Iran will win the war with Iraq. Manama understands that with its 70-percent Shia majority, it would be an easy target for increased Iranian aggression and subversion. Bahrain, however, can never hope to defend against an all-out Iranian attack—an event we believe unlikely—by itself. Subversion also will be a problem regardless of the outcome of the war, and weapons purchases alone will not reduce that threat. [redacted]

Guns or Butter

The cost of Manama's arms buildup would be felt most by Bahrain's economically neglected Shia majority. Manama can afford the military purchases it is contemplating only with continued Gulf Cooperation Council support and sharp cuts in domestic spending. Reduced expenditures, coupled with an already depressed economy, would prompt tremendous criticism from both Shias and Sunnis and increase the possibility for unrest. [redacted]

Bahrain's economic choices would become even more difficult if Riyadh refused to underwrite the cost of new weapons. Saudi aid to Bahrain—nearly \$1 billion last year—accounts for the bulk of Bahrain's defense budget, and Manama will continue to be dependent on aid from Riyadh. Saudi reluctance to fund arms purchases from the United States would almost certainly prevent them. [redacted]

Implications for the United States

The royal family's efforts to secure a closer association with Washington risk sparking unrest that could threaten the royal family and create severe problems for the United States. Washington's relationship with Bahrain centers on the Al Khalifa, much as the relationship with Iran was with the Pahlavis. Closer ties to Washington may encourage

US Military Equipment in Bahrain Defense Force

In Inventory

- 4 F-5 fighters
- 7 155mm howitzers
- 310 TOW missiles
- 6 Sidewinders
- 300 LAW missiles

Wish List

- F-16 fighters
- C-130 transports
- Copperhead ammunition
- Hawk SAMs
- Sparrow missiles
- Maverick missiles
- Standard missiles
- Blackhawk helicopters
- 175mm SP howitzers
- 155mm SP howitzers
- Stinger SAM missiles
- Air defense radar

On Order

- 8 F-5 fighters
- 7 155mm howitzers
- 190 TOW missiles
- 60 Sidewinders
- 54 M-60 tanks

[redacted]

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Bahraini opposition groups to unite and jeopardize US military access to the island. [redacted]

[redacted]

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Bahrain remains an important military ally of the United States. The Middle East Forces Command, the naval component of the US Central Command (CENTCOM), is headquartered in Manama and maintains de facto pre-positioning of military supplies. Loss of this facility would hamper CENTCOM's mission and reduce US military access to the region. [redacted]

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[redacted]

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Morocco: Status of Military Modernization [redacted]

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King Hassan continues to pursue a \$1 billion military modernization program to address his country's military imbalance vis-a-vis Algeria and to meet increasing equipment needs in Western Sahara. Morocco's weak economy and the absence of foreign funding, however, hamper the King's efforts. Traditionally, Rabat has relied on foreign credits and grants, primarily from Saudi Arabia, to fund military purchases. Riyadh, however, has reduced its payments in recent years because of shifting priorities in its Middle Eastern policy and Rabat's questionable accounting for Saudi aid. Military aid also is a factor in US-Moroccan relations. [redacted]

[redacted]

The Moroccan Government has continued to focus its efforts on acquiring new arms to replace equipment in Western Sahara and to redress Algeria's increasing military advantage. The lack of spare parts due to foreign exchange shortages, an aging inventory, generally poor maintenance procedures, and frequent cannibalization of equipment have lowered the military's operational readiness. In addition, equipment losses in the Saharan war have not been replaced. Furthermore, the lack of funds has prevented Morocco from keeping pace with Algeria's military modernization program, resulting in an increasing numerical and technological advantage for Algiers. [redacted]

Efforts to improve Morocco's air defense capability have focused on new-generation fighter aircraft from both the United States and France. Early this year Rabat requested information on the price and availability of 24 F-16s. The cost was estimated at \$550-750 million depending on the options package. According to the US Embassy, Hassan almost certainly would have broached a deal during his visit to the United States, possibly offering a partial payment package and requesting concessional US

financing for the balance. In addition, [redacted] the Air Force is interested in an offer by Northrop for five new F-5E/Fs and spare parts, as well as having their F-5A/Bs reconditioned. The cost of the F-5E/Fs would be about \$5 million per aircraft, while the cost for repairs is estimated to be approximately \$1 million per aircraft. [redacted]

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Keeping its options open, Rabat remains interested in purchasing 24 Mirage 2000 fighters. [redacted] Paris has indicated a willingness to sell aircraft to Morocco if Hassan secures the necessary financing. The French Government refused late last year to approve a loan proposed by the French aerospace manufacturer Dassault-Breguet because it did not believe Rabat could secure the necessary financing. [redacted]

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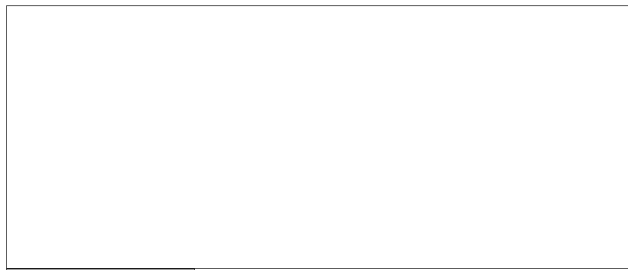
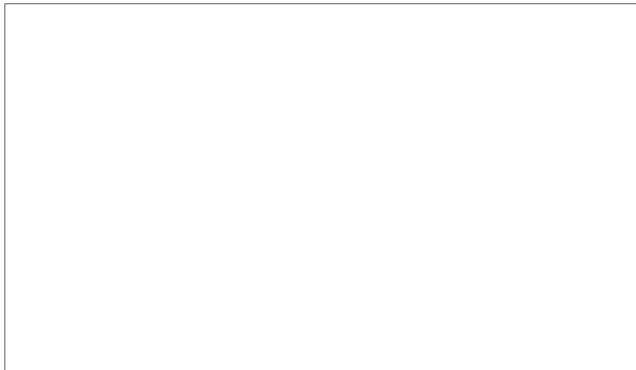
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Rabat also wants to upgrade its armor capability. In this regard, Moroccan military officials have focused on acquiring a new main battle tank and replacing wornout equipment. [redacted]

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[redacted] The King almost certainly hoped these meetings would result in agreements for at least partial financing for a US arms deal before his scheduled trip to the United States, but no deals were announced. [redacted]

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The Economy and Foreign Assistance

Morocco's weak economy has hindered the King's ability to maintain and modernize the armed forces. Defense spending has averaged about 22 percent of the national budget over the past decade, but inflation and the financial crunch have limited real growth in defense spending since 1979. Contracts for new materiel as well as deliveries have declined, while military personnel costs have consumed an increasing share of available resources. In addition, Rabat has accumulated a \$1.2 billion military debt over the past several years, which complicates efforts to secure favorable financial terms for new arms deals, and it has narrowly avoided default on US FMS loans on several occasions. Large-scale debt rescheduling in 1983 and 1985, however, reduced contentions with lenders at least for the near term. [redacted]

Outlook

Morocco's equipment needs will become increasingly critical over the next year. Hassan's inability to meet current military requirements—new fighter aircraft and armor, particularly for Western Sahara—could lead to morale problems and growing unrest in the armed forces. Continuing economic difficulties and the inability to secure traditional sources of foreign funding, however, will almost certainly hinder, if not prevent, major purchases of Western arms in the foreseeable future. [redacted]

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The possibility of Hassan securing the necessary funds for a major arms purchase should not be ruled out. The King may still obtain funding from the Saudis or the UAE by providing more military personnel or convincing them that his regime could face internal threats from a disenchanting military or an external threat from Algeria. [redacted]

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Because of its deteriorating financial position, Morocco has had to rely on foreign credits and grants to maintain its military. Saudi Arabia provided as much as \$350 million in military aid annually from 1977 through 1982 but halted it because of Morocco's questionable accounting practices and new Middle Eastern priorities in Riyadh, particularly the Iran-Iraq war. Declining world oil prices also have contributed to the decrease in funding. [redacted]

He may also try to use his recent meeting with Israeli Prime Minister Peres as a bargaining chip to obtain aid from the United States. Although Hassan told the US Embassy that he is satisfied with bilateral military cooperation, he could threaten to reduce the level of cooperation, particularly the access and transit agreement, to press Washington to provide additional assistance. [redacted]

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Since the loss of Saudi aid, the United States and France have been the primary sources of loans for materiel and arms. Speculation by Moroccan officials and foreign diplomats of renewed aid from the Saudis and the UAE surfaced in June following visits to Rabat by delegations from both of those countries.

Hassan could turn to the Soviets for arms, as he has intimated in the past to US officials. Moscow probably would offer more lenient financial terms

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than a Western supplier, possibly including a barter deal for Moroccan phosphates. Many Moroccan officers were trained on Soviet equipment in the 1960s, and this would facilitate training on new equipment. The King's distrust of Soviet intentions, however, probably would reduce the possibility of a deal unless either the Saharan war or military unrest significantly threatens his regime.

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Algeria: Bendjedid Versus the Hardliners [redacted]

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Radicals within the Algerian Government are beginning to challenge President Chadli Bendjedid. Falling oil prices, US-Libyan tensions, and Bendjedid's recent physical infirmity have given his opponents opportunities to try to undermine the President's domestic and foreign policies. The old-line radicals are particularly unhappy about Bendjedid's program to move the country closer to the West and away from adherence to a Soviet-style economic system. Bendjedid is not in serious danger of being ousted, but he almost certainly will be compelled to pay greater attention to the demands of his opponents. As a result, we anticipate greater indecisiveness at the top, more cautious policies at home and abroad, greater Soviet meddling, and additional difficulties in US-Algerian relations. [redacted]

indicates that leftist ideologues, led by FLN Permanent Secretary Messaadia, are fighting back. Messaadia and his followers, for example, are trying to get their militant message across by gaining control of the official media. Those opposed to the President consider their action as one of the last opportunities to preserve the socialist heritage of the Algerian revolution. [redacted]

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Bendjedid Takes Charge

Since coming to power in 1979, President Bendjedid has gradually removed those in the ruling National Liberation Front (FLN) and the government who were closely tied to former President Boumedienne. Many of these individuals were fighters from the revolutionary period who lacked the skills necessary to run a complex government apparatus. Unlike his predecessors, Bendjedid is little moved by ideological dogma or revolutionary fervor. His political priorities are more pragmatic, focusing on national and Maghreb concerns, such as agricultural and gas production and the Western Sahara question. [redacted]

We believe the best evidence of the radical challenge is Algeria's improved ties to Tripoli, growing cooperation with Libya and Iran within OPEC, the slow pace of Algerian-US ties, and the government's desultory record in making economic decisions. In our view, the factionalism reflects ideological divisions primarily, but other motives, such as bureaucratic maneuvering and personal rivalry, also are involved. [redacted]

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[redacted] there are sharp differences between the Bendjedid and Messaadia camps on topics such as relations with Libya, Iran, and the USSR, as well as with the United States. In addition, they are at odds on the Western Sahara dispute. The hardliners believe the government should fully support the Islamic revolution in Iran. On Libya, Messaadia's supporters want Algiers to offer Qadhafi military assistance to demonstrate solidarity with Tripoli against US pressure. They also perceive that Bendjedid's policies have moved the country too close to Washington, and that this works to the detriment of Algeria's strategic relations with the USSR.

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Finally, Messaadia's group wants the government to take more direct action— [redacted] to counter Morocco's military success in Western Sahara. [redacted]

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The President's successful initiative last year to modify the National Charter—a document that outlines the country's ideology and objectives—was the capstone of his efforts to redefine the country's political orientation. The charter, approved in a national referendum last January, deemphasizes socialism and places greater stress on private enterprise and government decentralization. To implement this program, the President has tried to move new people into positions of authority. [redacted]

Developments this year have helped the hardliners in their efforts to undermine the President's policies. The rapid fall of petroleum prices and the need for austerity will slow the pace of domestic reform. [redacted]

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The Hardliners Fight Back

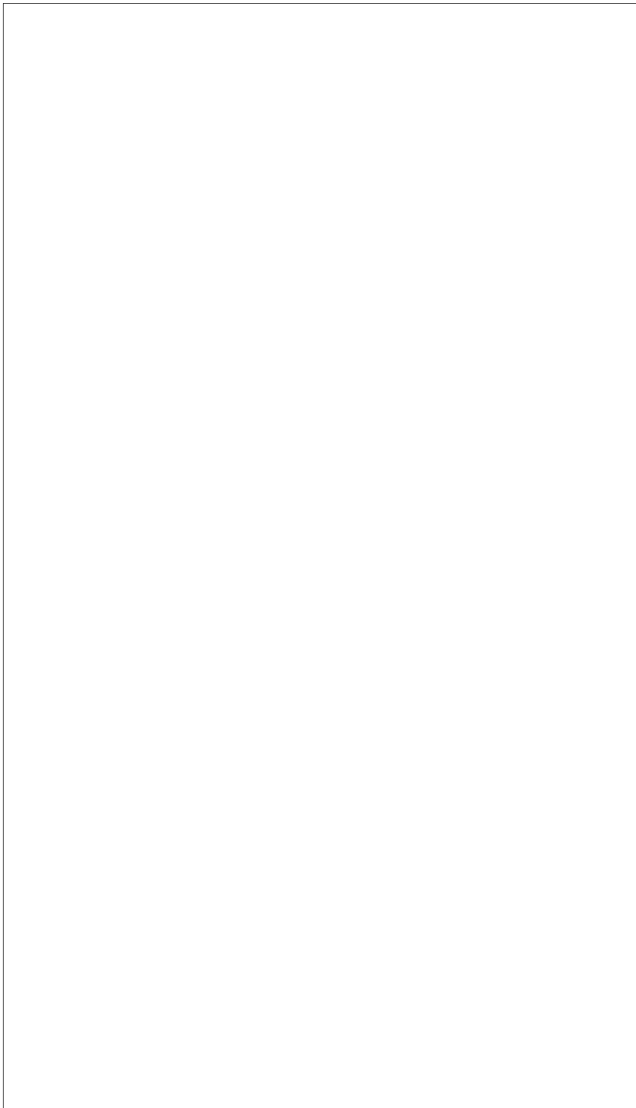
In our view, Bendjedid's initiatives are losing momentum. Embassy [redacted] reporting this year

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Outlook and Implications for the United States

At this stage, none of these challenges, in our judgment, represents a serious threat to Bendjedid. He remains first among equals in Algeria's consensus-style government and maintains the support of most of the military. Nevertheless, the President almost certainly has lost some standing among his peers. For example, Bendjedid was widely expected to announce significant personnel changes in the FLN at its recent Central Committee meeting, but no changes were made.

