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Near East and South Asia Review

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**Near East and
South Asia Review**

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Sri Lanka's Politics Heat Up

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Last month's peace agreement between India and Sri Lanka aimed at ending the Tamil insurgency is changing Sri Lankan party politics. New life has been breathed into President Jayewardene's Sinhalese opposition, Tamil militants have moved closer to the political mainstream, and the ruling United National Party has become a target of Sinhalese terrorists.

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Succession Prospects in Sri Lanka

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The next leadership change in Sri Lanka most likely will occur with the national election scheduled for 1989, but President Jayewardene's recent signing of the Indo-Sri Lankan peace accord amid strong domestic opposition increases the likelihood of his forced removal. Prime Minister Premadasa, who opposes the peace accord, is the most likely successor.

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India-Sri Lanka: Prospects for Sustained Military Intervention

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India can maintain a sizable military presence in Sri Lanka virtually indefinitely, but it will face problems enforcing the Indo-Sri Lankan peace accord in the face of determined Tamil or Sinhalese opposition. India will avoid any long-term engagement that will leave its troops in Sri Lanka caught in the middle of renewed fighting.

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Bangladesh: Is Another Coup Imminent?

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Bangladesh's President Ershad is losing support from the nation's Army. No figure has emerged as a clearly preferable alternative to Ershad in the Army's eyes, but there are rumors of coup plotting.

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[Redacted]

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Pakistan: Rough Waters for New Maritime Agency [Redacted] 17
[Redacted]

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Pakistan inaugurated its new Maritime Security Agency early this year to protect the country's territorial waters and defend its economic rights in the Arabian Sea. The Agency has achieved some success in apprehending trespassing foreign fishing vessels, but half-staffed ranks, outdated equipment, and low morale limit its operational capabilities. [Redacted]

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Pakistan: Political Conflict Inundates Kalabagh Dam [Redacted] 21
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The Pakistani Government is slowly moving forward with plans to develop the Kalabagh Dam in Punjab despite near unanimous opposition outside the province. Although the project could substantially improve Pakistan's energy outlook, a firm decision to begin the project will not take place before the 1990 election. [Redacted]

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The Enemy of Our Enemy: China and the Afghan War [Redacted] 25
[Redacted]

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China's low-key support for the Afghan resistance contrasts sharply with the media prominence given Pakistani and Iranian support, but opposition to the Soviet presence in Afghanistan remains an integral part of Chinese foreign policy. Beijing supports the Afghan resistance to increase the costs of the war and force a Soviet withdrawal. [Redacted]

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Afghanistan: Mine Warfare Takes a Toll [Redacted] 29
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Mine warfare has had a significant impact on military operations in Afghanistan. The extensive use of mines by Soviet, Afghan regime, and insurgent forces has caused high military and civilian casualties, and the development of reliable countermeasures has become increasingly difficult. [Redacted]

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Syria: Debating Policy on the Iran-Iraq War

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President Assad has initiated a controlled debate among his closest advisers on Syria's support for Iran in its war with Iraq. Although all key decisionmakers recognize that Iran's long-term Islamic agenda conflicts with Syria's secular goals, opinions differ on the value of the alliance in the shorter term.

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Syria: Wheat Shortages Highlight Economic Vulnerabilities

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Syria is caught in a cycle of recurring wheat shortages that have emerged as the most serious aspect of the country's economic crisis. President Assad will be forced to continue to make minor political concessions to obtain aid to weather the wheat shortages expected later this year.

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Beirut: Economic and Social Turmoil

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The continuing power struggle in Lebanon has transformed Beirut—once the commercial, intellectual, and tourist center of the Arab world—into a lawless militarized zone contested by confessional and ideological factions. Beirut will continue to display a curious dynamism, but the prospect for economic recovery is diminishing.

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Egypt and the M1A1 Tank: The Push for Coproduction

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Cairo welcomes the preliminary agreement to eventually coproduce the M1A1 tank as a sign of US intent to help Egypt continue its force modernization and to develop its military industries. Cancellation of the deal would temporarily hurt Cairo's relations with Washington and could lead to the resignation of Defense Minister Abu Ghazala.

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[Redacted]

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Morocco has in the past few years expanded its unofficial ties to Israel. King Hassan sees these contacts as part of a larger effort to position his country as a bridge between the Arab states and the West, but he realizes that getting too far ahead of the Arab consensus increases the risk of terrorism, assassination, and radical Arab sanctions. [Redacted]

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[Redacted]

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Some articles in the Near East and South Asia Review 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 view of a single analyst; an item like this will be designated as a noncoordinated view. [Redacted]

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Near East and South Asia Review

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Articles

Sri Lanka's Politics Heat Up

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Last month's peace agreement between India and Sri Lanka aimed at ending the Tamil insurgency is changing Sri Lankan party politics. Successful implementation of the agreement is far from certain, but its provisions have already breathed new life into President Jayewardene's Sinhalese opposition, moved Tamil militants closer to the political mainstream, and made Jayewardene and his ruling United National Party targets of Sinhalese terrorists opposed to the accord. Although preparations for elections in Tamil areas of Sri Lanka are making progress and the accord enjoys support among most Tamils, divisions among Tamil leaders and continuing Sinhalese opposition threaten to delay a return to elected government in war-torn areas.

The Sinhalese Opposition

The Sri Lanka Freedom Party. The Sri Lanka Freedom Party (SLFP) is the official opposition to President Jayewardene and his ruling United National Party (UNP). During the last general election in 1977, the SLFP won only nine seats in Parliament and has had little impact on government policies since then. According to the US Embassy in Colombo, the SLFP has consistently opposed all proposals on Tamil autonomy offered by the government and played almost no part in more than two years of sporadic negotiations between Colombo, New Delhi, and Tamil leaders. Although her political rights were restored in 1986, SLFP leader Sirimavo Bandaranaike has been unable to regain her seat in Parliament.

The SLFP, however, remains a powerful political force in Sri Lanka, especially in rural Sinhalese areas. The SLFP's close ties to senior members of the Buddhist clergy have given the party access to an extensive network of temples and Buddhist leaders

throughout villages in the Sinhalese south. Embassy sources also suggest support for the SLFP may be increasing because Jayewardene's UNP has held power for 10 years and voters are likely to seek a switch in ruling parties during the scheduled election in 1989.

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The SLFP's ability to provoke antigovernment protests and rioting, in our view, has enhanced the party's political power. Without sanctioning Marxist revolution, the SLFP has forged operational ties to the radical Janatha Vimukthi Peramuna (JVP). The SLFP shares the JVP's hardline Sinhalese chauvinism, opposition to Jayewardene, and strong support in rural areas of the south. the SLFP drew upon its ties to the Buddhist clergy to incite antigovernment protests in response to last month's peace accord.

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Sinhalese opposition to the peace accord between India and Sri Lanka is likely to enhance the party's clout in domestic politics.

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the SLFP is trying to unite disaffected members of the ruling UNP and members of the Buddhist clergy to oppose the accord and will use threats against members of Parliament and their families to prevent ratification. Prospects for control of Sinhalese areas in Eastern Province by a Tamil-dominated provincial council are likely to give the SLFP a rallying point. Prolonged Indian troop deployment will help the SLFP fuel traditional fears of Indian invasion and destruction of Sinhalese culture.

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The Janatha Vimukthi Peramuna. Proscribed by the government since 1983 as a subversive organization and scorned by Sri Lanka's traditional leftist parties, the JVP has the arms, money, and organization to threaten the government's stability. [REDACTED]

[REDACTED] the JVP has recruited at least 5,000 members serving in the Sri Lankan armed services, police, and civil service in addition to 4,000 deserters. The US Embassy in Colombo estimates total JVP strength is between 20,000 and 65,000, including growing numbers of Sinhalese university students. The government claims the JVP has amassed at least 1,000 weapons—mostly shotguns stolen from government armories and police stations. [REDACTED]

The signing of the Indo-Sri Lankan peace accord has heightened government fears of JVP efforts at subversion. The US Embassy reports the JVP was probably responsible for organizing some of the Sinhalese rioting immediately following the signing of the accord. Colombo has accused the JVP of launching the attack on Jayewardene in Sri Lanka's Parliament on 18 August that killed one member of Parliament and injured 14 others. [REDACTED]

[REDACTED]

The JVP's revolutionary goals reflect the group's roots among poor, low-caste Sinhalese of the deep south. According to Embassy sources, many poor Sinhalese in the south are economically worse off than they were 10 years ago when Jayewardene launched his economic liberalization program. Relying on its good organization, the JVP has exploited a growing resentment—fueled by caste differences with the ruling elite in Colombo—among these economically hard-pressed Sinhalese and is rapidly expanding its membership. [REDACTED]

The Buddhist Clergy. Sri Lanka's Buddhist clergy enjoys ties to both the government and Sinhalese opposition and holds traditional authority throughout the southern rural areas. Senior members of the clergy have long pressed Jayewardene to protect Sinhalese interests and avoid capitulating to Tamil

autonomy demands. Academic research indicates the clergy's hard line on Sri Lanka's communal strife reflects traditional expectations that secular rulers must preserve and protect Sinhalese culture. The failure of S.W.R.D. Bandaranaike to address Buddhist demands after his election as Prime Minister in 1956 fostered the conspiracy of Buddhist monks who assassinated him in 1959. [REDACTED]

The strong opposition to the peace accord from Buddhist monks—especially young ones who are willing to use violence—is likely to undermine Sinhalese support for the UNP. Jayewardene will not allow his relations with the main orders of Buddhist monks to deteriorate further, risking their defection to the SLFP and its radical JVP allies. Continued confrontation with the clergy could also undermine the UNP's strong electoral base in Sinhalese rural areas before the election in 1989. Regardless of Jayewardene's efforts at reconciliation, he almost certainly will have difficulty persuading the Buddhist clergy that a single Tamil-dominated province including a sizable Sinhalese population will serve Sinhalese interests. [REDACTED]

Tamils and Mainstream Politics

The suspension of hostilities between the government and Tamil insurgents has increased prospects for a return to electoral democracy in war-torn areas. Colombo has announced its intention to hold byelections for 16 seats in Parliament left vacant in 1983 by Tamil politicians of the moderate Tamil United Liberation Front (TULF) who refused to renounce Tamil separatism. Press reports indicate the Indian troop presence has enabled Colombo to reopen some police stations in war-torn areas of the north and east in a preliminary effort to reestablish a civil administration, usurped by Tamil insurgents. Some Tamil moderates in self-imposed exile in South India have already returned to Sri Lanka to discuss implementation of the peace plan, according to press reports. [REDACTED]

Tamil militant leaders are also making preparations for elections. [REDACTED] the main Tamil insurgent group—the Liberation Tigers of

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Tamil Eelam—and a smaller insurgent group have begun to establish political offices throughout Eastern Province aimed at building popular support among Tamils and Muslims. [] the Tigers are also conducting symposiums to promote Muslim and Tamil harmony. The efforts of insurgent leaders to cultivate popular support are the clearest indication of their intention to abide by the accord and prepare for elections to the provincial council. The insurgents' lack of administrative experience and education, however, are likely to make voters wary of giving them full support soon. []

The depth of popular support among Tamil civilians for the TULF is also uncertain. Proscribed from mainstream politics and forced into exile in 1983, the TULF's aging leadership has had few opportunities to assert a political role anywhere in Sri Lanka. Although New Delhi enhanced the TULF's credentials by inviting its leaders to participate in Tamil autonomy talks throughout 1986, Tamil insurgent leaders have drawn greater public support since returning to Sri Lanka, eclipsing the return of Tamil moderates. []

Outlook

We believe a resumption of electoral politics in war-torn areas of Sri Lanka will depend largely on Colombo's ability—with Indian backing—to quell

Sinhalese opposition to the accord. Hardline Sinhalese opponents of the accord have already threatened members of the UNP loyal to Jayewardene and are well positioned to assassinate Sinhalese politicians participating in elections to the proposed provincial council. Although New Delhi would almost certainly attempt to guarantee the safety of candidates, even limited electoral violence could arouse doubts among all parties of the legitimacy of the contest and delay a return to elected government in the Tamil areas.

Successful elections will also depend on the ability of Tamil militants and moderates to forge a consensus. Tamil moderates have shown no support for the Marxist leanings of the major insurgent groups and have lived under constant threat of assassination from the militants over the last four years. Unless the Tamil parties can mend relations, election violence is likely and a restoration of stable political relations between Sinhalese and Tamils will almost certainly be delayed. []

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Succession Prospects in Sri Lanka [REDACTED]

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The next leadership change in Sri Lanka most likely will occur with the national election scheduled for 1989, but President Jayewardene's recent signing of the Indo-Sri Lankan peace accord amid strong domestic opposition increases the likelihood of his forced removal. Prime Minister Premadasa would be the most likely candidate to become president.