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We expect Bendjedid to act cautiously and to try to placate his opponents. He will have increasing difficulty imposing his agenda for political and economic reform on the FLN. Nevertheless, during the rest of the year we do not foresee the political opposition gaining the military support necessary to challenge the President.

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The Soviets will almost certainly try to influence developments. Algerian-Soviet relations have deteriorated under Bendjedid, and Moscow would like to reverse his turn toward the West. They almost certainly view Bendjedid's current problems as an opportunity to strengthen his opposition but probably will move cautiously to avoid souring relations with him.

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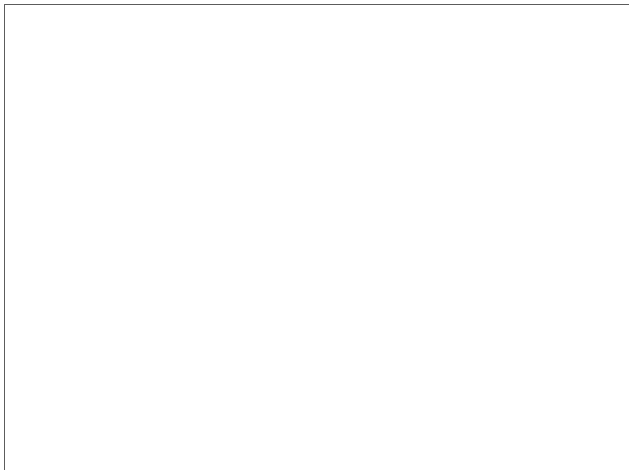


They may decide to give Algiers trade credits or military equipment not previously offered as a way of strengthening the hand of the hardliners.

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In our view, continued political infighting will create difficulties in US-Algerian relations. Bendjedid probably would not push for more contacts in order to



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placate the hardliners. The Algerians believe the United States is not encouraging bilateral trade in natural gas, modifying its pro-Moroccan policy—particularly on the Western Sahara dispute—or allowing Algiers to purchase sophisticated military aircraft. We doubt that Algiers is prepared to develop closer bilateral ties at this juncture without what it perceives as a significant gesture from Washington on military aid. Although Algerian leaders want sophisticated weapons from the United States, they probably will be unwilling to make the political concessions, such as breaking with Libya, to obtain them.

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Syria: Vice President Rif'at Assad Down But Not Out [redacted]

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Rif'at Assad, Syria's Vice President for Security Affairs and brother of President Hafiz Assad, remains in self-imposed exile in Paris, where his personal diplomacy, public comments, and other activities have conflicted with but not fully contradicted the policies of the Syrian regime. We believe Rif'at's actions are geared toward creating an image of an international statesman and undercutting his rivals in Syria. He may be laying the groundwork for stepping up his antiregime activities, however, and could be exploring prospective locations to base his opposition. [redacted]

rivals in the regime [redacted] Loyal cronies and kinsmen of the President, including senior Alawite generals and the chiefs of the intelligence services as well as the Sunni majority, resented Rif'at's behavior but did not question his loyalty to the President. [redacted]

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Rif'at Versus the Inner Circle

We believe Rif'at possesses only limited political and military support in Syria and would require strong backing from his brother before competing for the presidency in a post-Hafiz era. Over time, Rif'at probably will realize he cannot compete for succession from abroad, and we believe a face-saving way will eventually be devised to allow him to return. [redacted]

The special status Rif'at enjoys as the President's brother enables him to operate independently of the President's inner circle and at times the President himself. Until 1983 many observers believed that Rif'at would succeed his brother, and, given the strength and loyalty of his Defense Companies, few could contest him. Inner circle members suppressed their personal animosity toward Rif'at in deference to the President's wishes and tried to overlook his politics [redacted]

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Rif'at's Rise

Rif'at Assad has ridden the wave of his brother's political success over the past 10 years and depends on the President as a lifeline to power, as do other members of Syria's Alawite ruling elite. Rif'at's antagonistic relationship with other powerful Alawites fits Assad's style of rule in which he keeps his lieutenants in competition and dependent on him alone. Rif'at is a maverick in Syrian politics, a fact that has often forced the President to choose between family loyalty and maintaining discipline and order within the regime. In a society where sectarian and tribal loyalties are hallmarks, however, Rif'at's status as the President's brother confers special privileges, the limits of which he is continually testing. [redacted]

When Assad was seriously ill in November 1983, inner circle members and other Alawite elite figures declared their support for Rif'at to demonstrate solidarity at a time of political uncertainty. Rif'at overplayed his hand, however, when he resisted orders from Army Chief of Staff Hikmat Shihabi to rotate certain division commanders who were loyal to him. After Army units were deployed in Damascus to enforce the order, Rif'at countered by blocking access to the city with Defense Company troops and positioning tanks and missiles in the mountains overlooking Damascus. Rif'at's moves in turn were opposed by the forces of Maj. Gen. Shafiq Fayyad, commander of the Third Armored Division, and Maj. Gen. Ali Haydar, head of Special Forces, who were supported by Air Force Intelligence Chief Muhammad Khuli and Army Chief of Intelligence Ali Duba. Although most important Syrian power wielders blamed Rif'at for the near violence, Assad attempted to demonstrate evenhandedness by briefly exiling Fayyad and Haydar—Rif'at's two most vocal critics—to coincide with Rif'at's exile to Europe in early 1984. [redacted]

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During his first 14 years in power, Hafiz Assad relied on Rif'at to stifle internal opponents. Rif'at's Defense Companies—which served as the regime's praetorian guard—consisted of an armored division and intelligence and security elements. Rif'at loyally served the President, using his power to intimidate

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Rif'at as soldier ...



and statesman [redacted]

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Rif'at's exile seriously damaged his political ambitions. His supporters in the government and the military were systematically demoted, and his once-powerful Defense Companies were reorganized and partly dismantled. Rif'at assumed a low profile in the hope that Hafiz would forgive and forget. [redacted]

When Rif'at returned to Syria in November 1984, he began almost immediately to lobby for a larger role in the regime, according to the US Embassy in Damascus. In January 1985, President Assad appointed Rif'at Vice President for Security Affairs

[redacted]

[redacted] Assad also actively campaigned to reconcile Rif'at with his inner circle, who remained fearful of Rif'at's ambitions.

[redacted]

Rif'at had little success in mending fences despite his many machinations. [redacted]

[redacted]

Rif'at also was stymied in an attempt to influence Syrian foreign policy in 1985. He unsuccessfully tried to chip away at Syria's alliance with Iran, which he has always opposed. During the siege of Tripoli, Lebanon, in the fall of 1985, Rif'at directed the forces of the largely Alawite Arab Democratic Party against pro-Iranian Sunni fundamentalists in the Islamic Unification Movement (IUM). According to the US Embassy in Damascus, Rif'at's proposal to impose a "Hama solution" on Tripoli, which would involve shelling the city into submission, was overruled by President Assad because of close ties between the IUM leader Shaban and Iran. Rif'at also unsuccessfully pressed for reconciliation talks with Iraq at the behest of Saudi Crown Prince Abdallah, with whom he has long been associated, according to the Embassy report. [redacted]

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Exile II: A New Strategy

Rif'at's failure to cajole his brother to restore his lost power probably precipitated his departure from Syria in November 1985. Rif'at probably believed that Hafiz, fearing his capacity for mischiefmaking abroad, would entice him back to Syria with promises of greater responsibility. [redacted]

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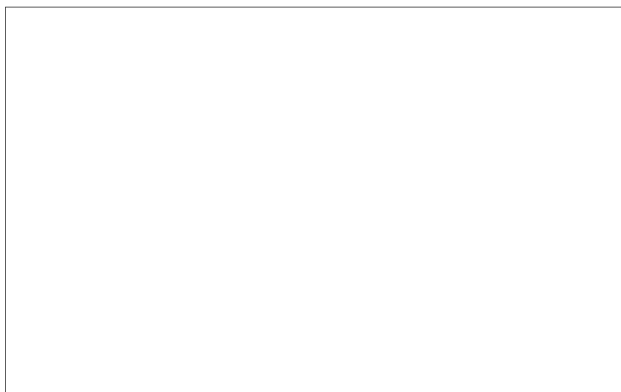
Rif'at's daughter Lama's marriage to Shafiq Fayyad's son was intended to mend fences. [redacted]

Rif'at has also engaged in activities that appear to be mildly subversive but have potential as launching points for serious opposition to the regime:

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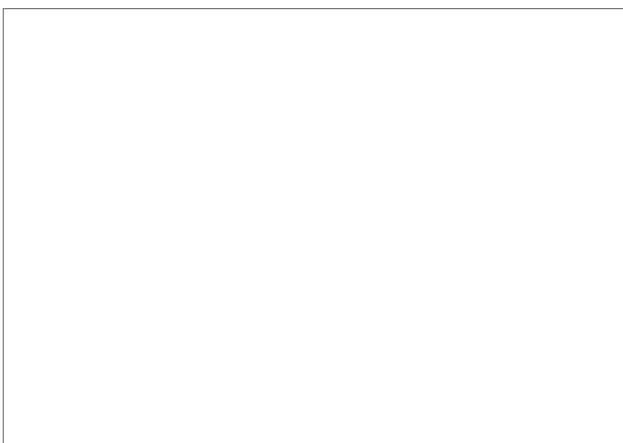
- He has begun publication in Paris of an Arab-language political weekly *al-Fursan*, which is banned in Syria. The first three editions of the magazine have been mildly critical of the government. [redacted] the magazine is in great demand in Syria.

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Rif'at has used his voluntary exile as an opportunity to promote himself as an international statesman rather than an ousted troublemaker. He enjoys an extensive network of personal and professional contacts that affords him ready access to powerful politicians throughout the Middle East and Europe. Rif'at has been particularly bold in talking to officials from countries that have severed or strained relations with Syria:



- According to the US Embassy in Buenos Aires, one of Rif'at's confidants requested that Argentina provide political asylum for him and his entourage. We believe Rif'at wants to expand his contacts with the large Syrian community in Argentina rather than give up his ambitions. In any case, Argentina turned down the request. [redacted]

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Although Rif'at has made statements critical of Syrian policy while in Europe, the attacks are probably not subversive but are meant to be attacks on his political opponents at home. Rif'at's denunciation of Syrian economic policy is geared more toward undermining his rival Prime Minister Kasm's position than repudiating Ba'thist socialism, according to the US Embassy in Damascus.



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[redacted] Finally, according to the Embassy, Rif'at's complaints to his brother that senior Alawite officers are Soviet minions

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- Rif'at met with Lebanese President Amin Gemayel at a party in Nice in late August, according to the US Embassy in Beirut. The meeting contrasts with Syria's policy of boycotting Amin since the collapse of its Tripartite Accord. Assad may have known of these meetings in advance, but no Syrian spokesman at the time acknowledged they took place. Whether the President knew of the meetings in advance or not, we believe he was informed by his brother of their outcome. [redacted]

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probably reflect more his resentment at having been stripped of his military forces than a belief that Syria should reassess its ties to the Soviets. [redacted]

Rif'at has shied away from engaging in anything smacking of overtly subversive activity in Europe. Despite his family link to the President, he realizes he can only go so far. Should Rif'at decide to move, as has been rumored, to Morocco or possibly Argentina, it would probably indicate not an abdication of his quest for power, but a search for a new base. As long as Hafiz lives, Rif'at will use various machinations and considerable personal wealth to insinuate himself into the Syrian political limelight. [redacted]

Rif'at and the Succession

In the immediate future, Rif'at's prospects for succession to the presidency following Assad's death or incapacitation are low. Rif'at's chances will depend in large measure on his ability to return quickly to Syria and to recoup some of his lost assets in the military and security fields. [redacted]

[redacted] Support for his candidacy within the military, however, is uncertain, although [redacted]

Rif'at's popularity remains high among remnants of the predominantly Alawite Defense Companies. [redacted]

In the longer run, we believe Rif'at will realize he cannot compete effectively for the succession from abroad, and he could eventually agree to a face-saving formula to return home. Should the President carry out at least a nominal restructuring of the military and security services, for example, Rif'at could claim it as a personal triumph. In any case, Rif'at will demand some increase—however symbolic—in his responsibility as Vice President for Security Affairs. [redacted]

Although anti-Rif'at sentiment remains high, we believe as long as the President lives, Rif'at's role in Syria's future cannot be ignored. Despite the power and influence enjoyed by the senior Alawite military, security, and intelligence chiefs who make up the



Basil Assad—son of the President and informal envoy between the feuding brothers. [redacted]

inner circle, their individual indebtedness to the President—and antagonistic relationship with each other—would limit their ability to jointly oppose the restoration of Rif'at to power. The President seems torn between maintaining a close cadre of intimate and trusted associates and holding open the possibility of an Assad family succession. A key factor—and an important unknown—is Rif'at's standing with the rest of the Assad family, particularly with his other brother, Jamil, who runs the family's intelligence network in the Alawite heartland, and Basil Assad, the President's son. Basil, although only 25, is rumored to be the President's choice as successor and has served as intermediary between the brothers. [redacted]

In any case, political allegiances and alliances are likely to shift both immediately before and especially after Assad's departure from the scene. Rif'at could exploit divisions in the inner circle and entice some of its members with promises of power and influence in his regime. Should Hafiz designate Rif'at as his successor, a destabilizing, possibly violent succession crisis would be likely if Rif'at has not enlisted support from key military and security figures. Rif'at's ability to co-opt senior Alawites depends ultimately on his skill in convincing them that he is no longer bent on undermining their prerogatives nor is a threat to the stability of Alawite rule in Syria. [redacted]

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**Syrian Air and Air Defense Forces:
Developments and Prospects** [redacted]

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Damascus has intensified its campaign to counter the Israel air force since it shot down two Syrian fighters last fall. Starting in late November, Damascus began to further expand its early warning and air defense systems, stress joint air and air defense exercises, and press the Soviets for more and new equipment. The drive probably will enhance the capabilities of Syria's air and air defense forces but will not result in the qualitative gains in manpower, training, and command that are needed to put them on a par with the Israel air force, which, despite budget cutbacks, continues to improve. [redacted]

The Soviet Connection

Although Syria's renewed emphasis on air and air defenses is directly due to the Israeli shootdown of two late-model MIG-23 Floggers last November, it has been spurred by the US airstrikes on Libya last March and April and by the war scare with Israel in May. In their negotiations with Moscow, the Syrians are apparently using the perceived poor performance of Soviet weaponry during the US-Libyan clashes and the war scare to try to extract more and new arms. As a result of public accusations of tepid support for Libya and the tensions between Damascus and Tel Aviv, the Soviets probably feel compelled to bolster their most important ally in the Arab world. Consequently, Moscow probably will soon begin delivery of the MIG-29 Fulcrum, which is a counterpart to the US F-16, and agree to provide other advanced weapons. [redacted]

We expect President Assad will travel to Moscow later this year to sign a new arms agreement that probably will cover most, if not all, of the weapons the Soviets will provide during the current five-year plan, which extends through 1990. During this period, they probably will agree to supply new early warning and electronic warfare equipment, additional air defense missiles—possibly including the SA-10 or more likely the SA-11—and more MIG-29s. Although the Soviets almost certainly will provide more late-model MIG-25 Foxbat interceptors, we believe they will

refuse to supply its successor, the MIG-31 Foxhound, and the SU-27 Flanker, a counterpart to the US F-15, which are both just beginning to enter service. [redacted]

Improving Air Defenses

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A few days after the shootdown, Syria began to extend and thicken its air defense coverage. Damascus initially responded by temporarily moving low-to-medium-altitude SA-6s and SA-8s into Lebanon's Bekaa Valley while it readied and then fielded medium-to-high-altitude SA-2s in prepared positions along the Lebanese border. The movement of the SA-2s led the Israelis to shift their reconnaissance flights westward from the valley to the Lebanese coast, impairing their ability to collect intelligence on Syrian rear areas. When the Israelis publicly complained about the presence of the SA-2s, Damascus countered by redeploying the SA-6s and SA-8s into the Bekaa Valley, creating an integrated air defense network. Although President Assad defused the crisis a few weeks later by removing the tactical missiles, most of them have been kept adjacent to the border, ready to move rapidly to protect the SA-2 sites. [redacted]

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After the Syrians withdrew the SA-6s and SA-8s from Lebanon, they began to construct the first of two new SA-5 complexes—one at Izra and another west of Hims. [redacted] the missile crisis led the Syrians to speed construction of the Izra complex, which would extend their air defense coverage further over Israel and Jordan and enable them to interfere effectively with Israel air force battle management and aerial refueling operations for the first time. [redacted]

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[redacted] Syria has essentially completed work on both SA-5 complexes and is awaiting the arrival of additional equipment. [redacted]

[redacted]

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While the Syrians were finishing construction at Izra early this year, tensions between the United States and Libya were building over Colonel Qadhafi's support of terrorism, and the Soviets may have placed priority on shipping SA-5s to Libya. The US airstrikes on Libya last March exposed the vulnerability of the SA-5 to electronic countermeasures, [redacted]

[redacted] last

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December Syria called home air defense personnel from training in the USSR, but, to maintain high and sometimes full alert through May 1986, Damascus had to mobilize 40 percent of its air and air defense reservists. To overcome the deficiency in trained personnel, which was further worsened by Assad's decision to send additional air and air defense personnel to aid Libya after the US strikes, Syria lowered the draft age from 19 to 18 starting in July. This change has created a onetime bulge in the size of the conscript pool and has prevented many educated youth from evading service by enrolling in foreign universities. This should boost the readiness of the air defense forces in the near term and later increase the number of trained reservists. [redacted]

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Enhancing Operations. As the Syrians worked on extending their air defense system, they also were engaged in improving its command and control capabilities. [redacted]

Acquiring Better Equipment. The Syrians will primarily rely on the Soviets and their East European allies for new radars, communications equipment, and air defense, but—much as they have done in the area of electronic warfare—the Syrians probably will seek advice and possibly procure some equipment from Western suppliers. [redacted]

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[redacted]

The SA-2 and SA-3 almost certainly continue to form the backbone of Syria's air defense missile force. President Assad may be pushing the Soviets for the SA-10, a system that can engage targets from 20 to 30,000 meters. In the USSR, the SA-10 has mainly replaced SA-2s and SA-3s and appears to

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complement the SA-5, which is still the mainstay of Moscow's long-range air defenses. Ideally, President Assad probably would like to begin fielding the SA-10 south and west of the capital to support the SA-5 complex at Dumayr, forming an integrated strategic air defense network protecting the main avenue of approach from Israel. Although the SA-10 has been entering service since 1980 and its low-altitude acquisition radar was fielded briefly in Syria with Soviet forces, the system is at the heart of the USSR's effort to modernize its air defense force. Its deployment is proceeding slowly—suggesting the Soviets are unlikely to export it during the rest of this decade. [redacted]

[redacted]

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If Assad cannot obtain the SA-10, he probably will press doubly hard for the SA-11, a mobile system that can engage targets from about 20 to 16,000 meters. This system is replacing the obsolescent SA-4 in army-level air defense brigades, which indicates the Soviets believe it is suitable for area air defense. Every SA-11 launcher carries four missiles and has a built-in target tracking radar, so that an SA-11 battery can engage a number of aircraft simultaneously. The Soviets are concentrating on introducing the system into their own forces, however, and may be reluctant to export it for a few years. [redacted]

[redacted] the Syrians have improved their ground attack training, but they continue to use standard intercept tactics—relying heavily on tight ground control throughout an engagement. In contrast, the Soviet Air Force began a program in the late 1970s to improve the performance of its pilots once they are in the vicinity of their targets. Called maneuvering air combat training (MACT) by Western analysts, the program is structured to improve pilot proficiency by blending existing training practice with doctrine for offensive and defensive operations. It tries to make maneuvering combat as efficient as possible by teaching every pilot a “scientifically” designed set of maneuvers that are to be used if he fails to surprise an enemy aircraft. The Soviets do not train in aerial dogfighting per se, because they believe it would only marginally improve their chances for success. [redacted]

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Upgrading the Air Force

Although the loss of the two MIG-23 Floggers last fall was a blow to its pride, the incident has apparently not led the Syrian Air Force to change its procedures or modify its training. The shootdown, however, may have played a minor role in the deployment of ground attack squadrons from northern to southern bases. The shift created a better balance between fighter and ground attack aircraft throughout the country and put the Syrian Air Force in a better position to strike at Israeli targets. [redacted]

[redacted]

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Unless the Syrians begin to train more aggressively, they will never fully utilize the capabilities of the late-model MIG-23 Floggers they have or the even more advanced fighters they will acquire. We do not know whether the lack of MACT training is attributable to a Soviet desire to restrain the Syrians, to lazy or incompetent Soviet advisers, or to a decision by Assad not to incur higher maintenance and training costs and possibly the higher political risks entailed in encouraging even limited initiative. [redacted]

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New Aircraft

Statistically, Syrian Air Force training is similar to Soviet Air Force training. [redacted]

The USSR agreed some time ago to supply the MIG-29 Fulcrum, a versatile fighter that began to enter Soviet service in late 1983. [redacted]

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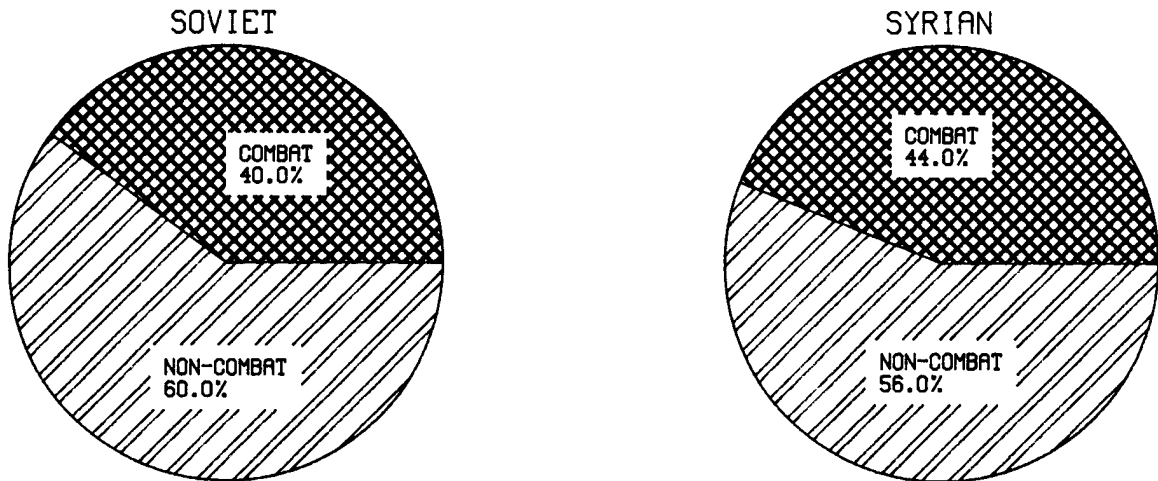
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SOVIET AND SYRIAN FIGHTER TRAINING IN 1985



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capabilities to fight well over enemy territory. Rather it is a state-of-the-art counterair fighter that can also be used for ground attack missions. The MIG-29 combines good maneuvering combat capabilities with advanced medium-to-long-range radar and weapon systems, giving it good capabilities to track and engage aircraft flying at low altitudes. With these features, the MIG-29 has considerably more combat versatility and a greater capability to successfully perform MACT tactics than older Soviet fighters.

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President Assad almost certainly will ask Moscow for more MIG-29s as part of the new arms agreement. The aircraft is not an air superiority fighter—an aircraft with sufficient range and weapons carrying

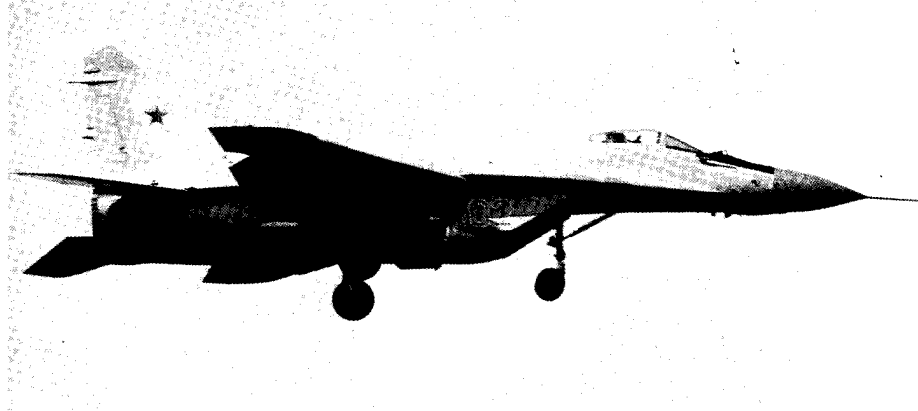
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MIG-29 Fulcrum fighter




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Outlook

The continued acquisition of new Soviet equipment will aid Damascus in its drive to expand and modernize its air and air defense forces, but Syria probably will not be able to make significant improvements in the overall quality of these forces. Paradoxically, the very process of adding more and new equipment to the air, particularly air defense forces, complicates the task of rectifying the major weaknesses of the past—command and control and training. Moreover, the job of correcting these shortcomings probably will be hampered by periodically heightened alerts because of fears of an Israeli attack. 

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While President Assad calculates the gains versus the costs of improving training, the Israelis will continue to acquire more new aircraft and “smart” munitions, improve command and control systems, and refine electronic warfare and air defense suppression equipment. Barring a severe reduction in its operations and maintenance budget that could seriously affect day-to-day readiness, the Israeli air force almost certainly will maintain a marked advantage over Syria’s air and air defense forces at least for the next few years. 

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Israel: Labor's Appeal to Sephardim

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Israel's Labor Party is intensifying its efforts to cultivate support from the Sephardim, who now constitute a majority of Israel's Jewish electorate.¹ In recent elections, the Sephardim have overwhelmingly supported Likud because of its more hardline views on foreign policy and because it is perceived as more sympathetic to Sephardi economic and social grievances. Labor's success will depend largely on its ability to shed its exclusivist Ashkenazi image in favor of a more equalitarian party offering Sephardim a viable alternative to Likud. Labor's relatively pragmatic stance on Arab-Israeli issues—particularly its advocacy of West Bank territorial compromise—is not widely supported by the Sephardim, although their views may moderate over time.

from mainstream urban Israel, the Sephardim suffered from government neglect and the harsh physical environment of land reclamation efforts.

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In part as a protest against Labor's neglect, by the late 1960s they began to vote for Likud in increasing numbers. This trend became even more apparent after Ben-Gurion's death in the early 1970s that led many to turn to Menachem Begin because of his emotional, patriarchal style of leadership. Since the 1977 national election, Likud has enjoyed the consistent support of the majority of Sephardim.

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The Sephardim in Transition

When large numbers of Sephardim began immigrating to Israel in 1948, they faced an Ashkenazi- and Labor-dominated society and government. The Sephardim initially dealt almost exclusively on employment and immigration with the Labor-controlled Histadrut trade union federation and World Zionist Organization. Prime Minister Ben-Gurion's charismatic leadership combined with limited access to Labor-dominated official agencies led the Sephardim to view the Labor Party as synonymous with the government. Ashkenazi cultural prejudices against the Sephardi immigrants from the Arab countries were compounded by a government preoccupied with consolidating the fledgling state and struggling to cope with an immigrant influx twice the size of the pre-1948 resident Jewish population. Sephardi immigrants were placed in ramshackle absorption camps for extended periods of time, moved to isolated development towns, and then provided with only meager aid and poorly funded social programs to help integrate them into their new, non-Arab, and intensely more Western Ashkenazi society. Away

Generational differences are now coming to bear on the Israeli political arena as ethnic origin seems to have somewhat less impact on the views of young Sephardim. Previously seen by the Ashkenazim as staunch rightwing conservatives, an increasing number of Sephardi leaders have gained the confidence and political acumen to espouse a broad spectrum of political stands. On the left, a small group of Sephardi intellectuals have founded the "East for Peace" movement, by which they hope to bring to the peace process Sephardi perceptions of Arab ways. On the far right is Kahanism, supported largely by working-class Sephardim. Most Sephardi voters are somewhere between the two extremes, and it is to this large constituency that Labor hopes over time to project a more credible appeal.