Premadasa, who opposes the peace accord because of its concessions to both India and the Sri Lankan Tamils, has strong support among voters and considerable influence in the ruling United National Party (UNP). His challengers include several other Cabinet ministers from the UNP and former Prime Minister Bandaranaike, the leader of the opposition Sri Lanka Freedom Party (SLFP). Premadasa has largely avoided foreign policy issues during his decade as prime minister, but his support for the UNP's free-market economic policy suggests he would favor economic cooperation with the United States. [REDACTED]

Jayewardene's agreement to allow Indian troops into Sri Lanka and give New Delhi some control over Sri Lankan decisionmaking heightens the possibility of political challenges from opposition leaders and members of his own party. Jayewardene's opponents have staged several public protests and are working behind the scenes in Parliament to challenge the accord. [REDACTED]

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Jayewardene's Challenges

President Jayewardene's decision to sign the Indo-Sri Lankan peace accord has led to greater threats to his personal security, particularly from Sinhalese chauvinists who believe he made too many concessions to the Tamils. The militant Sinhalese opposition is led by a proscribed Marxist organization, the Janatha Vimukthi Peramuna (JVP). According to the US Embassy in Colombo, the JVP was responsible for organizing some of the violent antigovernment protests following the accord. Press reports indicate Colombo also suspects the JVP was responsible for an assassination attempt on Jayewardene on 18 August that killed one member of Parliament and injured 14 others. Hardline Sinhalese military officers also may try to unseat the President in a coup. [REDACTED]

[REDACTED] however, say many in the military are less concerned with the political implications of the concessions to the Tamils than with the benefits of ending an increasingly costly military campaign. [REDACTED]

Although Jayewardene's opponents will use the accord to encourage popular dissatisfaction with his leadership, we believe his control of the ruling party assures his hold on power until the national election in 1989. The ruling UNP holds a five-sixths majority in Parliament, and Jayewardene almost certainly has enough support among UNP members of Parliament to defeat easily any challenge to his leadership from within the party. He also has threatened to dissolve Parliament if UNP members fail to support the accord. We believe most UNP members will heed the threat because they have not faced elections in 10 years and are ill prepared for the rigors and expense of a campaign. [REDACTED]

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Jayewardene's opponents may try other political means to remove him from office, but these are far less likely. The only constitutional means to replace him before the national election in 1989 is through impeachment. [REDACTED]

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Succession Mechanics

Prime Minister Premadasa would be the most likely successor under almost all succession scenarios. Premadasa would automatically become interim president if Jayewardene, who is 81, were to die in office. Premadasa could serve in that position for a maximum of one month while Parliament elected a successor, who would then hold office until the

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How Could Jayewardene Be Impeached?

The Sri Lankan Constitution states that any member of Parliament can introduce a resolution alleging the President is incapable of discharging his duties if he is guilty of intentional violation of the Constitution, treason, misconduct involving the abuse of his office, or any offense under any law. The Constitution requires the member of Parliament filing the accusation to detail the transgression. The Speaker of Parliament can place the resolution on the agenda if two-thirds of the members sign it or if half sign it and the Speaker is satisfied that the allegations merit inquiry. If the resolution is passed by a two-thirds majority (including those not present for the vote), the allegation is referred to the Supreme Court for inquiry and a report. The Supreme Court then must report its findings to the Parliament. If the court decides the President is guilty of the allegations in the resolution, the Constitution requires a vote of two-thirds of Parliament to impeach the President.

scheduled end of the term. Using its parliamentary majority, we believe the UNP could ensure the election of a UNP successor to finish Jayewardene's term. []

We believe party and popular support for Premadasa will help him secure the UNP nomination. US Embassy sources say Premadasa probably can command between 50 and 80 of Parliament's 145 UNP votes, either because he has served as a mentor for UNP parliamentarians or because he has loaned them money. Party members recognize him as a politician who has paid his UNP dues. Premadasa began his political life in Sri Lanka's trade union movement and was later active as a UNP organizer. He became Prime Minister in 1978 after holding a parliamentary seat for Colombo since 1955. []

In addition, Premadasa has for years parlayed his post as Minister of Local Government, Housing, and Construction, which he still holds, into a powerful base of grassroots support and a means to burnish his

populist credentials. According to the Embassy, his "Million Houses" scheme, initiated in 1977, has helped to improve housing and living standards in poor Sinhalese areas. About 60,000 homes were underwritten in 1986 alone. Premadasa has buttressed his popular support with weekly visits to the new development areas. Premadasa, unlike other Sri Lankan political leaders, also benefits from an experienced and well-connected staff, according to the Embassy. His staffers have used his visits to development projects to cultivate local party ties that would prove useful during a national campaign. []

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Premadasa's family background—he is from a low, small, washerman caste—is his most serious handicap and, according to the Embassy, his only major impediment to reaching the presidency. Sri Lanka's chief executives have always been prominent members of the large, high-caste goyigama, a farmers' caste. Election of a low-caste president would be a watershed in Sri Lanka's caste-ridden politics, and Premadasa's detractors argue that caste alone will prevent him from winning the presidency, according to the Embassy. Embassy officials say rival high-caste UNP members accept him as a leader with strong reservations because of his caste, noting that some even refused to attend Cabinet sessions Premadasa chaired during his early years as Prime Minister. Embassy sources, however, believe—and we concur—that caste has lessened as a political determinant in Sri Lanka, though it continues to play a major social role in, for example, arranged marriages. We believe his populist and devoutly Buddhist image will help him overcome his caste disadvantage. []

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Premadasa's Rivals for the Presidency

Premadasa's most serious UNP rivals are National Security Minister Athulathmudali and Minister of Land, Land Development, and Mahaweli Development Gamini Dissanayake. Athulathmudali attracts hardline Sinhalese who favor his strong security measures against the Tamils, and Dissanayake has won some support for his role in Sri Lanka's large Mahaweli irrigation and land

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development project. Both men, however, have slipped in popularity over the past year. Athulathmudali is more closely associated than Premadasa with Jayewardene and the peace negotiations and has suffered because hardline Sinhalese either blame guerrilla successes on poorly trained government security forces or see government conciliation efforts as a sellout of Sinhalese interests. [REDACTED]

[REDACTED] His support for the peace accord, however, would probably win him backing from Jayewardene's followers in Parliament. [REDACTED]

Outside the UNP, the main challenge to Premadasa comes from leaders of the opposition SLFP, which includes former Prime Minister Bandaranaike and her son Anura. The SLFP holds only nine seats in Parliament, but a Sinhalese chauvinist backlash against the UNP "sellout" to the Tamils may help Bandaranaike make a strong run for the presidency in 1989. [REDACTED]

Outlook and Implications for the United States

We believe any successor to Jayewardene in the near term would be less committed to implementing the peace accord. None of the President's likely successors favors the agreement. Over the long term, however, if Sinhalese opposition to the accord wanes, we believe potential successors from the UNP—particularly Premadasa—would try to minimize their opposition to the accord to avoid stirring up Tamil-Sinhalese tension during the next administration. [REDACTED]

Premadasa as President. Premadasa's economic interests suggest he would look favorably on economic cooperation with the West if he were to become president. Premadasa, with his merchant constituency, has a strong reputation as a pragmatic, pro-business Minister. We believe he would strongly favor continuation of the Jayewardene government's market-oriented economic policies. [REDACTED]

As Prime Minister, Premadasa has concentrated on domestic affairs and has rarely spoken out on foreign policy issues. He long avoided taking a position on Sri Lanka's communal problems, but he is widely regarded as strongly anti-Indian. He argues that India, unhappy with Sri Lanka's foreign policy independence since the UNP's rise to power in 1977, is trying to teach the Sri Lankan Government a lesson. US Embassy officials say he believes that India's policy of regional hegemony played a role in New Delhi's support for the Tamils. Premadasa also has said that the Soviet Union is encouraging India to press Sri Lanka to accept the Nonaligned Movement's lead on foreign policy. [REDACTED]

SLFP Leadership. The accession of an SLFP leader probably would lead to a government less willing to cooperate with the United States than Jayewardene. During her two terms as prime minister (1960-65, 1970-77), Bandaranaike favored a socialist-oriented economy, nationalizing banks, private industries, and most schools. US-Sri Lankan relations during her periods in office were regularly marked by tensions. After she returned to power in 1970, for example, she expelled Peace Corps and Ford Foundation personnel and terminated some US programs, claiming they were fronts for US intelligence operations. [REDACTED]

More recently, SLFP leaders have said they would favor a more genuinely nonaligned policy, according to the Embassy. In addition, at an SLFP convention in 1986, the SLFP bucked proponents of its earlier socialist-oriented economic programs and issued a platform saying it would maintain the country's open economy, expand the free trade zone, and promote exports. [REDACTED]

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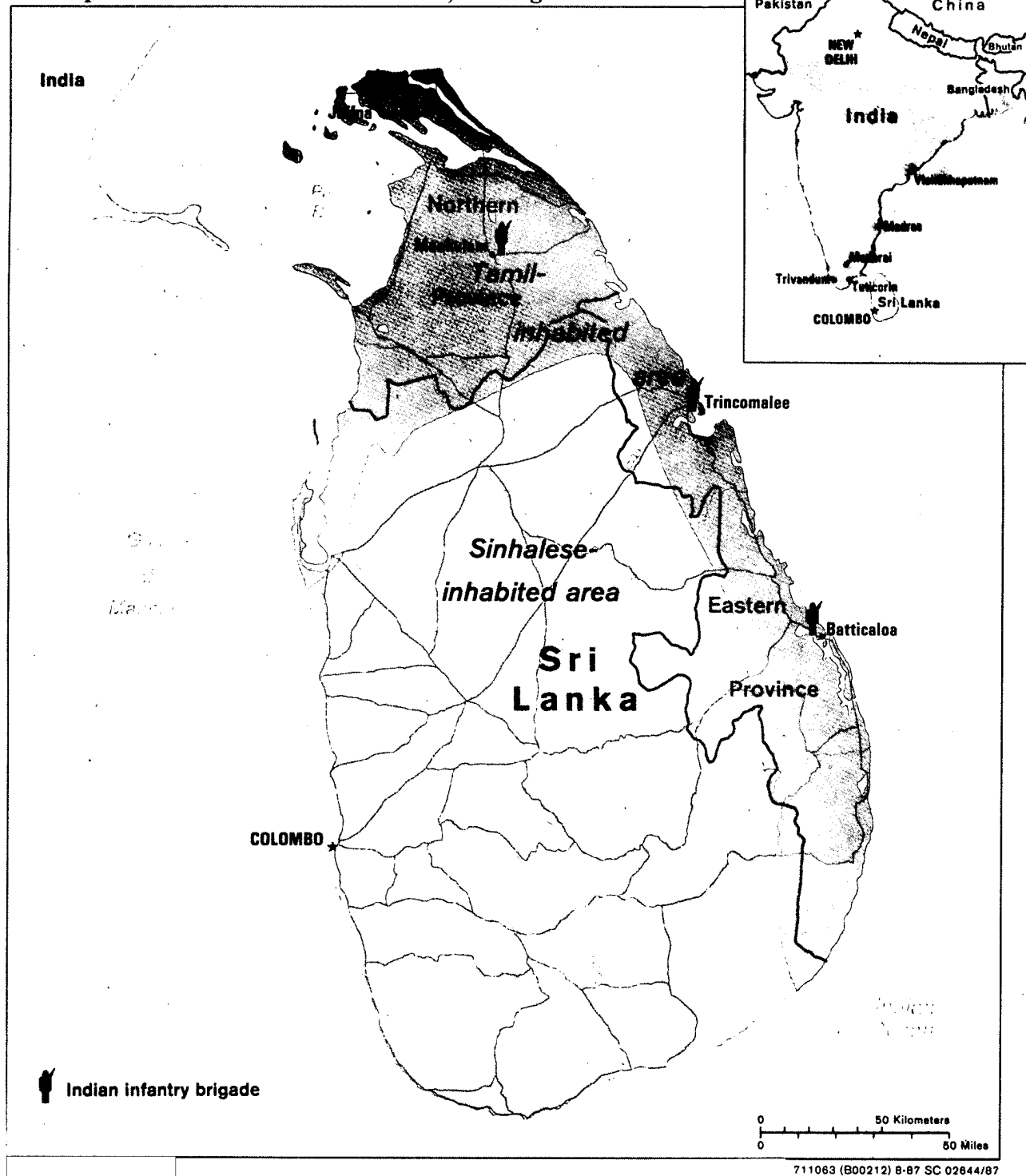
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Buildup of Indian Forces in Sri Lanka, 14 August 1987

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India-Sri Lanka: Prospects for Sustained Military Intervention []

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India can maintain a sizable military presence in Sri Lanka virtually indefinitely, but it will face problems enforcing the Indo-Sri Lankan peace accord in the face of determined Tamil or Sinhalese opposition. We believe Tamil insurgents will retain sufficient weapons to resume military activity despite provisions in the accord for arms surrender. Indian troops and Sri Lankan officials will become increasingly likely targets of terrorist attacks by young Sinhalese radicals, especially if joined by Sri Lankan Army units. In our judgment, New Delhi will use whatever military force it believes necessary to enforce the accord, but it will avoid any long-term engagement that will leave its troops in Sri Lanka caught in the middle of renewed fighting. []

India's Intervention in Sri Lanka

Within hours of the signing of an accord between New Delhi and Colombo on 30 July for an end to Sri Lanka's internecine fighting, Indian troops began landing on the island's northern Jaffna Peninsula to serve as a "peacekeeping force." Forces had been on heightened alert in southern India at least since early June, when New Delhi airdropped supplies into Jaffna to provide relief to Tamil civilians suffering under the government's three-month blockade of the insurgent-held peninsula. Although the Indians may have planned originally to fight the Sri Lankan Army, the accord calls for Indian troops to secure key areas, monitor and enforce the cease-fire, and assist Sri Lankan authorities in receiving weapons surrendered by the insurgents. []

The Indian occupation of northern Sri Lanka was swift. Approximately 3,000 troops from the 54th Infantry Division, augmented by BMP armored personnel carriers, were airlifted to the Jaffna peninsula in a matter of days and established a line separating Sri Lankan security forces from the insurgents. The aircraft then began transporting Sri Lankan Army units south to Colombo, where they were needed to quell Sinhalese rioters. []

Within a few days, the Indian Navy began ferrying additional 54th Division troops to Trincomalee. This force, also about 3,000 strong with some BMPs, secured the city and moved north and northwest. It soon linked up with troops moving south from Jaffna and then moved south to Batticaloa—relieving Sri Lankan Army units and helping accept surrendered arms from the insurgents. []