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Labor's Appeal

During the Labor Party convention in April 1986, party secretary general Uzi Bar'am, himself part Sephardi, successfully led a movement to alter Labor's image by changing the procedures for election of the party's Knesset candidates. This reform allows for direct vote by the party rank and file and limits the number of Knesset seats reserved for senior Labor leaders. At the convention, the party repeatedly drew attention to Sephardim who already have ascended to

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¹ Sephardi Jews are those who emigrated to Israel mostly from North Africa and the Middle East. Ashkenazi Jews are those of Central and East European origin.

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senior positions including Energy Minister Moshe Shahal and Labor Knesset faction leader Rafi Edri. According to US Embassy reporting, the convention appeared to have more Sephardi delegates than ever before. [redacted]

Prime Minister Peres, as leader of the Labor Party, has often been the focus of Sephardi resentment. Through the statesmanlike leadership he has displayed over the past two years of the National Unity government, however, he has gained Sephardi respect as reflected in public opinion polls showing a small but gradual increase in the popularity of Labor leaders in some Sephardi communities. [redacted]

The Labor Party is aware that an image change will not be enough to win increased Sephardi support. Sephardim, who constitute most of the blue-collar labor force—especially in remote development towns—are more affected by economic downturns than are the Ashkenazim. Peres’s hard-won struggle to move Israel toward economic reform has been achieved at the cost of increased unemployment, which has been particularly painful for Sephardim in development towns where the unemployment rate is often several times the 8-percent national average. But Peres and his Labor colleagues seem confident that the Sephardim are sufficiently placated by the successes in stabilizing prices and social aid programs to give Labor the benefit of the doubt. [redacted]

On foreign policy, Labor hopes to transform Peres’s dramatic visit to Morocco and the tacit recognition of Israel gained by this event into a major electoral advantage. Moroccan Jews, the largest ethnic group within Sephardi ranks, and other Sephardi groups enthusiastically welcomed Peres’s trip. Some Sephardim who previously opposed Labor’s approach to foreign policy may now have a greater incentive to support the party’s tactics. [redacted]

Party leaders are particularly hopeful that university-educated Sephardim will turn toward Labor. They cite the “East for Peace” movement and the receptivity toward West Bank territorial compromise of some Sephardic leaders, including those in the new SHAS party, as a trend that may significantly affect future Sephardi attitudes at the grassroots level.

Labor officials assert that Labor representatives in the universities, once unable to successfully approach Sephardi student leaders, have been welcomed to recent Sephardi meetings. In a move interpreted by Labor as a favorable indicator, at several universities Likud student leaders requested that they be removed from Likud Party lists and placed on the more centrist “alternative” list. [redacted]

Outlook

Labor’s hopes of increased support from the Sephardim probably are overly optimistic for the near term. We believe that Labor will make only marginal gains among Sephardi voters in the next Knesset election. The majority will continue to oppose territorial concessions. Younger Sephardim will probably continue to seek to reaffirm their Israeli citizenship and to put distance between themselves and their Middle Eastern heritage. [redacted]

Over the longer term, distinctions between Sephardi and Ashkenazi views on foreign policy may become increasingly blurred as native-born Israelis step to the forefront of the political stage. Prestate ethnic prejudices may also fade as intermarriage—now affecting 25 percent of the population and much higher among Israelis under 30—accelerates. This process of acculturation will probably be slower than Labor leaders hope but may eventually open up new opportunities for the party to make inroads into Likud’s bedrock of voter support. [redacted]

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Israel's National Religious Party: Still a Coalition Key

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The National Religious Party's convention ending on 4 September was intended by reformers to climax a yearlong effort to rehabilitate the party, which has lost two-thirds of its strength in the last two Knesset elections. High hopes for reform were dashed, however, as both sessions of the two-tier convention were marked by factional infighting that almost led to a party split. The fractious image the National Religious Party (NRP) displayed will harm its efforts to regain lost electoral support in Israel's next Knesset election. But with Israel's next election likely to produce another dead heat between left-of-center and right-of-center blocs, even an NRP with only a few seats probably will still play a key role in determining whether Labor or Likud leads the next Israeli government.

Dwindling Electoral Support

The NRP's representation in the 120-member Knesset has slipped from 12 in 1977, to 6 in 1981, to 4 in 1984. Two long-term trends account for the party's slide. Before 1967 the NRP and its supporters focused mainly on religious issues. After Israel captured the West Bank and other areas in 1967, foreign policy and territorial issues became more important to a significant segment of the party. Once the focus shifted from religious to foreign policy issues, the NRP found it difficult to compete with hawkish parties like Likud and Tehiya and even Meir Kahane's radical Kach group. Party stalwart Yosef Burg told US diplomats in Tel Aviv last year that younger NRP members in particular had been attracted to the strongly nationalistic appeal of the far right parties.

Disaffection of Sephardi voters from the NRP also accounts for the loss of some electoral support. The party gained considerable support from Sephardim in the 1950s and 1960s, but it is today perceived as an exclusivist Ashkenazi party. A leader of the party's Young Guard complained to the US Embassy last fall that the Sephardim have forgotten the NRP's efforts during the massive Sephardi immigration in the 1950s

to assure their access to religious education. The creation of two new Sephardi religious parties, TAMI in 1977 and SHAS in 1981, also cut into NRP support.

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Longstanding internal problems have also hurt the party's status. Burg told US diplomats last year that the NRP had 140,000 dues-paying members—which could translate into nearly twice the party's current Knesset strength—but suffered from a weak internal organization unable to mobilize all of its supporters on election day. We believe that the factional squabbling and leadership struggles over the years have repelled some potential NRP supporters. A leading member of the party's Young Guard, moreover, told the US Embassy last fall that religion has become so institutionalized in Israel—with such measures as limitations on business during the Sabbath and dietary restrictions in public institutions—that the religious community no longer feels a compelling need for a religious advocacy party.

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Revitalization Efforts

Reacting to the shock of its poor showing in the 1984 Knesset election, the NRP's Central Committee last year established a special committee to examine its problems and recommend reforms. The reform commission recommended national registration of all NRP supporters, the holding of a national convention for the first time since 1973, and controversial changes in the party's constitution. Simultaneously, according to the US Embassy, party activists made intensive efforts to lure back breakaway factions of the party—the Sephardi TAMI Party and the prosettlement Matzad faction of the Morasha Party.

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The first step in the party's revitalization effort—its internal registration drive conducted during the spring of 1986—succeeded in registering 155,000 people, more than double the number who voted for the NRP

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in 1984 (72,000). The increased registration resulted partly from the party's decisions to make registration possible for any interested citizen and to offer voting rights in NRP internal balloting for each registrant. Leaders of the renegade Matzad faction also decided to participate in the party census, a prelude to their subsequent decision to rejoin the party. The high registration apparently reflected attempts by competing NRP factions to improve their standing by flooding the rolls with quickly recruited potential supporters. The US Embassy speculated that many on the list were not genuine NRP supporters, and the Israeli press highlighted reports of fraud, including the registration of deceased voters. [redacted]

Matzad's decision to rejoin the party, while boosting the party's electoral prospects, intensified factional jockeying. Given the uneasy balance between the moderate Lamifne faction and the more hardline Young Guard, Matzad's inclusion probably has tilted the party balance in favor of the hawks on Arab-Israeli issues. [redacted]

The NRP Convention: Young Guard Sweep

The NRP's conference, conducted during two separate sessions in August and early September, was highlighted by bitter factional infighting, the failure of key party reform measures, and a clear victory for the Young Guard in contests for leadership posts. The Young Guard won their decadelong contest for primacy with the old-guard Lamifne by aligning with Matzad and Sephardi supporters. Young Guard leader Ze'vulon Hammer was elected party leader and his deputy Yehuda Ben-Meir, chairman of the party steering committee. A Young Guard-allied member of the Matzad faction, Rabbi Yitzhak Levi, won the contest for secretary general. [redacted]

US Embassy officials interpret the convention results as indicating a continued shift to the right by the party on both religious and peace issues. The Young Guard's need to align with the even more conservative Matzad faction to edge out Lamifne probably will reinforce the rightward leanings. [redacted]

Key recommendations of the NRP reform committee were ignored or overruled at the convention, according to Embassy and press reporting. Most of the unsuccessful reform proposals were designed to

break the power of entrenched factions. A key proposal to streamline the party's Central Committee was defeated because each faction wanted to reward a maximum number of supporters with Central Committee membership. A compromise ultimately was adopted to appoint the entire 1,000-person convention plenum as the new Central Committee. The move will give a clear advantage to candidates of the Young Guard-Matzad alliance when the party selects its next Knesset list. [redacted]

Implications

The results of the NRP convention will make it more difficult for the party to join a narrow Labor-led government should the National Unity government collapse or Labor win a decisive victory in the next national election. According to the US Embassy, Labor has worked hard since the 1984 election to reestablish its historic alliance with the NRP, which allowed Labor to lead every government from 1949 until 1977. To this end, Prime Minister Peres and other Labor leaders have focused on building support within the NRP's moderate Lamifne group. The Young Guard's hawkish alliance with Matzad, however, will probably complicate Labor's strategy. [redacted]

There remain two scenarios that could still lead to a resumption of the Labor-NRP coalition in the next few years. If the Young Guard intensifies party control, it may eventually break with Matzad. The Young Guard remains staunchly in favor of Israeli settlement on the West Bank and against territorial compromise. But since Israel's Lebanon trauma, Hammer and Ben-Meir have publicly questioned the unbridled use of force in regional policy. Over time, they may fully institutionalize Young Guard control of the party and feel freer to espouse more controversial positions. It is conceivable that a Hammer-led NRP freed of its alliance with Matzad might eventually join forces with Labor. [redacted]

Given the intense factional antagonisms during the NRP convention, the party might eventually split. Lamifne leader Burg at one point during the convention threatened to bolt the party, and the US

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Embassy reports that other knowledgeable observers are predicting the party will disintegrate. A moderate successor party formed around the Lamifne faction would probably gain at least a couple of seats in a subsequent Knesset election and might enter a Labor-led government coalition. Given the likelihood that the next election will again leave Labor and Likud evenly balanced, even a few Knesset seats held by a moderate NRP could make the difference between a Labor or Likud-led government.

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Jordan: Friends in the Occupied Territories Caught in the Middle

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King Hussein's steps to increase his influence in the Israeli-occupied West Bank and Gaza—part of his ambitious strategy to undermine PLO Chairman Arafat—have caught Jordan's supporters in the middle. Hussein is offering a range of financial inducements to foster a West Bank and Gaza leadership loyal to Jordan and willing to participate in peace negotiations with Israel. But so far the King's [redacted] efforts have encouraged Palestinians in the territories to rally behind Arafat. Despite Jordan's inducements and the staunch support of a handful of West Bank and Gaza notables, most West Bank leaders are unlikely to abandon Arafat because of distrust of Hussein's intentions after years of Jordanian neglect, the strength of Palestinian national aspirations, and fear of assassination by radical Palestinians. [redacted]

The King's ability to enhance his position by dispensing money is severely limited by Jordan's own economic problems and reduced Arab aid. US Embassy sources in Amman say a senior Jordanian official will tour Western Europe and the United States to solicit international funding, but this effort almost certainly will fall short of satisfying Jordan's requirements. [redacted]

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Jordan's Strategy

Over the past few years, Amman has unsuccessfully attempted to promote moderate Palestinian leaders willing to seek a negotiated solution in the face of PLO opposition. [redacted]

The King's new, more active policy has encouraged a small number of West Bank and Gaza notables to cooperate with Jordanian and Israeli authorities to develop an indigenous Palestinian leadership. Bethlehem Mayor Elias Freij, Jerusalem businessmen Uthman Hallaq and Isam Anani, and former Gaza City mayor Rashad Shawwa are the King's most prominent supporters. Hallaq and Anani met with the Israeli Civil Administrator for the West Bank in July to discuss proposals for supporting Jordan's West Bank political initiative after first securing the approval of Jordanian authorities. [redacted]

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Jordan is trying to develop a range of inducements to improve its position in the West Bank and Gaza Strip. Jordan is circulating a draft five-year development plan that calls for spending \$1.3 billion on agriculture, construction, education, health, and social welfare projects. King Hussein also hopes to energize the Jordanian bureaucracy to adhere to a more activist policy toward the territories by expanding the payrolls of several ministries. In a move that will give him even more control over funding to the West Bank, King Hussein apparently has dismantled the joint Jordan-PLO commission set up in 1978 to channel aid to the West Bank from other Arab states. [redacted]

[redacted] Israeli authorities, [redacted] are moving ahead with plans to appoint mayors for the West Bank. According to the US Consulate in Jerusalem, three mayoral candidates—Muhammad Jaabari of Hebron, Hassan Tawil of Al Bireh, and Khalil Musa of Ramallah—have developed adequate community support for their appointments. [redacted]

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Caught in the Middle

These leaders—like most Palestinians in the West Bank, and to a lesser extent in the Gaza Strip—depend on Jordan for decisions directly affecting local

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government, education, health, housing, passports, religious affairs, and banking—giving Jordan considerable clout in day-to-day affairs. Many employees and officials have continued to receive salaries from the Jordanian Government since 1967, and thousands of retirees likewise continue to receive pensions from Amman. [redacted]



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On the other hand, [redacted] most residents of the West Bank strongly support the PLO's claim to be the sole, legitimate representative of Palestinian national aspirations. [redacted]