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About 10,000 Indian troops had arrived in Sri Lanka by the end of the first two weeks of intervention. These forces probably included all three maneuver brigades of the 54th Division, a brigade of the 18th Infantry Division, attached BMPs, and at least four batteries of artillery from the 50th Parachute Brigade. The four brigades probably were operating out of Jaffna and Mankulam in the north and Trincomalee and Batticaloa in the east—well deployed to control Tamil areas. According to the [] [] has made plans to bring over the rest of the 54th Division and units from other divisions—including tanks—that could bring the number of Indian troops in Sri Lanka to around 25,000 within a few weeks. []

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Sri Lanka as a Battleground

We believe the Indians will have little difficulty maintaining a large and extended military presence in Sri Lanka. A sizable slice of India's 1.1 million-man Army has no immediate border commitments and, in our judgment, can be kept supplied almost indefinitely from bases in southern India by naval craft and Air Force transports. The major determinant of the duration of the Indians' stay will be New Delhi's ability to implement the accord's provisions, which in turn depends on the degree of resistance from either the Sinhalese or Tamils. []

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India's Military Intervention Capabilities

India has sizable forces to project military power in the Indian Ocean. The Indians can transport up to two infantry brigades—as many as 5,000 men—with accompanying artillery and armor in a single amphibious operation. The Navy has nine recently acquired Soviet- and Polish-built Polnocny class mechanized landing craft and eight utility landing craft stationed with its amphibious squadron at Vishakhapatnam on the east coast. Press reporting indicates the Indians have finished construction of an indigenous mechanized landing craft and plan to build another. The Navy exercises its amphibious squadron annually, escorted by submarines, frigates, destroyers, and one of its two aircraft carriers in joint operations with the Army and Air Force. According to [redacted] some recent exercises have included civilian ships that help bolster the fleet's troop lift and logistic support capacity. [redacted]

The Army's 54th Infantry Division—about 16,000 strong—is India's frontline force for intervention in Indian Ocean states. The 54th Division, stationed in the south, has long experience in amphibious operations, and its 91st Brigade—about 2,500 strong—is often deployed in the Navy's annual exercises. Other divisions stationed in southern and central India with no immediate border commitments are likely to be ordered to provide follow-on echelons in a large intervention. [redacted] the Army has proposed the creation of a standing marine force, patterned after the US Marine Corps, as well as an air assault division of helicopter-borne troops for highly mobile operations, and it appears to be planning to use the 54th Division as the nucleus for

these forces. The Army also is planning to buy about 150 upgraded Swedish IKV-91 amphibious tanks, some of which we believe would replace the 54th Division's aging T-55 tanks. [redacted]

India has improved its ability to support its intervention forces with airpower as well as deploy airborne forces. The Air Force has 10 Soviet-built IL-76 heavy transports and around 100 AN-32 medium transport aircraft and plans to buy 15 more IL-76s and 20 more AN-32s. The Air Force also has augmented its fleet of Soviet-built MI-8 transport helicopters with larger, more powerful MI-17s. The Air Force's transport fleet is capable of carrying follow-on echelons of Indian troops into Sri Lanka quickly and supplying them until local bases are established. These aircraft could also deploy to Sri Lanka all of the 4,500-man 50th Parachute Brigade in an airborne assault, should that type of quick reaction be necessary. Combat air support for Indian ground forces would probably be provided by deploying to the south some of the Air Force's 50 Jaguar strike aircraft or 40 Mirage 2000 multirole aircraft as well as land- or carrier-based Sea Harrier jump-jets of the Indian Navy. [redacted]

[redacted] All services have permanent or temporary facilities in Madras that can be augmented and used to coordinate operations near or in Sri Lanka. [redacted]

Resistance to Indian troops is more likely to come, at least in the short term, from Tamil insurgents. So far, India's military presence in Sri Lanka is confined to Tamil-dominated areas of the Northern and Eastern Provinces. Press reporting indicates that in the two weeks following the accord the most powerful insurgent group, the Liberation Tigers of Tamil

Eelam, surrendered only about 800 weapons—mostly old ones—of the 5,000-piece arsenal we estimate they possess. Tiger leaders promised to surrender their weapons by New Delhi's 18 August deadline but

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turned in only a couple hundred more. The Indian Army estimates the Tiger arsenal at 2,000 pieces—which we believe is too low and may allow for a weapons surrender acceptable to New Delhi but still leaves a substantial amount of arms in insurgent hands. Colombo believes Tamil groups are hiding caches of arms in the north and east as well as spiriting some to supposed safety in southern India. The Indians may eventually have to press the Tamil leadership to surrender more weapons to preserve the accord. If this is unsuccessful, the Indians are likely to decide their only alternative is to mount extensive cordon-and-search operations to root out and seize major portions of the insurgents' arsenal. Such operations would increase chances of armed resistance to the Indians. []

As the Indian presence drags on, chances of resistance from Sinhalese radicals will grow. So far, Sri Lankan President Jayewardene has been successful in countering Sinhalese political opposition to the peace accord and maintaining the loyalty of the Army in quelling rioting and other acts of violence by dissatisfied Sinhalese. Still, Sinhalese chauvinism runs deep among political opposition leaders and military officers. Radical groups adamantly oppose the accord and may exploit their contacts with mainline Sinhalese organizations to undermine it. Colombo is concerned that Sinhalese radicals have infiltrated the armed forces, giving them access to military training and eventually the ability to weaken the military's loyalty to the present government, []

We believe Sinhalese radicals are capable of launching terrorist attacks against Indian forces and government officials—such as the hand grenade attack on the Sri Lankan Cabinet on 18 August. These attacks would not cause enough Indian casualties to prompt a military withdrawal from the island, in our view. The Indians probably would strike back at the terrorists but could not stamp out their activity. Government officials are more vulnerable, in our judgment, and the future of Colombo's adherence to the accord would be significantly jeopardized by Jayewardene's assassination. []

[] if
Jayewardene is threatened and insure the survival of both the government and the accord. []

Although Indian forces may be able to handle armed opposition from either the Tamils or the Sinhalese, we believe they are less prepared to maintain their peacekeeping role should fighting break out between the two ethnic communities. New Delhi may try to head off this situation by allying itself with the side that still supports the accord, but it would be denied this opportunity should both the government and the Tamils fall away from the agreement at the same time and resume hostilities. Indian troops not only would have failed in their mission to guarantee peace on the island, but would be faced with two different types of military threats simultaneously. We believe New Delhi would then consider gambling on a major commitment—flooding the island with troops, seizing Colombo and other southern cities, and beginning counterinsurgency operations in the north—but only if it believed such actions could achieve quick results. []

Outlook

In our judgment, New Delhi will use whatever military means it considers necessary to enforce the Sri Lankan peace accord, but it will try to avoid a long, hostile, and ambiguous involvement. Should both Colombo and the insurgents break away from the accord, the Indian Army would become a hostile foreign presence in Sri Lanka with nothing to continue enforcing. In our judgment, New Delhi is not prepared to pay the political or military costs of a prolonged and embarrassing occupation of Sri Lanka, especially with its troops caught in the middle of renewed fighting. We believe that, if Indian troops fail to prop up or reinstate a government in Colombo that supports the accord and do not succeed in containing renewed fighting between Sinhalese and Tamils, New Delhi would attempt to extricate its forces. []

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Bangladesh: Is Another Coup Imminent?

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Bangladesh's President Ershad is losing support from the nation's Army. Since Ershad's successful coup in 1982, the Army has been his primary base of power, but officers and enlisted men are dissatisfied with the corruption on the part of Ershad and his senior generals and alarmed at recent civil strife and the possibility of a new, pro-Indian government. No figure has emerged as a clearly preferable alternative to Ershad in the Army's eyes, but there are rumors of coup plotting. Soldiers recently attempted to assassinate the President. Ershad's efforts to buttress his power have lessened but not eliminated the probability of a military coup this year.

President Hussain Mohammad Ershad

Seized power from civilian government in bloodless coup in 1982 . . . a lieutenant general at the time, resigned from the Army in August 1986 . . . home regiment was 2nd East Bengal Infantry . . . interned in West Pakistan during 1971 revolution that gave Bangladesh independence, repatriated 1973 . . . protegee of assassinated President Ziaur Rahman . . . alleged corrupt by London Observer last year . . . 57.

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The Army's Dissatisfaction With Ershad

Corruption is endemic in Bangladesh, but, according to US Embassy reporting, many soldiers and civilians perceive that President Ershad, his family, and his appointees are outstanding examples of venality even by Bangladeshi standards.

soldiers are convinced that they are now issued jute socks because officials are selling their standard-issue wool socks and pocketing the profits.

The Army is also disgruntled by Ershad's handling of events surrounding the District Council Bill, according to the [redacted] As part of his effort to demonstrate his support for the Army, Ershad conceived and rushed through Parliament the bill, which authorized the President to appoint senior Army officers to nonvoting posts on local development councils. The bill has been highly controversial and helped spark a 54-hour work stoppage in Dhaka in late July that led to antigovernment protests and widespread rioting.

Ershad returned the bill to Parliament for reconsideration on 1 August. Officers who might have had to serve on the councils were probably relieved, [redacted] officers and enlisted men appreciate Ershad's attempt to give them a greater role in governing the country but worry that the senior officers serving on the local councils will use the positions to line their pockets.

Corruption and misrule have angered many civilians who have vented their frustrations on the military. An Army recruiting office in Dhaka was burned by an antigovernment mob, and soldiers were beaten in other parts of the city during the 54-hour work stoppage in July, [redacted] Officers and men on leave have been abused by families and neighbors who are angry with Ershad's regime. [redacted] junior and middle-level officers worry that the corruption of Ershad and his senior generals is tarnishing the Army's prestige and pitting civilians against the military as a whole.

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The parliamentary performance of the President's ruling Jatiyo Party also annoys the Army. Ershad was told by several senior officers in late July that the Jatiyo Party is not adequately serving the Army's interests. [redacted] The officers believe the Jatiyo Party cuts too many deals with the opposition and that Parliament should be dissolved.

The Bangladeshi Army is worried that the Awami League, a pro-Indian opposition party, may return to power. The Army's noncommissioned officers fear that Ershad is sympathetic to the Awami League, [redacted] and they bear a grudge toward the League because many of them suffered under its rule during the 1970s. [redacted] the Army despises the Awami League because its leader, Sheikh Hasina Wazed, has close ties to India and has proposed eliminating the Army.

The Pot Begins To Boil

The Army's dissatisfaction with President Ershad and certain senior officers has made many soldiers ambivalent about the survival of his regime. [redacted] officers in the Dhaka cantonment would not fight to save Ershad from a coup but see no general they could respect were he in Ershad's place as head of state. [redacted]

Anonymous letters denouncing Ershad and certain generals have circulated among the troops. Although such letters are not a new development, [redacted] they are no longer ignored by military authorities. In early July pamphlets denouncing Ershad's corruption appeared in the Dhaka cantonment, [redacted] several junior officers were court-martialed in April for distributing copies

of a London newspaper article detailing Ershad's corruption. [redacted]

Political parties opposed to President Ershad have gained adherents in the Army. [redacted] two-thirds of the Army now support the Bangladesh Nationalist Party. A militantly anti-Ershad faction of the nationalist Jatiya Samajtantrik Dal has also developed "very good contacts" among noncommissioned officers, [redacted]

Despite these trends, the Army's political leanings remain unclear. [redacted]

Senior Army officers are delivering ultimatums to President Ershad. After a division commanders' meeting on 25 July, four generals told Ershad they would continue to support him but wanted him to remove current Chief of Army Staff Atiqur Rahman, [redacted] Gen. Amin Ahmed Choudhury, a popular and respected officer, told one of Ershad's confidants that he will support Ershad only if the President changes his Cabinet, calls new elections, and fires several generals. [redacted]

No general or group of senior officers has emerged to rival Ershad. [redacted]

[redacted] there are three political alignments—followers of Chief of Army Staff Atiq, Chief of General Staff Wahed, or Adjutant General

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A. S. M. Nasim. These generals are currently locked in bureaucratic combat with each other at Army Headquarters. [redacted]

Ershad Moves To Defend Himself

Ershad knows his support in the Army is eroding, and he is working hard to shore up that support as well as to protect himself should it collapse. In May he assured a gathering of general officers that the military remains his base of power and that he would not forget that the military was the most important and efficient institution in [redacted]
[redacted]

President Ershad has mended his fences with the Army's remaining Freedom Fighters who fought the Pakistani Army in 1971. Under Ershad's rule, repatriates—officers who spent the revolution interned in Pakistan—consolidated their hold on the Army and excluded Freedom Fighters from important posts. Recently Ershad, a repatriate himself, appointed a few Freedom Fighters to highly visible Army billets. US Embassy reporting says Ershad picked these appointees with care. All had either served in his former regiment or had worked with him in the past. [redacted]

Ershad seems to understand that his efforts may prove fruitless, and he has taken steps to ensure he can defend himself in the event of a coup attempt. In April he proposed the unprecedented step of placing a combat unit under his direct control, [redacted]
[redacted]

President Ershad's efforts to protect himself ironically have caused even more resentment in the Army. [redacted] 25X1
[redacted] middle-level officers suspect 25X1
that Ershad and certain senior generals are quietly moving professional and energetic officers away from Dhaka or into billets where they command no troops and cannot make trouble for the regime. [redacted] 25X1
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Outlook

Several factors tend to make a military coup unlikely in the near future. Many senior generals are [redacted] 25X1
distracted by the intrigues among themselves. President Ershad understands his peril and has moved to reduce it. Finally, the Army's leaders fear that the Awami League might take power, and this leads them to accept Ershad as the lesser of two evils. [redacted] 25X1
[redacted] 25X1
Nonetheless, President Ershad's time in office may be near its end. Another scandal—[redacted] 25X6
[redacted]—could 25X6
lead to public calls for his resignation, and the Army may decide it can no longer afford to appear to be the prop behind Ershad's regime. Widespread violence in the wake of strikes or protests or an assassination of the President could convince the Army that its only chance for preventing Awami League rule is to seize power itself. [redacted] 25X1
[redacted] 25X1

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Pakistan: Rough Waters for New Maritime Agency [REDACTED]

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Pakistan inaugurated its new Maritime Security Agency (MSA) early this year to protect the country's territorial waters and defend its economic rights in the Arabian Sea. The MSA has achieved some success in apprehending foreign fishing vessels allegedly trespassing in Pakistani waters, but half-staffed ranks, outdated equipment, and low morale severely limit the Agency's operational capabilities. In our judgment, the MSA will play an increasingly important maritime role but will constantly face the challenge of acquiring adequate resources. The Agency is looking to the United States and other Western countries for training and equipment to strengthen its capabilities. [REDACTED]

Mission

The MSA—a civilian agency under the Ministry of Defense headquartered in the port of Karachi—is supposed to protect Pakistani fishing and economic exploitation rights within Pakistan's 320-kilometer exclusive economic zone, primarily through fishery protection and prevention of illegal immigration and smuggling. Other MSA responsibilities include pollution control, oceanographic and scientific research, and assistance to ships and personnel in distress. [REDACTED]

Islamabad could not assert and enforce jurisdiction and sovereignty over these waters before the creation of the MSA, according to Pakistani press reports. [REDACTED]

[REDACTED] the MSA was created to supplement the activities of the corrupt and largely ineffective Coast Guard. The Agency is modeled after the US Coast Guard, even to the extent of using an identical red, white, and blue color scheme on its vessels. The MSA is gradually coming under the jurisdiction of the Ministry of Interior, presumably because of its domestic security responsibilities. [REDACTED]

Commodore Syed Rashid Hussain, a Pakistan Navy officer, has been named the MSA's first director general. Commodore Hussain, [REDACTED]

[REDACTED] is considered a particularly sharp

officer with no history of corruption—probably an important factor in his selection. In addition, Hussain professes to be close to the Chief of the Naval Staff, [REDACTED]

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Inadequate Resources

Islamabad has not yet fully staffed the MSA. It was initially staffed with naval personnel, and only about half of the Agency's 1,060 positions are filled, [REDACTED]

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Some personnel have been permanently assigned to the MSA, but others are on two- or three-year rotations and will return to the Navy. The MSA hopes to eventually remedy this by filling all of its positions with qualified civilians, [REDACTED]

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Equipment at the MSA consists of Navy castoffs. The Agency's only vessels—an outdated ex-British destroyer and four aging Chinese-built patrol craft—greatly limit its patrolling capabilities. The destroyer, [REDACTED]

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[REDACTED] cannot leave port on its own power and is strictly a floating headquarters. [REDACTED]

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[REDACTED] because of the MSA's small number of patrol craft, patrols have no regular course but remain in what they consider the "hot spots"—probably the waters near Karachi.

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In addition, the MSA does not have its own communications net and must rely on the Navy to maintain contact with MSA vessels at sea. [REDACTED]

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The MSA's significant budget increase for next year—from \$1.4 million to \$18.7 million, [REDACTED]

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supports the Agency and is willing to devote more resources to it. With this increase in funding, the MSA plans to purchase two or three inshore patrol boats and a like number of maritime surveillance

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aircraft. [REDACTED]

trying to start a war by seizing hundreds of Indian fishermen last spring. We suspect the magistrate's criticism was due more to the fact that he suddenly experienced a tremendous increase in his workload.

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The initial controversy over jurisdiction between the Agency and the Coast Guard seems to have been resolved. According to the [REDACTED]

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inauguration for four years. [REDACTED]

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The MSA is looking to the US Coast Guard and at least one US shipbuilding firm to strengthen its operational capabilities. The US Embassy in Islamabad reported in January that the MSA had indicated a desire for narcotics interdiction training, and in April a US Coast Guard training survey team visited Pakistan to determine the training requirements of the MSA as well as Pakistan's Coast Guard and Navy. The Agency's search for new patrol boats has led it to at least one US shipbuilder, which appears to be one of those favored from a large list of possible contractors. [REDACTED]

[REDACTED] that the overriding factor in the contract selection will be cost, even at the expense of performance. [REDACTED]

[REDACTED] as of early July, the jurisdictions of the MSA and the Coast Guard had been defined to the satisfaction of both services. The MSA is responsible for enforcing Pakistani laws at sea, with its jurisdiction ending at the mouth of a port. The Coast Guard is responsible for land and riverine patrols and has authority within ports. Relations between the two could again sour once the MSA has been transferred to the Ministry of Interior and is competing with the Coast Guard for resources, but at present no evident jealousies exist between them.

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Political Dimensions

The Agency is a pet project of Prime Minister Junejo, a native of Sind Province, and has become an important political issue for him. The MSA is generally believed by Karachi Port officials to be a means of building a constituency through the creation of jobs—both in the MSA and in Karachi shipyards—and the protection of Sindhi fishermen from violations of Pakistani fishing grounds. [REDACTED]

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Other Problems Facing the Agency

Morale is low at the MSA, largely because of the slow manner in which it is being transferred to the Ministry of Interior. [REDACTED]

MSA personnel remain on straight naval pay and have not received the additional pay and allowances associated with Ministry of Interior employment. Morale has been further damaged by the movement of the Agency's mother ship from the Karachi Port Trust berth, with easy access to and from the city, to the center of the harbor, where crew changes and routine duties are more difficult. [REDACTED]

Tensions have arisen between the director of the MSA and the Karachi Port Magistrate, [REDACTED]

[REDACTED] Although the Agency possesses the legal powers to arrest and detain individuals suspected of breaking the law, it does not have facilities to keep those it arrests for any period of time and must turn them over to the Karachi Port Magistrate for detention and trial. The magistrate is critical of the MSA's director and accused him of

The MSA was established amid allegations of repeated intrusions by Indian ships into Pakistani waters, according to press reports. MSA arrests of hundreds of Indian fishermen last spring provoked tensions with New Delhi and sparked retaliatory seizures of twice as many Pakistanis by the Indian Navy. [REDACTED] The

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Associated Press of Pakistan claims that formerly many of the Pakistani fishing vessels captured by the Indians were seized in Pakistani waters. [redacted]

[redacted] success in arresting Indian fishermen had forced New Delhi to negotiate the repatriation of the captured Pakistanis in exchange for the Indians, leverage Islamabad did not enjoy before the MSA's creation. Prime Minister Junejo, announcing the inauguration of the MSA, said it was regrettable that some countries—presumably India—misused their technological advantages to exploit illegally the maritime resources of developing countries. [redacted]

Outlook

We expect some successes for the MSA in the coming months simply because its existence—however troubled—increases Islamabad's ability to enforce its sovereignty over Pakistan's territorial waters. The Agency has already demonstrated competence and initiative in performing its duties. Continued government budgetary support and a transfer to the Ministry of Interior relatively soon probably would enhance the operational effectiveness of the MSA.

[redacted]

[redacted]

[redacted] In time, however, the Agency may well become a target for well-established interests trying to protect lucrative illegal immigration, narcotics, and smuggling activities.

[redacted]

A constant challenge for the MSA will be to acquire adequate equipment—both in numbers and quality—to improve its operational capabilities. MSA funds, despite budget support from Islamabad, probably will never be adequate to purchase all or a large part of the equipment the Agency needs to maximize its effectiveness. The new patrol boats it plans to buy will only replace aging equipment and will not provide additional equipment. The stipulation that the boats be built in Pakistan almost certainly will delay their acquisition and might force the MSA to purchase equipment that does not meet its needs. It appears that the MSA's goal of strengthening its capabilities could be compromised by financial constraints that force the Agency to accept lower quality because the price is right. [redacted]

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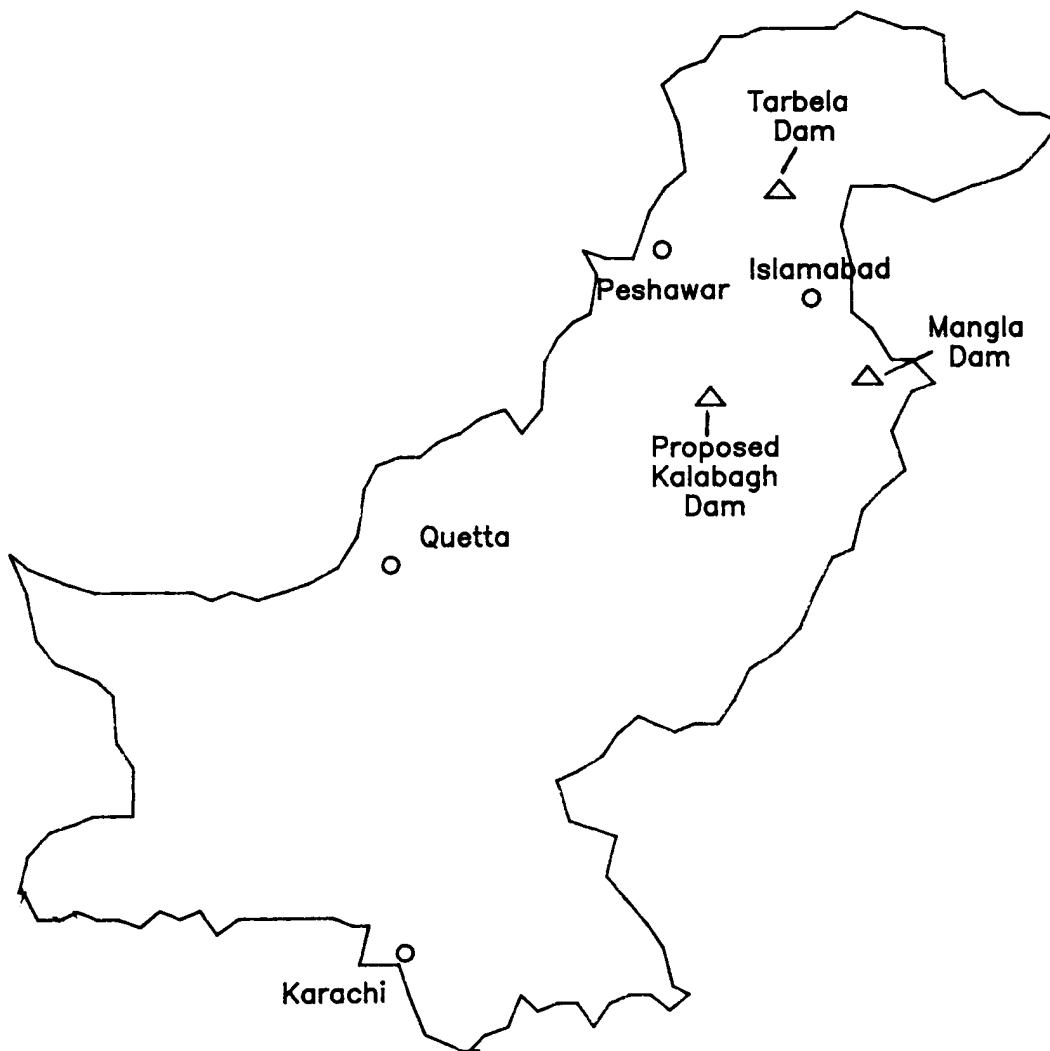
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Pakistan: Major Dam Projects



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Pakistan: Political Conflict Inundates Kalabagh Dam

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The Pakistani Government is slowly moving forward with plans to develop the Kalabagh Dam, one of the world's largest earth-filled dams, in Punjab despite near unanimous opposition outside the province. The project has become a widely debated political issue. Critics of the project cite the \$4-6 billion price tag and the shortage of water downstream as hazardous to the country's long-term social and agricultural development. Government officials counter that Pakistan can finance the project through aid—including funds from the \$2.28 billion six-year economic aid package from the United States—and that the power provided by the dam will boost industrial production and exports. Because loadshedding—selected power cutoffs—has become a fairly regular occurrence, exploitation of Pakistan's hydroelectric resources is vital to the country's industrial and economic development. []

Purpose of the Dam

The Kalabagh Dam project is part of Islamabad's strategy to reduce its reliance on imported energy. Expenditures of \$650 million on power projects comprise the single largest item—roughly 25 percent—in the Annual Development Program in fiscal year 1987. Scheduled to be operational in 1993, the Kalabagh Dam initially would have a 2,400 megawatt (mw) electrical capacity. Pakistan would then have an energy shortfall of 4,500 mw if the dam is not completed, []. When completed the dam would reach 3,600 mw, nearly doubling hydroelectric generating capacity, according to Pakistan's Water and Power Development Authority (WAPDA). []

Along with supplying low-cost hydroelectric power, according to WAPDA's official plan, the dam would assist in controlling the flood waters of the Indus River and provide irrigation water to Punjab and Sind Provinces. The Mangla and Tarbela Dams—currently the two largest dams in Pakistan—are becoming less useful for storing water and power generation as their reservoirs gradually full with sediment, according to press reporting. []

Without the Kalabagh Dam, we believe the Pakistani economy will suffer continued power shortages and loadshedding that led to a 50-percent shortfall in WAPDA's system during a severe electricity shortage in January 1985. The effect of loadshedding cost Pakistani industry and trade more than \$1 billion in fiscal year 1985, according to expert sources of the US Consulate in Lahore, and \$1.8 billion in fiscal year 1986. []

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Provincial Winners and Losers

Officials in Punjab, dominant in national politics, support the Kalabagh Dam project. According to the US Consulate in Lahore, Punjabis have a longstanding priority to obtain more hydroelectric power and irrigation water. In a "Gallup Pakistan" poll done in April 1986, 63 percent of Punjabi speakers favored the project. Even the opposition leader in the Punjab assembly favors the dam, publicly stating that those who oppose the dam oppose Pakistan's development. []

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The project would not be a total windfall for Punjab, in our opinion. Similar to the Mangla and Tarbela Dams, the main burden of resettlement will fall on Punjab, according to an interview with a WAPDA official. Some 60,000 to 70,000 people at a cost of \$375 million will have to be relocated from villages in Punjab and the North-West Frontier Province to accommodate the 62,000 hectare flood plain created by the dam, according to official reports. []