Moderate leaders fear the same fate as Nablus Mayor Zafir al-Masri, who was murdered in March shortly after his appointment by Palestinian radicals for alleged cooperation with Israel and Jordan. Al-Masri's death was particularly poignant for moderate West Bankers because he was widely considered the prototype of a more pragmatic group of West Bank leaders. [redacted]

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We believe that most Palestinians in the territories want a negotiated settlement with Israel but believe that only the PLO has sufficient Arab and international credibility to represent their interests. Although many moderates were dismayed by Arafat's failure to demonstrate greater flexibility on peace negotiations during his last dialogue with Hussein, few rallied to the Hashemite banner following the King's break with the PLO leader. Hussein's call for them to consider a new PLO leadership was widely taken as confirmation of longstanding suspicions that Hussein wants to dominate the Palestinian movement and regain control of the West Bank. Jordan's past neglect and failure to improve the quality of life in the occupied territories, moreover, have weakened West Bank moderates who have been unable to show results from their support for Jordan. [redacted]

The fear of assassination from Syrian- and Libyan-backed radical Palestinians is particularly strong in light of recent events. A person claiming to be an official spokesman for Abu Nidal's organization recently threatened to assassinate all three West Bank mayoral candidates as well as Freij and Shawwa for their support of the mid-July summit between Peres and Morocco's King Hassan. An explosion recently damaged a factory owned by Shawwa, and Israeli police defused a bomb under his car. Freij has received several threats against his life recently and proposed that Jordan implement a personal security plan for selected West Bank leaders. [redacted]

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Outlook

Hussein's new policy is likely to fail if he cannot bolster moderate leaders by making good on his ambitious development proposals. West Bank and Gaza leaders who in the past were critical of Jordan's neglect are skeptical that Jordan has the political and financial backbone to implement a coherent policy. Recent moves to lift trade and travel restrictions across the Jordan River, however, may help ease these suspicions, particularly if further reforms are implemented to facilitate West Bank and Gaza exports to Jordan. [redacted]

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What Is at Risk

Jordan's failure to attract a large following in the West Bank is also because of the PLO's success in creating a climate of fear and intimidation. [redacted] Jordan's closure of PLO offices in Amman on 7 July and attempts to find an alternative to Arafat have led to a dangerous escalation of the PLO-Jordanian competition for political control over the occupied territories. PLO leaders consider the West Bank and Gaza vital bases of support and will use any means to protect their dominant position. [redacted]

Even in the unlikely event the King is successful in building a new base of support in the territories, the results may be short lived. [redacted]

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the generation of Palestinians born after 1967—
unfamiliar with Jordan and willing to assert
themselves as the new leadership—have a much more
radical view of the Arab-Israeli conflict. This
generation has been groomed by PLO propaganda
and looks to Arafat—rather than collective action by
Arab countries—to eliminate Israel's occupation.
King Hussein is disparaged as a pawn of the West and
as a Hashemite “outsider” interested only in serving
the interests of the Hashemite regime. The attitudes
of these younger Palestinians—like those of their
elders—are likely to change only to the degree that
they perceive cooperation with King Hussein will lead
to some kind of autonomous Palestinian entity.

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**Pakistan: Government
Weathers Current Unrest** [redacted]

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Prime Minister Junejo and President Zia still have a clear upper hand over Benazir Bhutto and her Pakistan People's Party, who are trying to force new elections. Bhutto has failed to win many new converts—the recent violence has been confined mostly to southern Sind Province—and she will probably resort increasingly to violent tactics to fulfill her goals. We believe Junejo will be able to continue to fend her off through a combination of force and legal action. The Army will not intervene unless unrest becomes a problem in the key province of Punjab. Over time, we expect anti-US rhetoric within the opposition, including the new National People's Party, to increase, especially if Washington is perceived as endorsing a hardline government approach to opposition agitation. [redacted]

Bhutto Challenges the Government

The latest unrest was sparked by opposition leader Benazir Bhutto's plan to hold a large opposition rally in Lahore on 14 August, Pakistan's Independence Day. The Sind and Punjab provincial governments' responded by banning all political activities out of fear that the rally would produce an embarrassingly large turnout and touch off antigovernment violence. Prime Minister Junejo, who had earlier canceled a progovernment rally, backed the provincial governments' actions and repeated his rejection of Bhutto's demand for new elections by the end of this year. In the violence that followed between followers of Bhutto's Pakistan People's Party and the police and Army, some 30 people died, mainly in volatile Sind Province. [redacted]

Low-level violence continues, but it is mostly confined to Sind. Punjab Province—where 60 percent of the population lives—remains relatively quiet, according to the US Consulate in Lahore. US diplomatic reporting also indicates that at least several thousand opposition activists have been arrested since 13 August. Bhutto herself spent over three weeks in a Karachi jail until she was released along with other opposition leaders in Sind on 8 September. [redacted]

The Government Wins This Round

In our view, the civilian government of Prime Minister Junejo has come out ahead of Bhutto and her party in the wake of the violence. The violence has probably further alienated the large share of the electorate that opinion polls report are already hostile to Bhutto's party. Bhutto's challenge probably has also reinforced the Army's suspicion that she is a dangerous radical who will use any means to achieve her goals. Still, Junejo has suffered some damage to his reputation because the crackdown on political activity aids opposition charges that his civilian government is merely "martial law under a different guise." [redacted]

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The government seems confident. The US Consulate in Karachi reports that, although some violence is continuing, the ban on political activities has been lifted for part of Karachi and that Army units in southern Sind have returned to barracks. [redacted]

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President Zia, who was on a pilgrimage to Mecca during most of the unrest, has publicly stood by Junejo and endorsed the government's actions in a recent press interview. He stressed, however, that responsibility for the government's response lay with Junejo. [redacted]

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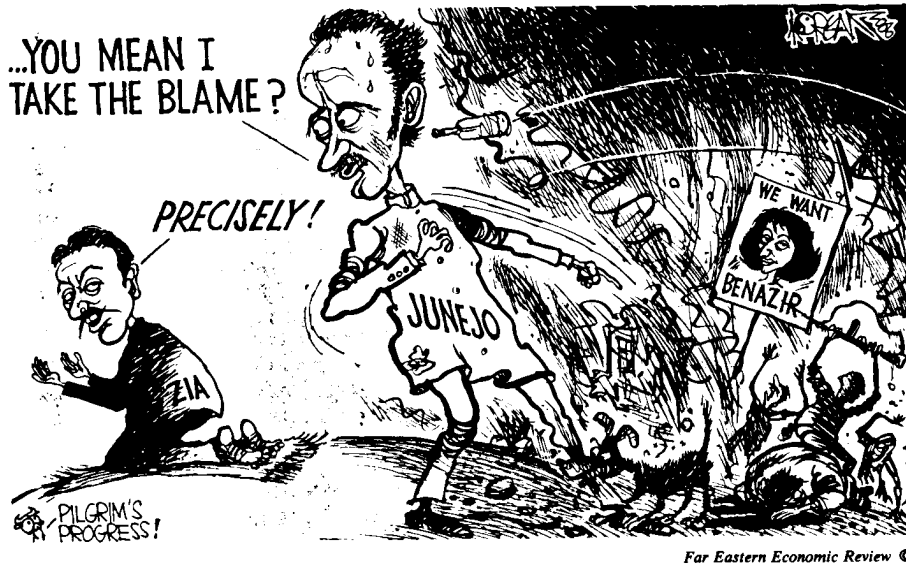
Government Planning for the Future

The government is drawing up contingency plans to deal with future opposition agitation. [redacted]

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During most of the opposition unrest, President Zia was on a pilgrimage to Mecca. [redacted]



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[redacted]

to return to nonviolent tactics to win in local elections next year and from radicals pressing her to adopt a tougher approach. Some rivals within the opposition have publicly criticized Bhutto for prematurely forcing a confrontation with the government. [redacted]

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[redacted] Islamabad is counting on rivals of Bhutto such as Ghulam Mustapha Jatoi, who was sacked by Bhutto as Sind People's Party chief last spring, and Mustafa Khar, another People's Party dissident, to divide the opposition. Jatoi's frequent criticisms of Bhutto and his recent formation of the National People's Party serve Islamabad's purpose of sowing dissension within the opposition. Although Jatoi has publicly denied rumors that he is Zia's choice as a possible replacement for Prime Minister Junejo, a source of the US Consulate in Lahore says that Jatoi is willing to "cut a deal" with Zia. [redacted]

We believe that, given the government's rejection of her demands for new elections, Bhutto will probably agree to more violent tactics. Her ultimate goal is the ouster of Zia and attaining power. In the coming months, we believe she will conclude that her goals can only be accomplished through force. Her People's Party and allied opposition parties have set a deadline of 20 September for the government to announce a date for new elections. [redacted]

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Benazir and Opposition at Crossroads

Bhutto and her People's Party apparently have failed to win many new converts to her cause, and we believe she must decide whether to continue her confrontational strategy or to moderate her tactics and concentrate on organizing and developing grassroots support. She will probably be faced with conflicting advice—from moderates who will urge her

In addition to endorsing violent tactics, Bhutto will probably concentrate her efforts on winning popular support in Punjab Province. She knows that her campaign cannot succeed without that province's support, in our view. She has stated publicly her belief that policemen and soldiers—most of the Pakistani

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Army is made up of Punjabis—would defy orders to fire on fellow Punjabis, prompting senior Army generals to depose Zia and Junejo. [redacted]

Outlook

In our view, the most likely scenario for the near term is that Zia and Junejo will fend off Bhutto's challenge and remain in office. The government threat of legal action against Bhutto—such as trying her for sedition or restricting her movements—is unlikely to moderate her campaign, but we believe violence will continue to be confined mainly to Sind Province, where it can be contained by police action—backed up, if necessary, by local Army units. [redacted]

In our opinion, the odds are small that Bhutto can arouse enough public support in Punjab to threaten the government. Although many Punjabis may sympathize with her goal of new elections, we believe they oppose the sort of violent agitation that is occurring in Sind because they do not want a return to military rule. Islamabad will also take steps—such as directing government funds to constituencies of progovernment legislators—to ensure that it retains its base of political support. [redacted]

A crucial test for the Junejo government will come with local elections scheduled for September 1987. Junejo's Pakistan Muslim League must make a good showing in these polls to prepare for the 1990 national elections. If the Muslim League does poorly in the local elections, we would expect complaints to be raised within the League and the military about Junejo's poor leadership and his inability to deal with opposition. Zia may then call for a parliamentary vote of no confidence and appoint another prime minister—perhaps Ghulam Mustapha Jatoi—without resorting to new national elections. [redacted]

At the same time, however, lingering violence in Sind and the continuing standoff between Islamabad and the opposition could erode public confidence in the government. We believe Jatoi's new National People's Party, given time to organize, could capitalize on this sentiment and have good prospects for the 1987 local elections. [redacted]

Warning Indicators

Although we are skeptical of Bhutto's ability to overthrow Zia and force new elections, there are several key indicators that would accompany a rise in her prospects for coming to power:

- *Violent unrest spreads from Sind to Punjab Province.*
- *Opposition rallies attract larger support in Punjab.*
- *Police and Army troops exhibit reluctance to suppress opposition violence.*
- *Bhutto successfully calls for labor strikes and bazaar shutdowns in urban areas.*
- *Members of the provincial and national assemblies defect to the People's Party.*
- *Islamabad dismisses local governments in troubled provinces and replaces them with direct federal rule.*
- *Local assemblies in troubled provinces replace the Chief Minister.*
- *Kabul steps up its terrorist campaign in the North-West Frontier Province, and antirefugee feeling increases.*
- *The economic situation deteriorates, and unemployment among returning expatriates rises.*

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Other Scenarios

A less likely scenario would have the government call snap national elections before 1990 in the belief that public antipathy to the opposition's violent tactics would produce an impressive Muslim League victory. A government victory would probably neutralize Bhutto as a threat to Zia and Junejo for the next several years. We believe, however, that in light of the recent antigovernment agitation, such elections could not be called soon because it would appear as if Junejo and Zia were caving in to Bhutto's demands. Moreover, snap elections would assume a certain daring on the part of the government that has been uncharacteristic of the usually cautious Junejo and Zia. [redacted]

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Bhutto and her party might pursue peaceful protests, register with the government, and run in the 1987 local elections in the hope that a strong nationwide showing would shake public confidence in the Muslim League, force Junejo's resignation, and increase popular pressure for early national elections. The Army would be unlikely to take action against Bhutto if she follows a legal path. Moderates within her movement have probably urged her to adopt this course. But on balance, we believe Bhutto will reject these tactics because they risk the defection of radical party members and allied leftist parties. [redacted]

An even less likely prospect, in our opinion, is opposition agitation spreading from Sind into Punjab Province, with Bhutto successfully calling for labor strikes and defections of Muslim Leaguers to her People's Party. She would then expect the Army to intervene, replace Zia and Junejo, and hold new elections that the People's Party would win. [redacted]

US Embassy reporting suggests that the military is glad to be back in the barracks and would act only if the civilian government proved incapable of dealing with instability that had spread to Punjab. Under a military rule scenario, the new leaders, made up of senior Army generals, would probably declare their intention to hold new elections, but we believe they would maintain power for a considerable period in the belief that Pakistani politicians are incapable of providing stable government. Zia would probably be forced to resign from both the presidency and the Army because he would be perceived as having failed in his attempt to establish civilian rule. [redacted]

Implications for the United States

Both the government and the opposition will be seeking US endorsement for their political objectives in coming weeks. Islamabad was stung by US criticism of the government crackdown—the US Ambassador was called in to receive an official Pakistani protest on 21 August. Bhutto, on the other hand, was probably encouraged by the US statement because she wants US support for early elections. In conversations with US officials, she has endeavored to present herself as moderate, reasonable, and desirous of good relations with the United States. [redacted]

Future high-level endorsements by US officials of Zia's presidency would probably lead Bhutto to believe that the United States had taken sides against her. Concurrently, anti-US sentiment among People's Party radicals would also increase. Bhutto has recently asserted publicly that the United States was involved in the 1977 overthrow of her father, Prime Minister Zulfikar Ali Bhutto. [redacted]