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Moreover, anti-Punjabi sentiment in the other provinces, which has been increased by the disproportionate effect on them of the Afghan war, could be further fueled by the Kalabagh Dam. The Punjabi-dominated military has had to step in on several recent occasions to settle ethnic disputes in Sind and the North-West Frontier, adding to anti-Punjabi hostility in the smaller provinces. According

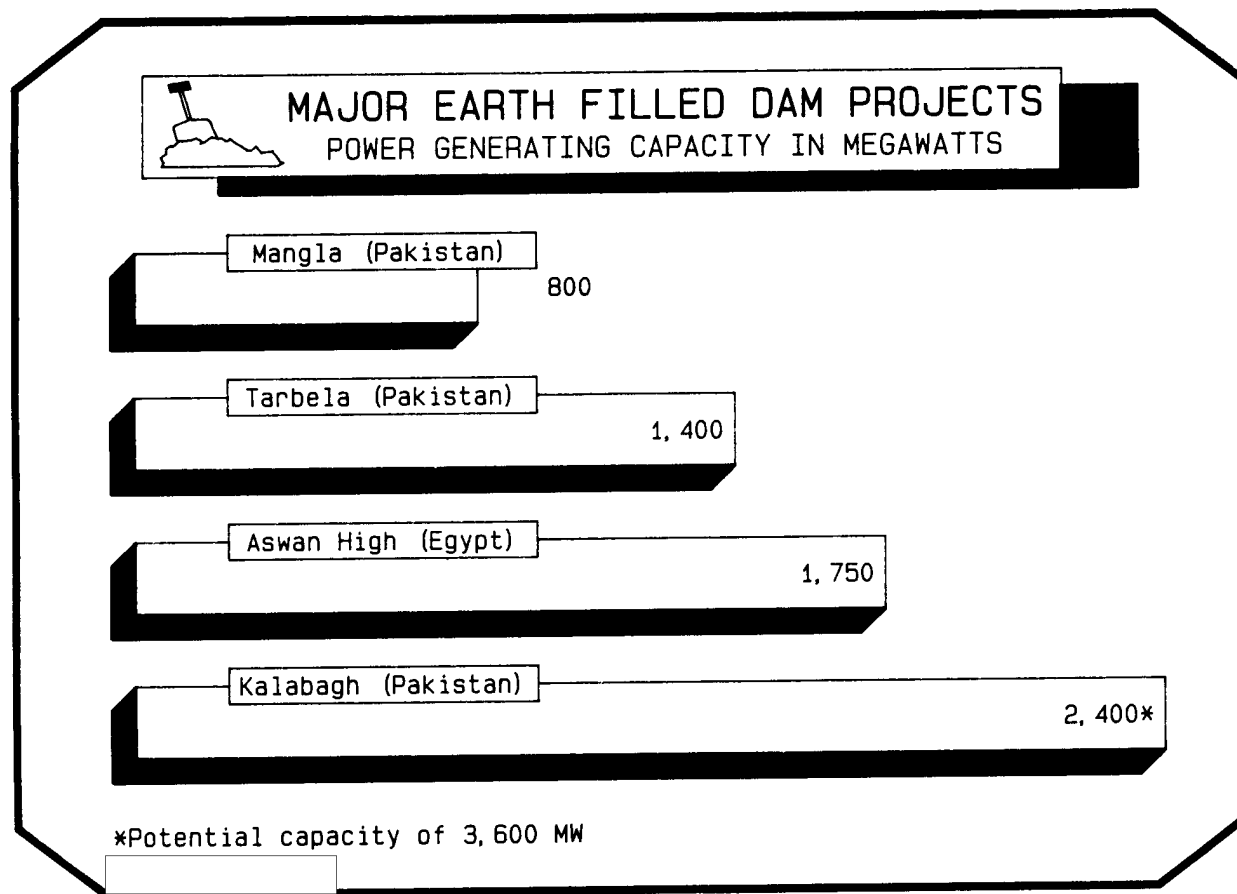
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to US Embassy reporting, the Kalabagh Dam has the potential to unite Sind, the North-West Frontier, and Baluchistan against Punjab. [REDACTED]

Leaders elsewhere in Pakistan are not favorably disposed to the dam. Political leaders in the North-West Frontier have seized on the Kalabagh Dam as another example of Punjabi domination on national issues. The North-West Frontier would lose 26,000 hectares to flooding—42 percent of the affected area, according to official Pakistani estimates—while Punjab would receive most of the irrigation benefits, according to the North-West Frontier provincial government. The controversy has fueled calls for Pushtun nationalism—the dominant ethnic group in the North-West Frontier. Leaders of the prominent Awami National Party have openly stated that the dam is meant to destroy the people of the frontier and

threatened to “blast the dam” if it is constructed. Local political leaders, according to Embassy reporting, have made claims that up to 2 million villagers would be affected by waterlogging because the Kalabagh reservoir would raise the water table in the North-West Frontier. [REDACTED]

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Officials from Sind also have spoken out against the Kalabagh project, claiming the province would become a desert if the dam is constructed. Despite federal officials' claims to the contrary, Sind provincial officials are concerned that power generation will necessitate storing water upstream at the very times it is needed for irrigation, according to Embassy reporting. Leftwing leaders from Sind have stated to the press that the project is a blatant attempt

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by Punjabis to expand their domination over the smaller provinces. Benazir Bhutto, the major opposition party leader whose base is in Sind, is against construction of the dam, citing its polarizing effect on Pakistan and recommending that alternative sites be considered, according to US Embassy reports. [REDACTED]

Troubled From the Start

Similar to the immense Tarbela Dam project—completed in 1976—the Kalabagh has met resistance since the first feasibility study was done in 1953. Many of Tarbela's problems, according to a civil engineer who worked on the dam, stemmed from poor construction and engineering designs that led to nearly 10 years of repair and modification before the project fulfilled its promise of flood control and power generation. Delays in the implementation of the Kalabagh Dam are centered around feasibility and design of the dam, according to press reports. Moreover, significant increases in the estimated cost of the project—from \$2 billion to as much as \$6 billion—have brought back memories of Tarbela's budget, which overran planned costs by 80 percent. [REDACTED]

Securing the roughly \$2.5 billion needed in foreign exchange for the project is the first hurdle Pakistan must overcome before construction can begin. Pakistan would be hard pressed to come up with the needed funds out of its own foreign exchange earnings. Foreign exchange reserves are only \$900 million. Mehbub-ul Haq, former Finance Minister and current Minister of Commerce, estimates that Pakistan could raise \$100 million annually for seven years from the World Bank and like amounts from the Asian Development Bank, the Arab countries, and the Aid to Pakistan consortium—a group of Western nations—making a total of \$2.8 billion. Haq believes additional funds for the dam could come from the \$50 million in development assistance provided yearly by the US aid package. [REDACTED]

We believe it will be difficult for Islamabad to fill the gap between foreign financing and the \$4-6 billion price tag from the domestic budget. For example, officials were forced to rescind many proposals for the current budget to increase revenues—much of them

allocated to the Annual Development Program—in the wake of heated opposition to tax hikes. Pakistan is already under pressure from the United States and other donors to reduce its budget deficit—\$2.5 billion in fiscal year 1987—and will be faced with some hard choices over allocating scarce funds to Kalabagh or other development needs. [REDACTED]

Outlook

As the controversy continues, WAPDA has proposed alternative designs for the construction of the Kalabagh Dam to placate provincial opposition and, we believe, to demonstrate the government's determination to build a dam at Kalabagh. Original plans called for a dam height of more than 275 meters, but, in view of the North-West Frontier's concerns about flooding, revised plans envisage an elevation of 250 meters, according to press reports. In addition, levees are to be built alongside to protect the flood plain of the dam. WAPDA officials have publicly stated that, because of these revisions, irrigation water would be available in sufficient quantities to Sind, probably an attempt to allay fears of Sind officials that the dam would rob them of irrigation water. [REDACTED]

Alternative sites upstream of the Kalabagh and Tarbela Dams have been studied, but officials insist that they are part of development programs to exploit the Indus River after the Kalabagh Dam is finished. These sites—located in the Northern Areas of Pakistan—would provide equal or greater generating capacity than Kalabagh, according to Embassy reporting. Most critics agree that irrigation benefits from upstream sites would be shared equally by all provinces because there is no opportunity to divert the water in mountainous terrain. We believe donor countries favor upstream sites because they would raise fewer political concerns. The dam would not be located in populated provinces, and few people would have to be relocated. [REDACTED]

Although the project could substantially improve Pakistan's energy outlook, we believe that a firm decision to begin the project will not take place before the election scheduled for 1990. Prime Minister

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Junejo probably wants to avoid the political cost of diverting resources to the dam project. Junejo is staking his political future on an ambitious five-point program that emphasizes education and land reform and would be reluctant to cut spending on it to free funds for the dam.

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The Enemy of Our Enemy: China and the Afghan War

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China's low-key support for the Afghan resistance contrasts sharply with the media prominence given Pakistani and Iranian support, but opposition to the Soviet presence in Afghanistan remains an integral part of Chinese foreign policy. [redacted]

[redacted] Beijing sees the Soviet invasion of Afghanistan as part of a larger Soviet strategy to encircle and isolate China and control the West's oil supply. Beijing cites the Soviet presence in Afghanistan—along with the Soviet troops along China's northern border and Soviet support for the Vietnamese invasion of Cambodia—as an obstacle to improved Sino-Soviet relations and a continued source of regional instability. In our view, Beijing supports the Afghan resistance—despite its anti-Communist orientation—in the belief that the Soviets will only withdraw from Afghanistan if the costs of the war grow unacceptably high. [redacted]

[redacted] the Chinese are wary about political negotiations with the Soviets over Afghanistan. According to the US Embassy in Beijing, China supports the Geneva negotiations in part because they are a forum for publicizing Soviet activities in Afghanistan. The US Embassy reports, however, that Chinese leaders believe the Soviets are using the negotiating process to gain the time needed to strengthen their position and reduce foreign criticism of their presence in Afghanistan. [redacted] China believes that concessions to the Soviets will only encourage further Soviet adventurism in South Asia. Chinese officials have termed Pakistan's seven-month withdrawal timetable as "quite reasonable," according to the US Embassy in Beijing, and have claimed that, if the Soviets were sincerely seeking to withdraw, they would propose an "acceptable" timetable. In our judgment, China will back any settlement that Pakistan is willing to sign but would probably urge Pakistan not to make concessions on a withdrawal timetable or the makeup of the post-Soviet Afghan government. [redacted]

Afghanistan in Sino-Soviet Relations

China first sought improved relations with Afghanistan in 1960 in an effort to strengthen its regional position after an uprising in Tibet and border disputes with India. After more than a decade of neglect, Chinese interest in Afghanistan increased when Mohammad Daoud deposed King Zahir Shah in 1973. [redacted] the Chinese believed Daoud—who as Prime Minister in the 1950s was partly responsible for Afghanistan's growing ties to the Soviet Union—carried out the coup under Soviet direction. Since the Soviet invasion in 1979, Afghanistan has become one of Beijing's chief Asian foreign policy interests—both, we believe, for its own sake and for the diplomatic benefits Beijing has reaped from its opposition to the Soviet occupation. [redacted]

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In our view, China made little attempt to compete with the Soviet Union for influence in Afghanistan before the Afghan Communist takeover in 1978. In the 1960s contact was limited primarily to barter exchange and an aid program that ranked as one of China's smallest in Asia. [redacted] Although China substantially increased its aid to Afghanistan in 1972—donating \$44 million for Afghanistan's fourth five-year plan, [redacted] Afghanistan was still only 15th on China's foreign aid list, in contrast to third on the Soviet aid list, [redacted]

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In January 1980 Beijing suspended bilateral political talks with the Soviets, declaring that they were "inappropriate" in the wake of the invasion, according to media reporting. Beijing has since cited the Afghanistan issue—along with Soviet support for the Vietnamese occupation of Cambodia and the Soviet troops along China's northern border—as one of three "obstacles" to improved Sino-Soviet relations. Although Beijing resumed political talks with [redacted]

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Moscow in 1982, [] Chinese leader Deng Xiaoping has claimed that Sino-Soviet political relations will remain stalemated until all three obstacles—which Beijing claims are direct threats to Chinese security—are removed. According to the US Embassy in Beijing, the Chinese have told US officials that they rejected a Soviet proposal at the most recent Sino-Soviet talks in April to establish working groups on Afghanistan and Cambodia before reaching a broad bilateral political agreement. []

Despite reports of heightened Soviet interest in a negotiated settlement, China remains dubious of Soviet intentions. The sham withdrawal of about 4,000 Soviet troops from Afghanistan in October 1986 according to the US Embassy in Beijing, appears, to have confirmed Chinese suspicions that the Soviets are not seriously seeking a solution.

[] Beijing similarly interpreted a cease-fire announced by the Kabul regime in January 1987 as a Soviet attempt to exploit the West's limited attention span and improve the Soviet image. [] Beijing feared that the cease-fire would dry up Western assistance, enabling the Soviets to continue their occupation at a lesser cost. China has reacted to each of these Soviet "concessions" by reiterating its demands for a prompt and complete Soviet withdrawal. []

Chinese Aid to the Resistance

Beijing has publicly declared that it provides both "moral and material support" to the Afghan resistance, but information about the actual amount of Chinese support is fragmentary. We estimate that the level of Chinese military aid increased by 20 to 30 percent in 1986 to about \$65 million in light and heavy arms. At the same time, however, actual Chinese contacts with the resistance have decreased, according to the US Embassy in Beijing. Although China had previously responded directly to resistance requests for training, occasionally providing weapons and medical training within China, Beijing now routes all resistance requests through Islamabad. As a result, resistance requests have declined, and fewer fighters have been trained in China. []

[] however, China still maintains direct contact

with the resistance through its Embassy in Islamabad, which sends officers to Peshawar four or five times a year to talk with resistance leaders. []

Although we believe resistance leaders are wary about dealing with a Communist power, most groups are apparently willing to accept Chinese aid. []

[] leaders of the fundamentalist Jamiat-i-Islami place a high priority on relations with the Chinese, less for what relations will yield in terms of practical assistance than for the prospect of using the Chinese to influence the Pakistanis. []

While supporting the resistance as the chief means of raising the cost to the Soviets of the Afghan occupation, Beijing is apparently unwilling to allow much media attention to its support. In May 1987, Chinese officials refused requests that they allow the establishment of a resistance press office in Beijing, according to diplomatic reporting. The Chinese press, we believe, has also moderated discussion of Afghanistan during periods of warming Sino-Soviet relations. []

Afghanistan in China's Third World Relations

China has scored some diplomatic, economic, and military gains from the world reaction to the Soviet invasion of Afghanistan, in our view. Beijing's attempts to increase military and economic cooperation with the West grew more successful when detente broke down after the Soviet invasion. Since the Soviet invasion of Afghanistan, China has taken advantage of reduced Soviet credibility with a series of overtures to Middle Eastern and African countries. []

We believe many of Beijing's diplomatic initiatives are aimed at using the Soviet invasion of Afghanistan to undermine Soviet influence in the Middle East. Chinese leaders told Islamic Conference Organization Secretary General Pirzada during his visit to Beijing in June 1987 that the "1 billion souls" represented by the organization and China's own 1 billion citizens account for a preponderant share of the world's population whose moral weight could be a strong barrier against Soviet "hegemonism," according to the US Consulate in Jiddah. Chinese leaders also

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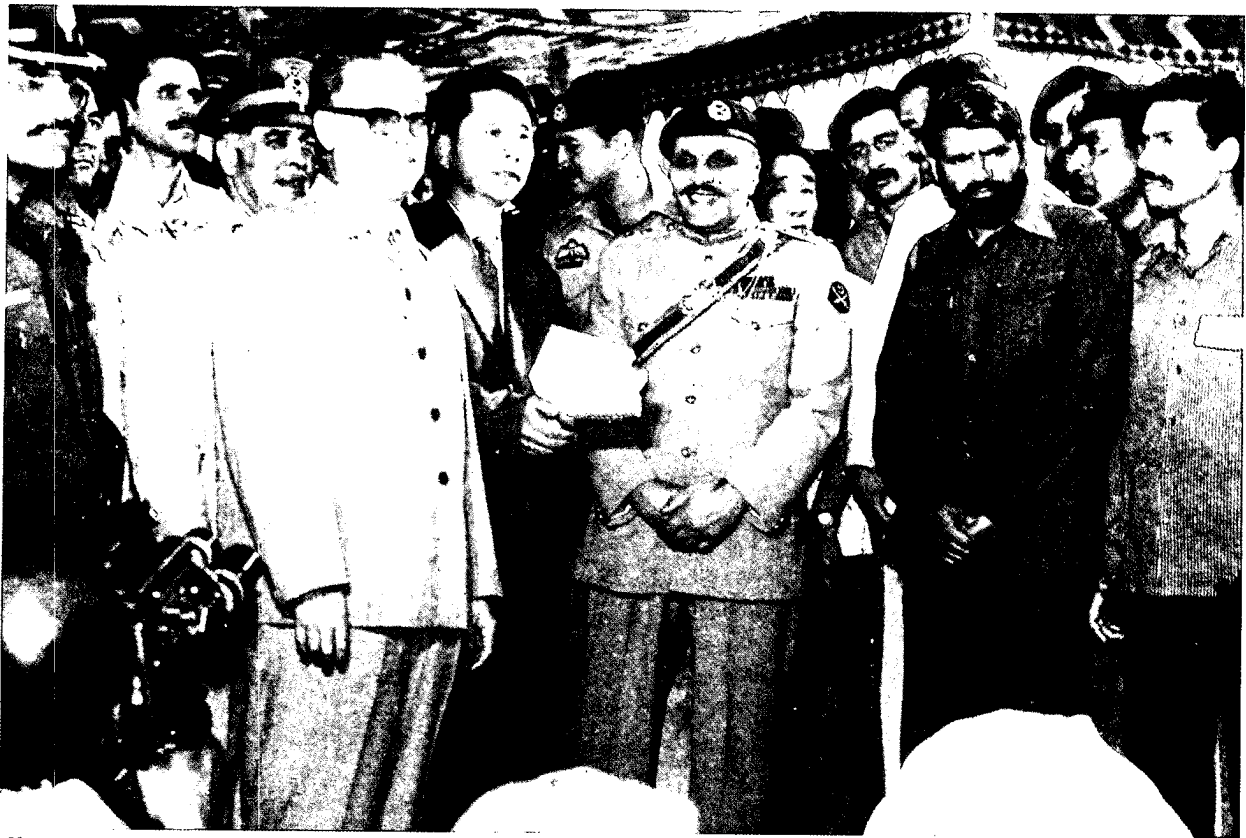
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Chinese Premier Zhao Ziyang and Pakistan President Zia-ul-Haq visit an Afghan refugee camp at Nasir Bagh near Peshawar in Pakistan's North-West Frontier Province on 2 June 1981.

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approached Pirzada about expanding ties to members of the Conference, including those with which Beijing has no diplomatic relations, and claimed that China had a role to play in the Gulf. Beijing has also become a major supplier of arms to Iran and Iraq—primarily, in our view, to earn hard currency. We believe, however, that China also sees these transactions as necessary to keep Tehran from turning to Moscow for arms and as increasing Iranian willingness to cooperate with China in support of the Afghan resistance.

lead in pressing members of the Nonaligned Movement to join in votes condemning the Soviet occupation and human rights abuses in Afghanistan. Reporting from US embassies throughout Africa indicates that Beijing continues to use the argument that it—rather than the Soviet Union—is the “natural ally” of the Third World both to oppose Kabul’s attempts to expand its diplomatic relations and to expand its own political and economic ties.

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China and Pakistan

According to diplomatic sources, Beijing has actively lobbied the nonaligned states in support of Pakistani and US initiatives in the United Nations. Frequent reporting from the US Mission to the United Nations indicates that China, with Pakistan, has taken the

China has long had close ties to Pakistan, which, Beijing believes is the next Soviet target. Pakistan was the first Muslim

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state to recognize the Communist government of China and remains Beijing's closest ally in the Islamic world. Prime Minister Junejo's first official trip abroad was to Beijing, and President Zia has visited China three times. China is one of Pakistan's chief markets, and Islamabad has also benefited from a variety of Chinese aid and military sales agreements. More important, in our view, the Beijing-Islamabad relationship provides each with an important counterweight to Indian and Soviet expansion in the region. []

The Soviet invasion of Afghanistan increased both Pakistan's importance to China and Beijing's perception of Pakistan's vulnerability, []

[] Pakistan blocks further Soviet expansion toward the Persian Gulf and the Middle East and toward South and Southeast Asia and controls a southern avenue of attack into Xinjiang and Tibet. [] the de facto Soviet annexation of Afghanistan's Wakhan salient and the large-scale introduction of Soviet troops there are seen by Beijing as a direct threat to communications and transportation between Pakistan and China along the Karakoram Highway. []

During Chinese Premier Zhao's visit to Pakistan in June 1987, he pledged continued support for Pakistan's Afghan policy and, according to media accounts, expanded Sino-Pakistani military and economic cooperation. According to the US Embassy in Beijing, Chinese humanitarian aid to the Afghan refugees in Pakistan during the first half of 1987 included 1,250 tons of rice, 30 trucks, 800,000 square meters of cotton cloth, 200,000 pairs of shoes, 50 tons of tea, and approximately \$100,000 worth of medical supplies. []

Role in a Settlement

According to press accounts, Beijing favors a political solution to the Afghan problem based on the UN resolutions calling for a Soviet withdrawal. Chinese leaders have, according to these reports, repeatedly insisted that the withdrawal must be unconditional to prevent Moscow from gaining political advantages that it could not have won militarily. According to media reports, Beijing rejects Soviet demands for guarantees of noninterference in Afghanistan before a withdrawal, as well as any direct negotiations with Kabul that might indirectly legitimize the regime. []

Although China can influence negotiations on Afghanistan, we do not believe it has direct influence over the eventual outcome and will probably accept any Afghan deal agreed to by Pakistan. We believe Beijing's material and diplomatic support for Pakistan, however, is important to Islamabad's ability to continue its Afghan policy. The Soviet and Afghan regime's sabotage campaign inside Pakistan has led to rising domestic criticism of the government's policy toward the Afghan refugees. In our view, Chinese support for the Afghan resistance helps Islamabad combat the growing domestic perception that the Afghan question is simply a US-Soviet issue. Pressure from Beijing to remain firm on conditions for an Afghan settlement may become even more important if Pakistan's efforts to acquire a nuclear capability lead to reductions in Western aid. []

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Afghanistan: Mine Warfare Takes a Toll

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Mine warfare has had a significant impact on military operations in Afghanistan. The extensive use of mines by Soviet, Afghan regime, and insurgent forces has caused high military and civilian casualties. Over the past few years, mine warfare in Afghanistan has become so varied and complex—because of the introduction of new mines and more sophisticated emplacement techniques—that development of reliable countermeasures has become increasingly difficult.

Dramatic Impact of Mine Warfare

Resistance minelaying has been costly for Soviet and Afghan regime forces. Widespread mining around Herat over the past year, in particular, has resulted in numerous casualties, including Mohammad Ali Samem—the ruling party's provincial committee secretary—and three army commanders. Elsewhere, the mere threat of landmines has slowed movement of Soviet and regime forces and supply convoys and forced groups to be preceded by a minesweeper. The mine threat has turned a three-hour trip from Kabul to Jalalabad into a 12-hour journey. According to US Embassy sources, Soviet convoys moving between Qandahar and Herat often go off the road because of heavy mining and the threat of insurgent attack on the main road.

insurgent commanders are increasingly worried about the effectiveness of Soviet mine warfare and characterize it as a serious problem.

mine-induced casualties, by far the most frequent, have had a harmful effect on resistance morale. the Soviets have successfully used mines to cut off resistance escape routes and to force the insurgents to use secondary infiltration and resupply routes—causing higher transportation costs and delays in delivery time.

Soviet and Regime Forces' Improvements

The Soviets have significantly upgraded their mine warfare capabilities in Afghanistan with the development of new mine types and delivery systems. Most of these new models are more lethal and designed to thwart insurgent disarming and countermeasure techniques:

- the Soviets began using seismic mines in 1985. the mines can be detonated selectively within a 10-kilometer range.
- Last year the Soviets introduced a new pressure-activated, blast-type antipersonnel mine. it is more shock resistant than its predecessor and contains a unique molded rubber cap that acts as a counter-countermeasure.
- the Soviets have developed a family of scatterable mines designed to be delivered by different means—such as helicopters, fixed-wing aircraft, and multiple rocket launcher systems—to maximize tactical flexibility and logistical simplicity.
- The Soviets are using a new family of fuzes for conventional landmines. The new fuzes, according to technical analysis, probably are being used to convert standard landmines to complicated delayed-detonating or antidisturbance munitions to foil insurgent countermeasures.
- air- and artillery-delivered antipersonnel and antitank mines have been used extensively in route and area denial operations, especially in areas where access is difficult for

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mechanized forces. [redacted]
 at least 2 million mines had been strewn along
 Afghanistan's border with Pakistan by 1985. [redacted]

The Soviet and Afghan regime forces have made
 extensive use of mines to protect defensive perimeters,
 lines of communication, and urban areas. [redacted]
 [redacted] insurgents have a healthy respect
 for the minefields that encircle most Soviet garrisons,
 airfields, and field positions because of the tripwires,
 boobytraps, and multiple mine types used. [redacted]

[redacted] Soviet and Afghan
 sapper units have planted thousands of conventional
 antipersonnel mines in potential ambush sites and
 along primary highways to forestall attacks on
 convoys. Heavily mined defensive perimeters around
 Kabul, Qandahar, Herat, and Mazar-e Sharif have
 made it increasingly difficult, but not impossible, for
 guerrilla forces to move in and out of the cities.
 [redacted]

Resistance Forces' Improvements

The insurgents employ a variety of tripwired,
 pressure-detonated, or electrically detonated plastic,
 metallic, and homemade mines. [redacted]

[redacted] most of these mines are of
 Soviet, British, Italian, and Czechoslovak
 manufacture. Most of the Soviet models have been
 seized during combat operations. Many insurgent
 groups also build their own mines by using
 unexploded Soviet aerial ordnance and explosives,
 [redacted]

Mines are among the more popular weapons for the
 resistance because they offer a relatively cheap, low-
 risk, and efficient means to inflict casualties on Soviet
 and regime troops. Panjsher Valley insurgents
 consider them to be among the most effective weapons
 in their inventory. [redacted]
 [redacted]

The guerrillas use mines primarily against Soviet and
 Afghan supply convoys and troop movements, as well
 as along avenues of approach to insurgent positions.
 [redacted] some

guerrillas mine roads and shoulders to destroy
 vehicles that attempt to attack insurgent ambush
 positions. [redacted] Hizbi
 Islami (Khalis) insurgents in the Qandahar area have
 become adept at destroying enemy armored vehicles
 by using interconnected antipersonnel mines to trigger
 antitank mines by a connecting detonator cord. In
 some areas—such as Herat, Baghlan, and the
 Panjsher Valley—insurgents also mine roads,
 hillsides, and primary elevations to slow the advance
 of enemy forces. Soviet heliborne troops are
 particularly concerned about Panjsher Valley
 commander Masood's method of mining potential
 landing zones near his bases. [redacted]
 [redacted]

Countermeasures Inadequate To Deal With the Threat

The Soviet and Afghan regime forces have had
 difficulty overcoming the insurgent mine threat
 because of inadequate training, insufficient
 manpower, and effective insurgent countermeasures.
 The neutralization of large quantities of insurgent
 landmines creates a constant drain on Soviet and
 Afghan engineer resources. [redacted]

The Soviets have used a variety of equipment and
 techniques for mine clearing. Soviet magnetic mine
 detectors, mounted on trucks or armored vehicles,
 were used effectively during the initial months of the
 war but were obsolete by mid-1980 when the
 insurgents introduced nonmetallic mines. [redacted]

[redacted] Soviet and regime forces have since
 relied heavily on the Soviet tank-mounted KMT-5
 mine plow and roller, even though the plow cannot
 negotiate steep grades, tears up roads to a depth of
 approximately 30 centimeters, and slows convoys to a
 speed of approximately 2 to 3 kilometers per hour.
 The insurgents have devised a counter to the KMT-5
 by laying mines on hilltops because the vehicle must
 roll over the crest with its plow raised before making
 contact with the ground. [redacted]

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The Soviets have deployed a new mine roller and plow that is designed to defeat pressure-detonated mines and to emit a magnetic signal that detonates magnetically fuzed mines [redacted]

[redacted] the Soviets are testing a new mine-clearing vehicle consisting of a T-55 tank chassis with a permanently mounted KMT-5 device. The prototype vehicle, [redacted]

[redacted] may represent a shift in Soviet combat engineer vehicle development. Previous Soviet practice has been to temporarily attach mine-clearing fixtures to a tank. [redacted]

Specially trained dogs are detailed for some mine-clearing operations. The dogs can find nonmetallic mines that electronic detectors miss but will ignore shards of metal that the detectors sense. The insurgents attempt to counter the dogs by shooting them or by scattering red pepper or small pieces of explosives around mined areas to confuse the animals.