The government's preoccupation with the unrest will hinder US efforts to persuade Islamabad to expand overt cooperation in support of the Afghan resistance and to take a tougher stand on narcotics, in part because we believe that Islamabad does not want to give Bhutto issues to arouse public support. Islamabad may be more reluctant, for example, to punish poppy-growing farmers for fear of arousing antigovernment protests in the North-West Frontier Province as well as in Sind. Zia and Junejo also are leery of heightened domestic unrest providing new opportunities for Soviet and Afghan troublemaking. Continued unrest in Sind is likely to trigger Pakistani charges of Indian meddling, further setting back the improvement in relations with New Delhi that the United States has sought to foster. [redacted]

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Sri Lanka: The Return of Sirimavo Bandaranaike [redacted]

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On 1 January 1986 Sri Lankan President Jayewardene restored the civil rights of his political archrival, former Prime Minister Sirimavo Bandaranaike. Since returning to the public arena, she has spearheaded the Sinhalese opposition party's efforts against most of Jayewardene's political initiatives and has been particularly nettlesome during the peace negotiations with Tamil moderates. We expect both she and her party will continue efforts to block the peace talks, perhaps even fomenting increased communal tensions and violence. Without a consensus within the Sinhalese community, Jayewardene will find it difficult to produce a lasting solution to Sri Lanka's ethnic crisis. [redacted]



Sirimavo Bandaranaike [redacted]

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Background

The national election of 1977 marked a landslide victory for the United National Party (UNP) of President Jayewardene over the incumbent Sri Lankan Freedom Party (SLFP), led by then Prime Minister Sirimavo Bandaranaike. Following the victory, President Jayewardene appointed a Presidential Commission of Inquiry, which charged Bandaranaike with election irregularities and misuse of power during her seven-year administration from 1970 to 1977. Based on the commission's findings, she was expelled from Parliament in October 1980 and stripped of her civil rights for seven years. [redacted]

including a return to Parliament. [redacted]

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[redacted] Jayewardene may also have been trying to set the stage for a united Sinhalese effort to negotiate a political settlement with dissident Tamils. [redacted]

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Revitalizing the Opposition

Following restoration of her rights, Bandaranaike has embarked on a high-pressure campaign to restore the political fortunes of her party. She has not reclaimed her seat in Parliament but has redoubled her public efforts to revitalize the SLFP. She called for a new general election immediately after her pardon, claiming that Jayewardene's National Referendum in 1982—which extended the term of the majority UNP Parliament for another six years without a national election—was unconstitutional. Bandaranaike was also highly critical of Colombo's January 1986 repatriation agreement with India, which granted Sri Lankan citizenship to some 95,000 stateless Tamils of Indian origin living in Sri Lanka. In February she announced a new SLFP platform, which included a break from the unsuccessful socialist economic policies of her previous administration. [redacted]

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Although Bandaranaike was prohibited from public political action, she remained the driving force within her party, working behind the scenes and through other family members to oppose the UNP government. Her son, Anura, was named to fill her vacant parliamentary seat—although he had been part of an SLFP dissident group opposing his mother—and became leader of the opposition in Parliament. [redacted]

In a move that surprised his Cabinet, the Sinhalese electorate, and the opposition, Jayewardene announced in early 1986 a full pardon for Bandaranaike and full restoration of her civil rights,

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Far Eastern Economic Review ©

Anura Bandaranaike [redacted]

The SLFP, traditionally the party of Sinhalese chauvinists, has launched a public-relations campaign to mobilize its electorate. The party is organizing seminars and public meetings in Sinhalese areas throughout the island to protest the government's initiatives for peace with Tamil insurgents. Bandaranaike has sent party representatives to meet influential leaders of the Buddhist clergy to brief them on the party's criticism of Jayewardene's plan. She is also courting votes from the Muslim minority—an important voting bloc for both major Sinhalese political parties because of its strategic location in the contested Eastern Province. The SLFP has long supported Arab countries, and Bandaranaike's new platform includes an oblique but unmistakable pledge to expel the Israeli interests section from Colombo. [redacted]

The SLFP hopes to foment islandwide agitation against the government and force Jayewardene to call an election before 1989. The party has recently established links to a proscribed radical Marxist Sinhalese party—the People's Liberation Front (JVP)—which has actively opposed the President's peace efforts, according to US Embassy reporting. This group may have been responsible—possibly with SLFP backing—for the early September bombing of a Colombo rally supporting the communal negotiations, injuring at least 50 people. [redacted]

The SLFP also has links to some middle-level Army officers who are disenchanted with Jayewardene's handling of the government's counterinsurgency effort and probably also with some rightwing members of the President's own UNP. We believe the SLFP links to radicals and hardliners are causing concern in Colombo about the possibility of a coup by one or more of these groups, possibly including members of Jayewardene's government. [redacted]

Implications

SLFP links to radical groups and Sinhalese hardliners suggest there will be increasing antigovernment activities between Tamils and Sinhalese and within the Sinhalese community. SLFP exacerbation of communal tensions and continuation of Sinhalese chauvinist rhetoric could spark widespread communal rioting reminiscent of the disturbances of May 1983, in which an estimated 1,000—mostly Tamils—were killed. The radical JVP has perpetrated violent antigovernment activities in the past, and we believe it will step up its attacks against Jayewardene supporters, contributing to a worsening internal security situation. [redacted]

Although SLFP affiliations with leftists and hardliners are primarily for political convenience, we believe there is a chance of a united effort by elements of the SLFP and other Sinhalese chauvinists to replace Jayewardene's government with hardliners on the communal question. We believe some members of Jayewardene's Cabinet might support such a move, at least indirectly, particularly the Prime Minister and the National Security Minister, both of whom have been lukewarm in support of the peace negotiations. [redacted]

Bandaranaike and her party are likely to continue to obstruct the peace initiative and to demand a new general election. Jayewardene is unlikely to order an election before the scheduled 1989 date. We believe Bandaranaike will continue efforts to discredit Jayewardene and his handling of the ethnic problem and will step up the party's chauvinist Sinhalese rhetoric to rouse the electorate against the President. Lacking a Sinhalese consensus, Jayewardene will find it difficult to implement a lasting peace with Tamil dissidents. [redacted]

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**India's Space
Satellite Worries**

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India has asked the West European government consortium, Arianespace, to launch its INSAT-1C television, telecommunications, and weather satellite following the canceled launch of the US space shuttle and Washington's refusal to make available an expendable launch vehicle. India wants INSAT-1C in orbit soon to guard against the failure of its current satellite, INSAT-1B. The INSAT satellite is crucial to India's television broadcast, communications, and weather forecasting systems and serves as a symbol of New Delhi's great power aspirations. The US decision to offer an expendable launch vehicle to Indonesia ahead of India will reinforce longstanding Indian worries about US reliability as a source of sophisticated technology.

The INSAT-1 satellites are unique because they combine television broadcasting to remote stations, telecommunications relay, and meteorological functions. Designed by US and Indian engineers, the satellites were an outgrowth of the NASA-Indian Space Research Organization's SITE project in the 1970s, which demonstrated the feasibility of a nationwide television system without a landbased network. India's television broadcasting system is completely dependent on the INSAT satellites for national coverage. The satellites also provide telecommunications services and weather imagery unavailable from Soviet or Western satellites to Indian civilian and military customers.

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The INSAT Program

New Delhi is trying to keep its INSAT satellite program on track. The program was set back by Washington's indefinite postponement of the September 1986 launch of INSAT-1C by an Indian payload specialist on the space shuttle and the recent US decision to deny India the one slot available on an early Delta expendable launch vehicle in favor of Indonesia. The Indians want to orbit INSAT-1C as soon as possible to provide a backup in case the orbiting INSAT-1B fails and to increase their telecommunications and weather forecasting capabilities. Because India's first INSAT satellite—INSAT-1A—failed in orbit in 1982, the program—designed to be a two-satellite system—is not fully operational.

The INSAT program has important domestic and international political dimensions for New Delhi. The ruling Congress Party has used the television broadcasting capabilities to influence India's linguistically and geographically diverse population. After Indira Gandhi's assassination in 1984, for example, pictures of Rajiv Gandhi at the funeral and swearing in as Prime Minister were an important element in the smooth transition and restoration of civil order. Indian political and scientific officials also have publicly acclaimed the INSAT program as a major development project leading India into the 21st century. We believe they view the INSAT satellites as a steppingstone toward an ambitious civil and military space program.

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INSAT Launch Alternatives

India has informed Washington it will use the West European Ariane rocket to launch INSAT-1C.

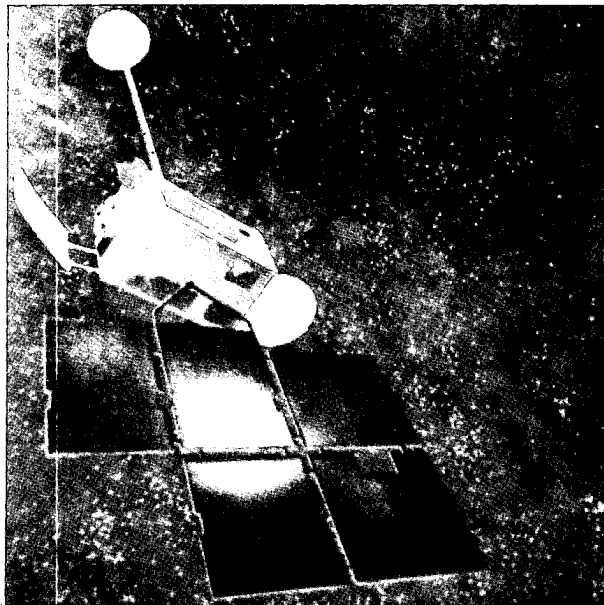
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An artist's impression of INSAT-1



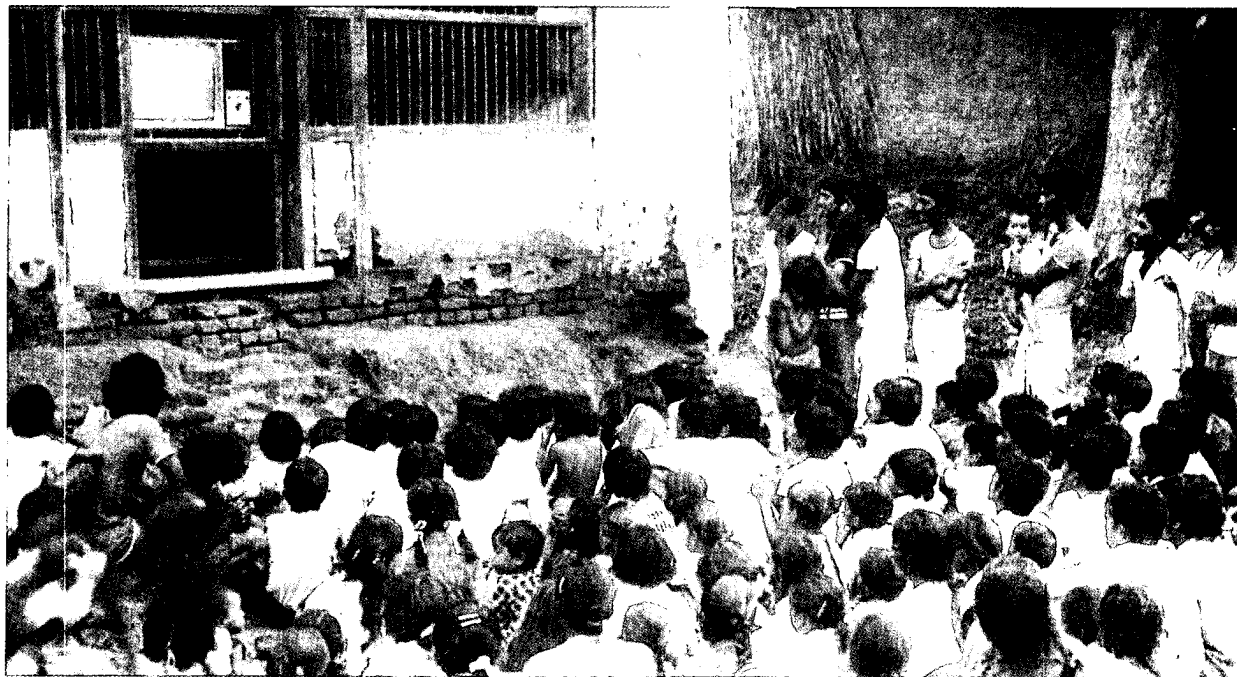
Communication

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Meteorology

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Television broadcasting

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[Redacted]

New Delhi is likely to keep its payload specialist at NASA on standby for a future shuttle flight—perhaps to launch the INSAT-1D satellite scheduled to be ready in 1988. The Indians have asked the United States to substitute INSAT-1D for INSAT-1C in the queue for shuttle payloads.