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The insurgents' countermeasures are comparatively rudimentary. Their methods—based on lessons learned from combat and word of mouth—are generally slow and extremely dangerous. [redacted]

[redacted] the guerrillas' most significant countermine problem is dealing with perimeter mine belts during attacks on Soviet and Afghan regime positions. Masood recently indicated to a knowledgeable Western observer that he and many other commanders in northern Afghanistan are often prevented from overrunning regime and Soviet outposts because of an inability to neutralize the minefields surrounding them. Masood emphasized his immediate need for more sophisticated minefield-clearing equipment. [redacted]

To get through minefields, resistance forces resort to several tactics. [redacted]

[redacted] one of the more effective mine-clearing techniques is a hand-held rake. The rake is used by an insurgent to clear a path through a minefield. The rake scoops up shallow buried mines. The ones that are not tripwired or boobytrapped are picked up by hand. Exploding boobytrapped mines destroy the rake but usually not the operator. In other areas, the insurgents drop ladders in a series across a minefield, exploding any mines under the rails, and then use the ladder's rungs as a bridge. Some insurgents have also

used animals or prisoners to clear paths through minefields. [redacted]



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[redacted] hand-held electronic mine detectors have not been highly effective in Afghanistan because most of the areas where mines are encountered have been subjected to repeated air and artillery bombardment that has left metal splinters that foil the detectors. In other cases, the insurgents have been unable to properly operate the hand-held equipment because of inadequate instructions. [redacted]

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Outlook

Mine warfare in Afganistan is likely to become more complex and casualties are likely to increase as Soviet, regime, and insurgent forces continue to improve their mining capability with new mine types, delivery systems, and minelaying techniques. The Soviets and

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Afghan insurgents select mine sites carefully. [REDACTED]



Resistance forces examining a deactivated mine. [REDACTED]

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the Afghan army are likely to use increasingly lethal mines that are difficult to detect and defuze, both along infiltration and escape routes and for defense around bases. Resistance commanders, in turn, are increasingly worried about the effectiveness of Soviet mine warfare and probably will attempt to acquire improved training and more sophisticated equipment with which to counter the Soviet-Afghan mine threat.

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Syria: Debating Policy on the Iran-Iraq War

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President Assad has initiated a controlled debate among his closest advisers on Syria's support for Iran in its war with Iraq. Assad's efforts this year to improve relations with Iraq, which appear to be motivated by tactical considerations, probably prompted him to seek the advice of his inner circle on the implications of breaking with Iran. Although all key decisionmakers in Damascus recognize that Iran's long-term Islamic agenda in the region conflicts with Syria's secular goals, opinions differ on the value of the "strategic alliance" when weighed against the short-term problems it creates with other Arab states, the Soviets, and efforts to impose political order in Lebanon.

Sunni-Alawi differences do not play a key role in the Syrian debate over the Iran-Iraq war, in our view, nor does the debate split along interest group lines. The debate transcends these divisions and is instead focused on the relative costs and benefits of the alliance.

External and Internal Impetus for Change

Assad's decision to begin a dialogue with Iraq last spring probably resulted from growing external pressure to abandon his relationship with Iran:

- Syria has long been pressed by the Soviet Union to abandon support for Iran in its war against the Soviets' other key ally in the region, Iraq. Assad has tried to use Syria's importance to the Soviets as a means of rebuffing Moscow's arguments. With the advent of the Gorbachev regime, however, Moscow has taken a harder line with Damascus on this issue. During Assad's trip to Moscow in April, Gorbachev hinted at possible reductions in Soviet aid if Syria failed to make progress in reconciling with Iraq. Assad's initial meeting with Iraqi President Saddam Husayn last April probably resulted from Soviet pressure applied during Assad's meeting with Gorbachev earlier the same week,

Syrian Decisionmaking

After 16 years of autocratic rule Assad still makes or is involved in all key policy decisions in Syria. Assad's maintains a loyal inner circle of advisers whose value is based more on their execution than on their formulation of policy. Since these individuals are hand picked by Assad, they necessarily identify with and support Assad's agenda. Assad holds consultations with key advisers to confirm his policy direction or to lay the groundwork for a possible policy shift. Although he allows the discussion of alternative positions on these occasions, once his decision is made, everyone is expected to support it without question.

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- Moderate Arab states, particularly those in the Gulf that have provided financial aid to Damascus, have pleaded with Syria to withdraw support from Iran, which they fear is determined to export its revolution throughout the Gulf. Assad justifies his position by claiming Syria is a channel for the Arabs to Tehran and can offer mediation in the Iran-Iraq war. Saudi Arabia—the only Gulf state still making payments to Syria under the Baghdad accord—has pushed especially hard for talks between Syria and Iraq. The expiration of the Baghdad payments this year may place additional pressure on Syria to show more regard for the Arab position.

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Syria also faces growing internal pressure to reconsider its Iranian connection:

- Syria's ability to contain the growing strength of the pro-Iranian Shia Hizballah in Lebanon has been hampered by its desire to preserve its relationship with Iran. Damascus believes Hizballah, with its

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fundamentalist doctrine, poses a major obstacle to Syria's efforts to impose political order there. Damascus probably also believes its secular socialist system is menaced by the prospect of Islamic fundamentalism in Lebanon.

- Assad recognizes that his support for Iran is not popular with Syrian Sunnis and continually reiterates through the media the strategic nature of the relationship. Many Syrians dislike Shia Iran and feel sympathy toward Sunni Iraq in the war. A great majority of Syrians—like the ruling minority in Iraq—are Sunni Muslims, and both countries share a common Ba'thist political heritage. [REDACTED]

The Policy Debate

Assad is apparently preparing contingencies to his policy of support for Iran and has solicited advice from members of his inner circle who hold varying views on the issue. [REDACTED]

[REDACTED] these advocates have crystallized into distinct camps. [REDACTED]

Pro-Iran. This group of foreign policy pragmatists calls for continued Syrian support for Iran in the Iran-Iraq war and opposes improving Syrian-Iraqi relations. [REDACTED]

They argue that Syria can exploit Iranian radicalism to validate its rhetoric of actively confronting Israel. In particular, Syria can identify itself with Hizballah attacks against the Israeli security zone in South Lebanon. The pragmatists claim Iranian economic aid, particularly oil, is an important factor sustaining Syria during its current economic crisis. Finally, they believe an end to the Iran-Iraq war will diminish Syria's position in the region by allowing Iraq to reassert itself as a major player in pan-Arab affairs. The principal advocates of the pragmatist view are two Sunnis, Vice President for Foreign Affairs Abd al-Halim Khaddam and Army Chief of Staff Hikmat Shihabi, and an Alawi, Military Intelligence Chief Ali Duba. [REDACTED]

Anti-Iran. This group consists largely of hardline Ba'thist ideologues who yearn for a reunification of the Syrian and Iraqi Ba'th parties. They point out that Iran's export of Islamic fundamentalism poses a threat to Syria's Ba'thist regime and that Syria should

close ranks with other Arabs to block the spread of the Iranian revolution. They cite Hizballah as an example of how Syria is flirting with disaster if it makes concessions to Iran. They believe that Syria's economic problems can be resolved only by ending the Iran-Iraq war. This would make available more aid from the Gulf states, especially Saudi Arabia, which are expending millions on Iraq's war effort. [REDACTED]

[REDACTED] Finally, they believe that Iraq would be a better strategic ally than Iran in Syria's confrontation with Israel. The most influential advocates of these positions include Sunni Prime Minister Abd al-Ra'uf al-Kasm and two Alawis, Commander of the Special Forces Ali Haydar and President of the General Federation of Trade Unions Iz al-Din Nasir. [REDACTED]

It is worth noting that advocates of both camps appear to cut across bureaucratic lines within the regime. Assad is probably confident that the ad hoc nature of the debate will lessen the chance of serious policy divisions in his regime, which might be the case if, for example, the preponderance of advocates of one position were in the military and the other in the Ministry of Foreign Affairs. [REDACTED]

We are skeptical of claims by some observers that Assad's approach to Iran is influenced by religious ties between Shiism and Assad's Alawi faith. Alawis are not Shias, although Assad sought recognition for the Alawis in the early 1970s from Lebanese Shia leader Musa Sadr. [REDACTED]

[REDACTED] Assad sees Iran as a key strategic ally for the Arabs against Israel, and his main goal is to prevent a resumption of the close Israeli-Iranian ties that existed in the Shah's era. Assad has been working to improve Syrian-Iranian ties since the early 1970s and was a major supporter of the Islamic resistance to the Shah. For example, the Iranian Islamic ideologue Ali Shariati was given a state funeral in Damascus after his mysterious death in 1977. We believe Assad's hatred of Iraqi leader Saddam Husayn also plays a key role in his support for Iran. [REDACTED]

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An outcome of breaking ties to Tehran that all members of Assad's regime probably believe is inevitable will be support by Tehran for Syrian subversives. The principal Syrian opposition group, the Muslim Brotherhood, has had some contact with Iran, [] but it is probably wary of a closer relationship because of Tehran's support for Assad. The Brotherhood, a Sunni fundamentalist organization, advocates an Islamic republic for Syria but has basic doctrinal differences with the Shias and is not likely to become an Iranian puppet. Should Damascus break with Tehran, we expect that the Iranians would offer the Syrian Muslim Brotherhood substantial support to challenge the Assad regime and that the group would accept such aid. []

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Outlook

Assad seems content to encourage the advocacy of opposing views among his lieutenants while steering a middle course. The Syrian President appears determined to keep his options open and finesse his relationship with both Iran and Iraq. In any event, should Assad decide to commit himself to one position or the other—a decision he alone will make—the debate will cease, and Assad's key advisers will be expected to fall into line. []

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Syria: Wheat Shortages Highlight Economic Vulnerabilities

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Syria is caught in a cycle of recurring wheat shortages that have emerged as the most serious aspect of the country's unprecedented economic crisis. President Assad will be forced to continue to make minor political concessions to obtain financial aid and gifts to weather the wheat shortages expected later this year.

Syria has been a net importer of wheat since before Assad took power, but, until recently, Damascus could secure the necessary foreign exchange to compensate for the shortfalls in its harvests. Primarily rainfed, Syria's agricultural production has fluctuated widely. A combination of bad weather, poor planning, and severe hard currency shortages has produced the worst crisis in Syrian agriculture in Assad's rule. According to the US Embassy, Assad's acute need for additional wheat early this spring was a contributing factor in his willingness to meet with his archrival, Iraqi President Saddam Husayn.

Running on Empty

According to the US Embassy, Syria ran out of wheat on 10 June but weathered the crisis by implementing stopgap measures. The Syrian wheat authority combined 50,000 tons of wheat borrowed from Jordan, an early domestic harvest, and flour purchased from France at a relatively high price by Syrian businessman Umran Adham. In addition, the Syrians increased the volume but reduced the quality of flour by grinding hull and bran into the flour. Bakeries were forced to reduce the size of bread loaves, according to the Syrian press, and, outside Damascus, deliveries were cut by 20 percent.

Damascus has been acutely aware of the wheat problem and attempted to take measures to avoid bread shortages, but the delayed arrival of 100,000 tons of free wheat pledged by Saudi Arabia after Assad grudgingly met with Iraqi President Saddam Husayn caused Damascus to scramble to meet the crisis. Due in late June, delivery was stalled by arguments over the payment of delivery costs and how the wheat was to be shipped.

Umran Adham: Syria's Wheat Broker

Syria's primary negotiator of European wheat and flour purchases . . . a Sunni Muslim businessman living in Paris with family business interests in the Bekaa Valley in Lebanon . . . alleged to deal in guns and armaments . . . able to negotiate deals with France through direct ties to the French Presidency . . . rumored to have lost enormous sums of money due to the price changes of wheat purchased for Damascus . . . personal motivation unclear.

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New Harvest

Because of the severe shortages, Damascus began the 1986-87 harvest season early in June. Hot winds prematurely ripened some of the grain, but these same winds were responsible for stunting wheat growth in other areas, such as a primary growing area in eastern Jazira region, which lacked rain. Revised estimates from the US Embassy indicate that the total harvest was relatively small—under 1.5 million tons, compared with an annual average of 1.9 million tons in the early 1980s.