[Redacted]

[Redacted] If Washington cannot meet India's expectations, New Delhi would probably turn to Arianespace to launch INSAT-1D and possibly future Indian satellites. [Redacted]

If an Ariane or a US launch vehicle is unavailable, we doubt the Indians would approach the Soviets. We believe the Indians calculate that, because INSAT-1D was built in the United States, Washington will not waive COCOM restrictions to grant a license to export the satellite to the USSR. The Soviets have launched Indian remote sensing satellites; another launch is pending using a Soviet vehicle. India will pay for the next launch, unlike three previous occasions when the Soviets provided free launch services. We do not believe the Soviet cost-free launches of remote sensing satellites set a precedent for involvement with the INSAT satellites. [Redacted]

The Indians have not considered using Chinese launch services, [Redacted] Beijing has explored establishing a joint commercial launch service with Western firms and has declared a willingness to launch foreign satellites on its CZ-3 vehicle. We doubt the Indians would pursue this option. We believe New Delhi will be reluctant to give Beijing—which it views as its long-term Asian rival—the propaganda advantage associated with such a launch. [Redacted]

[Redacted]

[Redacted] The Japanese H-1 launcher, which flew successfully for

the first time in August, uses a US-built first-stage rocket and could put the satellite in orbit. Tokyo, however, would need the United States to waive the restrictions that prohibit the Japanese from using this rocket to launch non-Japanese-owned satellites. [Redacted]

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INSAT Satellite Alternatives

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No single satellite could replace the INSAT-1B's combination of high-powered television broadcasting, telecommunications relay, and meteorological functions in the event either the INSAT-1C launch or the orbiting INSAT-1B fails. New Delhi, however, could take stopgap measures to restore each of the three functions of its orbiting satellite. [Redacted]

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The telecommunications relay function of INSAT-1B would be readily replaceable by substitute satellites. India could negotiate with INTELSAT to lease unused transponders on the Indian Ocean INTELSAT-4A or INTELSAT-5 satellites to handle India's telecommunications traffic. Following the failure of INSAT-1A in April 1982, New Delhi used both INTELSAT and Soviet satellites as substitutes for relaying telephone traffic. Because India found its leasing arrangement with the Soviet Union unsatisfactory, we doubt New Delhi would turn again to the Soviets for help. [Redacted]

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New Delhi could also replace the telecommunications function by purchasing or leasing transponder space on the Canadian Anik C-1 or Anik D-2 satellites. The Canadians are interested in selling or leasing transponders on both satellites launched in 1984. Telesat Canada recently offered a 75-percent reduction in the price for leasing transponders. The Aniks have a seven-year design lifetime, but we expect the lifetime would be reduced to five years with the expenditure of fuel required to move the Anik to a position over the Indian Ocean. [Redacted]

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The meteorological functions of INSAT-1B would be harder to replace with alternative satellites. No geosynchronous meteorological satellites in their current orbits could fully compensate for the loss of the INSAT-1B imaging system. Weather forecasting

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in India requires that the entire subcontinent and surrounding waters be seen. The Japanese Himawari-3, which images the eastern half of the subcontinent for Japanese weather forecasting purposes, would only permit monitoring of typhoons in the Bay of Bengal. [redacted]

The West European Meteosat 1-F2 could perform INSAT-1B's weather forecasting functions if it were moved to a location suitable for imaging India. The European Meteorological Satellite Organization may be willing to move Meteosat 1-F2 for India by mid-1987 if Ariane successfully launches a new Meteosat. [redacted]

New Delhi might also consider using the imagery from either US or Soviet low-altitude polar orbiting weather satellites as a substitute for INSAT-1B meteorological functions. The absence of a wide field of view in the cameras, however, would degrade India's ability to identify typhoons sufficiently far from land to provide adequate emergency warnings. [redacted]

New Delhi would have only one option for replacing the television broadcast function of the INSAT-1B—leasing another nation's existing satellite system. This option would require India to reconfigure its S-band (2.5 GHz) television-receive-only ground stations to receive in the C-band (6/4 GHz) or Ku-band (14/11 GHz) used by the rest of the world's television broadcasting satellites. The reconfiguration would cost at least \$50 million and substantial time—one day for a technical team at each of 160 ground stations. [redacted]

Implications for Indo-US Relations

New Delhi's decision to seek an Ariane launch of their satellite is unlikely to impair relations between NASA and the Indian Space Research Organization. India's decision to substitute INSAT-1D for 1C indicates New Delhi recognizes the difficulties NASA faced in rescheduling the INSAT-1C launch. Moreover, the Ariane launch may indirectly benefit Indo-US relations by keeping Rajiv Gandhi's high-technology agenda on track and eliminating the possibility that a failure of Indian television, telecommunications, and weather forecasting would

be blamed on the United States. If Ariane runs into difficulty, the United States has the option of waiving its restrictions on a Japanese launch to demonstrate its willingness to help New Delhi. [redacted]

The recent US decision to offer an expendable launch vehicle to Indonesia ahead of India, however, will reinforce longstanding Indian worries about US reliability as a source of sophisticated technology and as a friend. Gandhi may look to Washington for additional help in the areas of computers or telecommunications technology to deflect domestic criticism of his turn toward the United States. [redacted]

In the event that the United States excludes all foreign payloads from future shuttle flights, New Delhi probably will give priority to timing and cost considerations in selecting an expendable launch vehicle for INSAT-1D and the follow-on INSAT-2 series. We expect New Delhi would press the United States to lift restrictions on alternative foreign launch options if those offers were timely and less expensive than US expendable launch offers from either commercial or government vendors. [redacted]

[redacted]

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India's Attempts To Meet Its Rural Energy Needs

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New Delhi's programs to boost agricultural output and encourage local small-scale industry have increased rural energy demand. Firewood and crop wastes are India's main source of rural energy, and the increase in demand for energy has led to extensive deforestation. To reduce the demand for firewood, New Delhi is expanding electricity generation to many rural areas and trying to take advantage of alternative energy sources, such as solar, wind, and biogas power. Although alternative sources alone will not solve India's rural energy problems, they can provide power where other sources are impractical or inadequate. The government has boosted this year's budget allocation for nonconventional energy development from about \$8 million to just under \$40 million, according to press reports, and New Delhi is particularly interested in developing the country's wind and solar energy potential. To develop alternative energy systems, New Delhi will have to import the technology, most likely from the West. Increasing strains on India's foreign reserves, however, may prompt New Delhi to restrict its equipment purchases and limit its acquisitions to technology transfers.

Rural Energy Problems

India's rural population, which accounts for about 65 percent of the nation's 783 million people, has long depended on crop and animal wastes and firewood for fuel. As the population has grown, these sources have been increasingly diverted to such uses as fertilizer, animal fodder, and building materials. In addition, widespread deforestation—according to government officials, India loses about 1.5 million hectares or just under 5 percent of its total forest land annually—has brought about severe soil erosion.

New Delhi's approach to meeting the rural energy demand is varied:

- In the 1960s the government initiated a rural electrification plan that is still active and involves connecting rural areas to the country's main electric

power grids. The main grids, however, also supply India's large urban and industrial areas and are inadequate to meet both urban and rural needs, resulting in constant power interruptions.

- To supply rural areas with constant and adequate sources of power, New Delhi is trying to develop local energy supplies. In particular, the government is pushing projects that promote the use of small hydropower stations and biogas pits that use human and animal wastes to provide methane gas for rural cooking and heating.
- The government is implementing projects that promote energy conservation. For example, New Delhi is funding a project to increase the efficiency of cooking equipment.

India's attempts to supply rural areas with alternative energy sources have been moderately successful. As a result of the rural electrification plan, 63 percent of the country's villages have access to electricity, up from 60 percent in 1985. In addition, 110 small hydrostations—each with a capacity of up to 12 megawatts—have been established, most in the last eight years. Although biogas use also enjoys some success, it provides less than 1 percent of rural energy needs. Traditional fuels still account for 50 percent of overall energy supplies and about 70 percent of rural consumption, according to Indian Government statistics. Deforestation remains a serious problem.

Moreover, the changing needs and living standards in the countryside are widening the gap between rural energy demand and supply. Farmers are diverting more organic material toward fertilizer and using more energy to power irrigation systems to boost agricultural output. Furthermore, the success of the green revolution, especially in Punjab, Haryana, and Uttar Pradesh, has raised rural income and demand

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Status and Plans for Nonconventional Energy Use

Crop Wastes and Firewood—India embarked on an ambitious nationwide forest replenishing program in 1980. Over 1.6 million hectares were planted during 1980-85, exceeding the government's target of 1.4 million hectares. New Delhi is also trying to improve the efficiency of bioenergy consumption. The woodstoves (chulhas) used in over 112 million homes are extremely inefficient, supplying only 2 to 10 percent of the energy produced; the rest is lost to the atmosphere.

The government launched a National Project on Demonstration of Improved Chulhas in 1983. The improved cookstoves have a thermal efficiency ranging from 15 percent upwards. By the beginning of 1986, more than 300,000 of the stoves had been installed. The net annual saving in firewood by their installation is about 247,000 tons, according to government statistics.

Small Hydrostations—India's 110 small hydro-stations provide an estimated 1,300 megawatts (MW). The potential for micro- and mini-hydro generation in India is about 5,000 MW. An alternative energy research center has been set up for developing technologies to tap the low capacity potential.

Wind Power—Under the wind energy program, about 1,000 water-pumping windmills have been set up so far, a wind data land book was published in 1983, and four pilot projects and one monitoring system have been initiated in Gujarat, Orissa, Maharashtra,

and Tamil Nadu states. In addition, public notices have been issued for procurement of stand-alone wind electric generators in the range of 10 to 25 KW.

Solar—Photovoltaic technology, which facilitates direct conversion of solar energy into electricity, is considered to have significant potential in India, where there is plenty of sunshine and a great need for electrical energy. The advantages of a photovoltaic power system include the absence of moving parts, resulting in ease of installation and maintenance, and a long lifespan. These features make the system most suitable for installation in remote and isolated areas, forest and hilly areas, and desert locations. Among the applications that have been demonstrated in the country so far are water pumping for irrigation and drinking water, street lighting, community television and radio sets, offshore oil platforms, and medical refrigeration. In addition, New Delhi introduced a national-level extension program late last year on a variety of solar thermal systems for domestic, agricultural, and industrial applications.

Biogas—India now estimates it has slightly over 94,000 biogas pits and hopes to increase the number by 60,000 by the end of next year. Methane pits are basically limited to warmer regions. Biogas is used mainly as a supplemental source of fuel for heating and cooking.



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for energy-using consumer goods and appliances, such as motor scooters, refrigerators, and washing machines. New Delhi's policies to develop local small industry also have helped to create a growing rural industrial sector whose demand for coal, oil, and electric power is steadily growing.

According to our analysis of Indian statistics, about 45 percent of India's rural energy needs are still not met. Furthermore, despite New Delhi's best efforts, we expect rural energy demand will continue to grow at a much faster pace than supply. We estimate that in the next five years commercial energy sources will satisfy roughly 45 percent of demand compared with the current 55 percent.

Seeking Foreign Assistance

Indian officials are seeking Western cooperation in developing technologies in alternative energies that are easy to use and maintain, that are cost efficient to build and use on a scale suitable for rural operation, and that India can eventually indigenously manufacture:

- New Delhi is currently involved in two joint windpower development projects with West Germany, and Gujarat state officials are engaged in a windpower development project with Denmark.
- India is considering Japanese proposals for the development of solar-generated electricity. Photovoltaic equipment, however, is prohibitively expensive.
- A 25 KW solar power generating system under an Indo-US development program is nearing completion.

Outlook

Alternative energy sources will, at best, offset only a fraction of expected rural energy shortfalls by the end of the century. As a result, India will have to continue relying on conventional commercial and traditional energy sources.

Government Role in Nonconventional Energy Development

The Department of Nonconventional Energy Sources was set up in 1982 to assess energy problems and initiate research and development programs. In addition, New Delhi provides subsidies against the capital cost of nonconventional energy projects. Press reports indicate that some state governments have also set up rural energy organizations, and New Delhi has apparently authorized them to deal directly with foreign governments. Most contacts with foreign companies, however, have been carried out by national-level ministries.

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We believe that Western nations, especially West Germany, France, Denmark, and the United States, will have an edge in India's alternative energy market for the next few years because their windpower technologies are already feasible. Japan could capture a larger share of the market if it can develop solar energy at a competitive cost. In any case, the Indian market is likely to be small, and budget and foreign exchange restraints probably will limit India's purchases mainly to prototypes and technology transfer agreements, unless potential partners are willing to extend generous credit or trade terms.

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Gorkhaland: Creating Tensions in India's Northeast

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After signing accords ending the Mizo and Assam rebellions, Prime Minister Rajiv Gandhi is facing new separatist activity in India's northeast. The Gorkha National Liberation Front (GNLF), founded in 1980, has been increasingly active in the West Bengal hill district since early spring. GNLF supporters seek recognition of their special status as Indian citizens of Nepalese origin and believe that only through a separate state—Gorkhaland—can they guarantee their rights and privileges. Although GNLF leader Subash Ghising advocates a nonviolent approach to resolving the problem, others within the movement are likely to press for a more militant response if the government ignores their demands. [redacted]

Gorkha efforts to gain recognition of their plight were launched at least 20 years ago but drew little attention until 1979. At that time, a remark by then Prime Minister Desai referring to Nepalese as a foreign language sparked the first direct call by the Gorkhas for a separate homeland. A year later, Subash Ghising formed the Gorkha National Liberation Front. [redacted]

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Background

The Gorkhas—approximately 500,000 in all, according to Indian Government estimates—are ethnic Nepalis who live in the Darjeeling district of the state of West Bengal. Many came to the region long before the partition of India in 1947 and have become Indian citizens. More recent immigrants who still hold Nepalese citizenship also live in the area. The Gorkhas are well known throughout the world for their service in the British and Indian armies and are considered highly skilled soldiers. [redacted]

Despite a growing sense of alienation among Gorkhas in India, Ghising had little success recruiting followers until this spring, when the Indian Government summarily evicted about 7,000 Nepalis from a neighboring state. Ghising has used the incident to underscore the need for a separate state to guarantee Gorkha rights as Indian citizens despite their Nepalese roots. [redacted]

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The GNLF Program

The GNLF has based its movement on three basic demands:

- The establishment of a separate state called Gorkhaland that would be part of the Indian Union. Press reports indicate they envision the state encompassing Nepali-speaking areas of West Bengal and include the towns of Darjeeling, Kalimpong, Kurseong, Mirik, and parts of Siliguri and Jaipauri. [redacted]
- Recognition of Nepalese as an official language in the Indian Constitution.
- Revocation of Clause 7 of the 1950 Indo-Nepalese treaty. [redacted]

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The Gorkhas have long complained that the West Bengal state government is neglecting the economic development of the hill areas in which they live. They also claim they face discrimination in educational and job opportunities. Gorkha leaders argue that the West Bengalis treat all Gorkhas as outsiders, failing to distinguish between those who are Indian citizens and those who are still Nepalese citizens. The Gorkhas partly blame the 1950 Indo-Nepalese Friendship Treaty for the problem. Clause 7 of the treaty grants to citizens of both countries the right to live and own property, participate in trade and commerce, and travel without restrictions. [redacted]

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Subash Ghising, Head of the Gorkha National Liberation Front



Frontline ©

Ghising, the 50-year-old, frail-looking leader of the GNLF, devoted his early years to writing. He has published a collection of poems and 21 other books, mainly novels. He also served in the 8th Gorkha Regiment of the Indian Army during the 1950s. [redacted]

Ghising first demonstrated in support of Gorkha rights in the early 1960s. At that time he headed a youth organization—Tarun Sangh—that was responsible for the first violent activity associated with the movement. [redacted]

Ghising moved into the political limelight in 1979 when he called for a separate Gorkhaland state. After organizing the GNLF in 1980, Ghising spent several years unsuccessfully campaigning to build the group whose popularity blossomed last spring. According to press accounts, he dominates GNLF rallies and meetings and jealously guards his position by not allowing others to compete with his authority within the organization. [redacted]

Ghising has introduced a program of agitation to achieve GNLF goals. The program began with a demonstration on 13 April 1986, the Nepali New Year, and continued with a ritual burning of the 1950 treaty. The burning sparked police firing on the crowd and resulted in the death of at least 13 people. The

GNLF responded to the killings with a weeklong *bandh* (strike) in the major trade centers throughout Darjeeling district. The GNLF has used the *bandh* several times over the last few months and has found it to be an effective means of drawing attention to Gorkha concerns. [redacted]

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Ghising seems willing to give the government time to respond to GNLF demands. He originally planned demonstrations for 15 August—Independence Day in India—but on 14 August, he announced a 30-day moratorium on GNLF activity. If the government fails to respond—as is likely—other phases of the program will be carried out. These will include blockades of timber, a major export of the state; boycotts of elections and national celebrations; and the refusal to pay taxes. [redacted]

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Ghising's Base of Support

Many in both the central and state governments have been surprised by Ghising's rising popularity and the growing support for the Gorkhaland movement. Press reports indicate Ghising's backing has expanded from a small group of unemployed youths to a broad spectrum of Gorkhas resident in the hill district. He still seeks the support of Gorkhas living in the West Bengali plains region. Ghising has had some success in weaning Gorkha supporters from the state's ruling party, the Communist Party of India-Marxist (CPI-M), particularly in the tea gardens around Darjeeling, a traditional stronghold for the party. Press commentaries attribute Ghising's success to a sense among tea workers that the state government is neglecting the development of the gardens and jeopardizing their livelihood. [redacted]

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Ghising claims to have the backing of Gorkha servicemen, particularly those in retirement. Sources of US Embassy officials say ex-Gorkha servicemen are training GNLF members in guerrilla warfare and that the GNLF receives ammunition from Army camps in border districts. [redacted]

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[redacted] over the years has noted that retired Gorkha soldiers remain fiercely loyal to Nepal even after their career in the Indian Army. [redacted]

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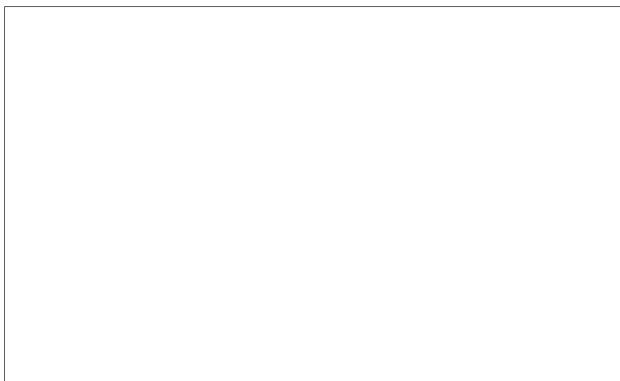
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Welcome to Gorkhaland [redacted]

A Foreign Hand at Work?

Indian officials are frequently suspicious of foreign interference in domestic concerns, and they see this in the Gorkhaland movement as well. The CPI-M in West Bengal over the last several months has accused Nepal, Sikkim, China, and the United States of interfering. They have even suspected missionaries working in the area. [redacted]



[redacted] it is clear Nepalese officials are sensitive to Indian concerns. In late August they closed a Nepalese newspaper after it devoted an entire issue to the Gorkhaland movement, even suggesting in one article that the King was involved in providing financial aid. [redacted]

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The CPI-M in West Bengal has accused the US Embassy in Kathmandu of funding the movement and claimed to have "definite information" about the involvement of the US Consul General in Calcutta. These accusations sparked a demonstration against the US Consulate in Calcutta in late August. About 1,500 people belonging to the Student Federation of India (CPI-M) attempted to force the main gate at the Consulate and failing that, vandalized property outside the consulate grounds, including smearing the walls with slogans such as "CIA—Hands Off India."

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State—Central Government Response to Movement

West Bengal state officials initially believed they could counter GNLf activity in the area by imposing curfews and assigning large police contingents to GNLf demonstrations. They also conducted a "cassette campaign" to discredit Gorkha claims. [redacted]

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Recent press interviews with the West Bengal Chief Minister indicate, however, that the CPI-M realizes it had not taken the Gorkhaland movement seriously enough. It admits it was surprised by Ghising's ability to engender emotional responses among the Gorkhas and is particularly troubled by his success in traditional CPI-M strongholds such as the tea gardens. [redacted]

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State officials insist that the only way to counter the movement is with a united state-center position against Gorkha demands, but they have been disappointed by New Delhi's equivocation toward the trouble in Darjeeling. The state has even suspected Congress Party officials of ignoring the movement in an effort to undermine the state's leftist government for its own political gain. Only recently did the central government come out officially against the GNLf's

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call for the creation of Gorkhaland within the Indian Union and revocation of the Indo-Nepalese Friendship Treaty. [redacted]

Outlook

Violence in West Bengal is likely to increase over the next several months. Supporters of the CPI-M have already responded to GNLf demonstrations by taking action into their own hands. In one instance they attacked Gorkhas watching a volleyball game and took six of them hostage. Press reports indicate that young members of the GNLf are not satisfied with Ghising's nonviolent approach and are pressing for a more militant stand against the state's efforts to end Gorkhaland agitation. [redacted]

Rajiv probably will find Gorkhaland agitation creating unwanted political tensions, particularly if he is forced to interfere in state affairs. Although he is likely to hear arguments against a conciliatory approach, Rajiv may decide to make some concessions, such as recognizing Nepali as an official language, in the hope of ending the problem quickly. He may calculate, however, that there are fewer risks in avoiding the issue. Involving the central government, particularly in a crackdown on the movement, may breed a more serious and violent movement and even encourage Gorkha servicemen to support it. He also would open his Congress Party to Communist blame for any intensification of the problem. Both the CPI-M and the Congress parties are likely to exploit the Gorkhaland issue to strengthen their political position in West Bengal for elections scheduled for February 1987. [redacted]

Increasing violence by either GNLf or state government supporters would have a significant effect on the economic well-being of West Bengal state. The principal industries of the Darjeeling district are tea, timber, and tourism, and all three are already feeling the pinch. Businessmen in the hill district have told US Embassy officials that the most notable consequence of the trouble has been a reduction in tourist bookings—possibly by as much as 70 percent—during the past season. Businessmen and traders also note a loss of approximately \$3.3 million in revenue for the tea industry and claim that many gardens are on the verge of collapse. One estate was forced to close because Nepali workers were fleeing the area. Moreover, Ghising plans to prevent timber from being cut or moved out of the hill district. [redacted]

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Declining Health Services in Iran [redacted]

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The provision of health services in Iran is deteriorating because of the war, severe shortages of foreign exchange, and Islamic doctrine. Except for the wealthy and politically privileged, lower-quality health care affects practically all Iranians and is starting to breed discontent among lower- and middle-class supporters of the regime. The doctors' strike in Tehran in mid-July underscores the tension between medical professions and regime leaders but represents only one of many problems in Iranian health care. Others include major shortages of doctors and nurses, acutely low supplies of pharmaceuticals, an increase in sanitation-related diseases and deaths, a shortage of hospital beds, and an increased incidence of mental illness. There are no indications that Iran's health care will improve, and most Iranians have little choice but to endure. [redacted]

Impact of the Revolution on Medicine

The institution of the Islamic regime in 1979 caused fundamental changes in Iran's health care. At least half the estimated 15,000 doctors and thousands of other medical personnel left the country after Khomeini came to power. Most sought to escape a regime they considered intolerable. The shortage of female nurses probably became even worse than that of doctors because the government enforced Islamic doctrine prohibiting women from treating men. Most trained registered nurses were assigned to female wards or demoted to nonnursing positions. [redacted]

Iran also suffers an acute shortage of pharmaceuticals, including vaccines, because of government policies and the medical demands of the war. Shortly after the revolution, the regime closed many pharmaceutical factories, the first step toward controlling the industry. Many were later reopened to meet the demand for drugs, but most skilled technicians and managers had either been fired or fled the country. They were replaced with poorly trained regime supporters. Quality control throughout the industry dropped sharply, and the production of several medicines ceased because of manufacturing

problems. In addition, a government decision to allow only generic names for medicines rather than use the names employed by foreign chemical suppliers has resulted in widespread confusion among doctors and patients. The incidence of many diseases has increased because of vaccine shortages. [redacted] in some areas outbreaks of malaria and tuberculosis have reached serious proportions. [redacted]

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The Khomeini regime appears less concerned about sanitation than its predecessor, viewing excessive interest in personal hygiene as a sign of Western decadence. This attitude is largely responsible for large increases in disease and infection. Filling medical jobs with poorly or partly trained personnel has worsened the problem. [redacted] the mortality rate from major surgery or serious illness has greatly increased since the Shah's reign. [redacted]

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[redacted] Deaths due to cholera and other gastrointestinal diseases have jumped 50 percent since the revolution, [redacted] and the incidence of relatively minor ailments like scabies and conjunctivitis has risen as well. [redacted]

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Effects of the War

The war with Iraq has worsened Iranian health care problems. The need to treat large numbers of wounded soldiers has frequently depleted supplies of blood, blood plasma, medicines, and hospital beds. The war is probably responsible for a reported increase in the incidence of mental illness, including suicides, [redacted]

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Having a Baby in Iran

Shortages of vacant hospital beds, properly trained medical personnel, and pharmaceuticals make having a baby in Iran particularly difficult.

Has AIDS Come To Iran?

[redacted] suspected cases of AIDS have been reported in Iran. The low quality of health care and high demand for blood supplies because of the war could make Iran susceptible to a rapid spread of the disease. The government blames existing cases on blood transfusions abroad and has organized several medical conferences to discuss AIDS. [redacted]

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The war's drain on shrinking oil revenues and other foreign exchange has limited imports of pharmaceuticals and food, as well as the hiring of foreign medical personnel. The types of imported medicines have been cut from thousands to hundreds in recent years. The supply shortfall has become so critical that the National Iranian Industrial Organizaion recently listed pharmaceuticals ahead of bread, eggs, and meat in its priority list of imports. Food shortages also have been cited as a cause of medical problems. Iranian physicians recently complained about insufficient food rations and attribute the increased incidence of stillbirths and birth defects to a general decline in nutritional levels. To meet the demand for medical personnel, doctors from India, Pakistan, Bangladesh, and the Philippines have been hired, but foreign physicians have been insufficient to fill current needs. [redacted]

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Political Repercussions

Those medical professionals who have remained in Iran are increasingly upset not only by the worsening status of health care, but also by regime policies such as mandatory military service. They also are angered by government maneuvers designed to limit their political influence. All physicians under 55 are required to serve one month a year at the front, but many bribe officials to avoid military service. The doctors' strike in mid-July—the second this year—was a protest against regime efforts to assume control of the Iranian Medical Council (IMC), an

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independent governing body similar to the American Medical Association. The doctors were further incensed by the arrest and reported torture of the IMC's former leader before he was replaced by the former Minister of Health, Dr. Hadi Manafi. The regime apparently seeks to control the IMC through Manafi and the Ministry of Health and thus weaken the power physicians derive from their badly needed skills.



Inadequate medical care is causing complaints among military personnel and civilians but does not threaten the regime. Some Army personnel are upset that Revolutionary Guards receive preferential medical treatment. According to an Iranian refugee, only wounded Guard personnel—not regular armed forces members—are sent to Europe when sophisticated medical care is required. There also have been reports of injured Army troops going without medical care because of the pervasive shortage of doctors and supplies. The two-tier medical care system that existed during the Shah's reign—one quality level for the rich and another for the poor—continues, [redacted] Many Iranians have found, however, that the low-quality services once widely available are hard to find. [redacted]

Outlook

The economic drain of the war, low oil revenues, and shortages of doctors and medicines point to a further deterioration in health care. Private physicians almost certainly will be ordered to make additional sacrifices for the war effort, and the regime will use force if necessary to attain compliance. As a result, discontent over medical issues almost certainly will increase. The badly needed skills of doctors will provide them with some leverage, but their influence is insufficient by itself to threaten the government. Iranian leaders will continue to deflect criticism by blaming medical problems on the Iraqi regime for starting the war and on self-serving doctors. [redacted]



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Near East and South Asia Brief

Tunisia

Economic Reform Efforts

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During the past month, the Tunisian Government has instituted a currency devaluation and other economic reforms to eliminate mounting deficits and curry favor with the international donor community. In addition to the 15-percent devaluation announced in mid-August, Tunis has:

- Indirectly increased bread prices by reducing the size of loaves sold.
- Raised prices for local staples of couscous and pasta.
- Announced the first sale of public enterprises in the construction, textile, and tourism sectors.
- Furloughed nearly 1,000 public-sector workers.
- Adopted budget cuts totaling about \$70 million.
- Inaugurated a "national loan" program with the objective of raising \$25 million through individual donations.

The government also approved further reforms to be implemented in the next few months, including price increases for milk, sugar, and cooking oil and layoffs of an additional 3,000 workers. Tunis, however, ruled out rescheduling any of its nearly \$1 billion in debt service payments due this year.

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Internal opposition to the reforms has been muted. Nevertheless, the Bourguiba government is concerned about the need for a steady stream of foreign aid to maintain domestic stability. Tunis is hoping the IMF team visiting the country will be impressed with the reforms to date and approve a pending \$180 million standby loan. The government also hopes to impress the World Bank before talks begin in Washington later this month on a \$125 million agricultural-sector loan. Moreover, Tunis is counting on its newly adopted austerity measures to sway Western governments—particularly the United States and France—to provide immediate balance-of-payments support. Tunisian reserves now cover less than four days' worth of imports.

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