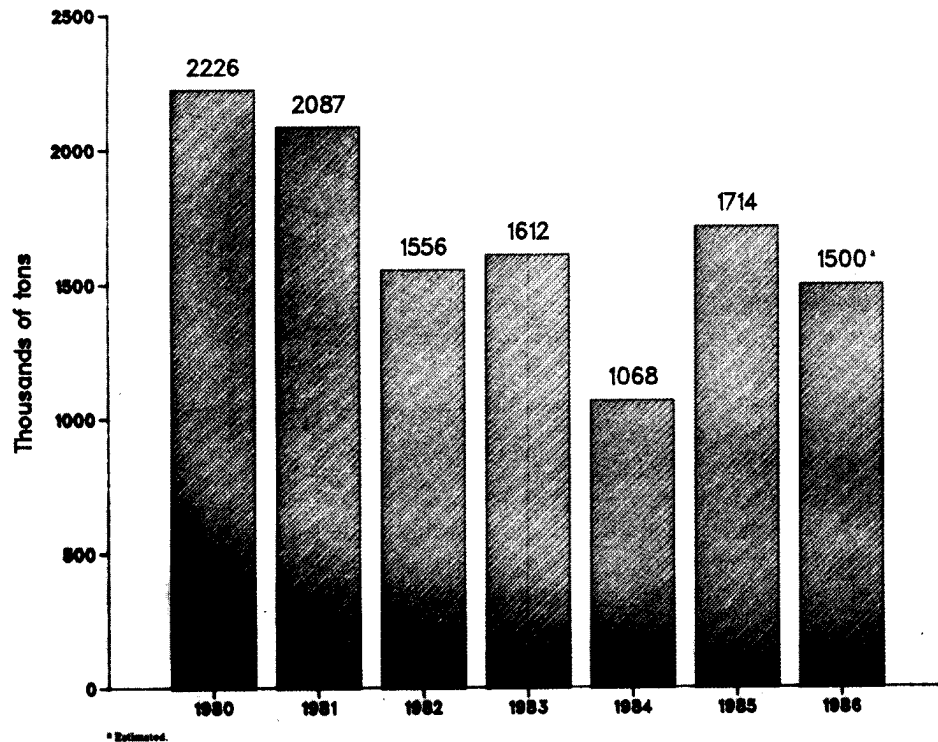
Damascus increased its efforts to fully utilize this year's crop. Besides raising the official purchasing price by 47 percent to encourage farmers to sell their crops to the government, authorities reduced the amount of wheat individual farmers could retain for personal use to 20 percent of their crop, according to the US Embassy. In previous years farmers were allowed to retain as much as 50 percent of their crop, which often found its way into the black market. In addition, the Embassy reports that Damascus is cracking down on illegal transportation of wheat, and the allotment skimmed off the top, previously assumed as "waste," is now tightly controlled.

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Syrian Wheat Harvests in the 1980's



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Despite these efforts, Damascus probably recovered no more than 40 percent of the harvest. Wheat that did not enter official channels was bought up in large quantities for animal feed, according to the Embassy. Even if Damascus succeeds in recovering some of this contraband, our best estimates are that Syria will be able to purchase no more than 600,000 tons of domestic wheat. Even in poor years, the US Embassy reports that the government has usually been able to purchase 700,000 to 800,000 tons.

The Cycle Continues

All evidence, including the government's large purchasing efforts, indicate that Damascus has no intention of changing its ad hoc approach to meeting current needs. Syria is milling approximately 4,600

tons daily and blending it with flour already promised from France and flour milled from the Jordanian wheat loan. The arrival of the Saudi gift, expected shortly, will be added to present consumption stocks. Human consumption needs amount to approximately 1.5 million tons of wheat annually. Planned deliveries are sufficient to last for the next three to four months.

Negotiations with French authorities are continuing through Syrian businessman Umran Adham for two deliveries of 150,000 tons each. If these deals succeed, Syria will once again need wheat in January 1988. The US Embassy estimates that, from February 1988

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until the next harvest in late May, Syria will have to purchase 360,000 tons of wheat for consumption, plus another 50,000 tons to repay the Jordanian loan.

Outlook

Unlike previous years when Syria had maintained a three-to-six-month stockpile, the wheat purchased by Damascus is being immediately consumed, not stored. Thus, the potential for a greater crisis looms down the road. Because the Syrian wheat authority is working without any reserve, it may be forced to conclude negotiations quickly and therefore drain hard currency by paying a higher price than it could obtain through extended negotiations. In addition, the efforts to purchase wheat for human consumption have reduced grain available for animal feed.

Compounding the problem, the government's requirement that farmers sell such a large percentage of their crop to the state at a price lower than the market rate may discourage planting in the future.

Damascus has faced the problem of insufficient wheat for some time, but with Syria's continuing hard currency shortage it is no longer possible to purchase all required commodities without reallocating funds. Also, without hard currency to purchase needed equipment, Syria cannot substantially increase the 15 percent of total area presently irrigated to increase total output. Until Assad institutes reforms, such as

ending subsidies, or allocates hard currency from other sectors of the economy, such as the military, the wheat crisis will continue to recur. The measures taken thus far—a price rise accomplished by the reduction in loaf size, the adulteration of flour, and the crackdown on black-market opportunities—are shortsighted remedies.

Given the autocratic and inflexible Syrian economic and political systems, true reform measures will be difficult to implement without direct presidential initiatives. Until such time, aid and gifts from abroad will continue to play a large part in avoiding domestic shortages. Therefore, the ability to supplement the harvest depends greatly on political choices, and Syria's economic vulnerability will remain a major political preoccupation for Assad.



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Beirut: Economic and Social Turmoil

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The continuing power struggle in Lebanon has transformed Beirut—once the commercial, intellectual, and tourist center of the Arab world—into a lawless militarized zone contested by confessional and ideological factions. Turf battles, terrorism, rampant street crime, and the lack of centralized authority make the area, especially the Muslim western sector, extremely dangerous for both residents and foreigners. Beirut's lawlessness has markedly curtailed social and economic activities of Western institutions and provides sanctuary for extremists of various affiliations.

West Beirut has become a patchwork of small areas loosely controlled by confessional or ideologically based militias and plain gangsters. The traditional dividing lines between West Beirut's sectarian neighborhoods have blurred as clashing militia forces plunge the city deeper into anarchy. Many fighters are uncommitted to any single militia and sell their services to the highest bidder. Over the last few years the pro-Iranian Hizballah has emerged as a new force to be reckoned with and has gained strength in the shantytowns of Beirut's southern suburbs and in the neighborhoods near the Green Line—the unofficial border between Muslim and Christian Beirut.

East Beirut is somewhat more stable under Christian control. It is also generally more prosperous. The East, however, has experienced numerous turf battles. A series of coups, called Intifidas or uprisings, have occurred within the dominant Christian militia, the Lebanese Forces, killing scores of people since 1985.

Power Vacuum

Before the civil war Beirut was an open meeting place of Middle Eastern and Western culture. The Lebanese prided themselves on their sophistication and claimed with some justification that they benefited from the best of both worlds. In the late 1960s the arrival of Palestinian fighters intent on

using the country as a base of operations against Israel sowed the seeds of Lebanon's political collapse. A civil war began in the mid-1970s as the burgeoning Palestinian presence disrupted relations between the country's disparate religious sects, and the central government collapsed.

Lebanon's war in the streets is all but certain to continue as a generation reared in civil war comes of age in Beirut. Many young militiamen know no other condition. Fighting to them is a part of everyday life, as is the absence of government instruments of law and order. The Lebanese cannot work out a political deal between the country's confessional groups that would end the civil war, and each group continues to jockey for power and political status. The central government is too weak to assert its authority. Foreign attempts to stabilize West Beirut have, thus far, been failures.

Beirut's Chaotic Economy

All of Lebanon's population suffers from the unsettled situation, but Beirut residents have experienced the largest relative drop in living standards. The influx of Shia refugees from South Lebanon since 1975 has expanded the population of Beirut's southern suburbs by more than 500,000 and produced fertile ground for proselytization of disaffected Shia youth by radical Shia groups. Similarly, East Beirut was flooded with Christian refugees following the Israeli withdrawal from the Shuf region in 1985. The excessive burden on Beirut's poorly maintained public services results in erratic supplies of electricity and water and periodic shortages of fuel and staple foods.

Despite growing economic problems, Lebanon still displays a dynamism that allows the economy to continue functioning. The resourceful population still possesses the talents required to survive, and many

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even prosper. The absence of effective government control has resulted in one of the freest economies in the world:

- Money transfers are not taxed or restricted, and the bank secrecy laws are legendary.
- Most imports arrive through militia-controlled ports not subject to customs duties.
- Deficit spending allows the government to continue providing salaries, telephone service, electricity, and subsidized wheat and fuel. The pound's unprecedented slide (in 1985 a pound was worth 20 cents; now it is worth a half cent), however, may force reductions in spending.

The chaotic environment allows Beirut's businessmen to operate with few regulations or burdensome taxes. As a result, Beirut is a center for a lucrative arms and narcotics trade. The city is also an entrepot for consumer goods imports for smuggling into Syria. Lebanon's currency depreciation has boosted exports of jewelry, clothing, furniture, and chemical products. A Lebanese economist estimates that exports expanded in 1986 to about \$220 million. Lebanon's banking industry also remains vibrant, with over \$3.56 billion in deposits at the end of 1986. The number of branch banks has expanded to more than 620 to compensate for the difficulties in traversing the city.

Beirut's remarkable resiliency is eroding. Inflation is running over 100 percent annually. Residents of Beirut, who rely on imports for most of their consumption, are hard pressed by higher prices, poor employment prospects, persistent housing shortages, and reduced availability of medical care. Beirut's lively foreign exchange market has shrunk from \$10 million to \$3 million daily, with the Central Bank as the primary supplier of dollars. Lebanon's foreign payments, which were in surplus in 1985, fell into a \$190 million deficit in 1986, according to a Lebanese economist.

Lebanon's confessional militias have asserted control as central authority has declined. The militias act as quasi-governmental institutions by collecting taxes and providing social services. For example, the Christian Lebanese Forces imposes a 5-percent surcharge on gasoline sales and collects taxes at ports, restaurants, cinemas, and the Casino du Liban. In return, the militia sponsors neighborhood repairs, subsidizes health care, and administers public utilities, such as trash collection in East Beirut. Foreign sponsors such as Syria, Libya, Iran, and Saudi Arabia also provide funds that fuel the Beirut economy.

Outlook

Syria is portraying itself as a moderating force in West Beirut and has pledged to restore order, but it is unlikely to be successful. Militiamen have been "disarmed," and Syria's military intelligence chief in Lebanon has pledged to ease traffic between the Christian and Muslim sectors. Under Syrian direction, the Lebanese Army has reopened several Green Line crossing points to pedestrian and truck traffic, although erratic closings are commonplace. Syrian troops have not deployed into East Beirut or the southern suburbs controlled by Hizballah. As long as Syria occupies only parts of the city, stability is unlikely.

Beirut will continue to display a curious dynamism, but the prospect for economic recovery will diminish as increasing numbers of Lebanese emigrate and sever ties to the country, as evidenced by the estimated 70 percent drop in expatriate remittances since 1980. Lebanon's economy can be expected to lurch along with the vast majority of the population becoming steadily impoverished and the prospect for genuine reforms unlikely because of confessional political differences.



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Egypt and the M1A1 Tank: The Push for Coproduction

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Cairo welcomes the preliminary agreement to eventually coproduce the M1A1 tank as a sign of US intent to help Egypt continue its force modernization and to develop its military industries.¹ The Egyptians consider the M1A1 the "best tank in the world" and expect that it will significantly improve the capabilities of Egypt's armored forces. US military aid programs and the prospect of coproducing and exporting the tank to earn foreign exchange also are strong factors influencing the Egyptians' choice of the M1A1 over its competitors.

A cancellation of the deal would temporarily hurt Cairo's relations with Washington and could lead to the resignation of Defense Minister Abu Ghazala, a strong supporter of military cooperation with the United States. In such a case, Egypt probably would turn to British and West German firms to fulfill its requirement for main battle tank production.

Search for a Main Battle Tank

Cairo wants to acquire a new, more advanced main battle tank by the 1990s to improve its capabilities relative to its neighbors. The Army has about 2,400 tanks in its inventory—M-60A3s, T-62s, T-54s, and T-55s. As a short-term solution until a new tank can be produced, Cairo is seeking to enhance the capabilities of its aging T-54 and T-55 tanks by retrofitting them with 105-mm British-made guns and adding new fire control systems. Even so, US Embassy sources say Armed Forces Chief of Staff General El Orabi is concerned about whether the 105-mm gun—also on Egypt's M-60A3s—can defeat Libyan T-72s, and the Ministry of Defense is disturbed that the Libyans have antitank guided missiles that can penetrate the M-60A3's armor at more than 2,000 meters. Cairo expects the Soviets to supply Tripoli with even more advanced T-80 tanks during the next decade. Senior Egyptian defense

¹ Although the agreement calls for eventual coproduction, the Egyptians will produce mostly the less sophisticated parts of the tank and will be mainly assembling it from US components.



Egyptian T-55 main battle tank fitted with a British 105-mm tank gun.

Jane's ©

officials also are uneasy about qualitative improvements in the Israelis' arsenal and hope a more advanced tank would be a strong deterrent to possible Israeli aggression.

We suspect that national pride and a desire to lead the Arab world in terms of military technology are driving Cairo's search for a main battle tank. Senior Ministry of Defense officials have decided on more sophisticated technology—mostly from the West—over simpler and less expensive tanks. We believe that they have met with a variety of suppliers, including the United States for the M1A1 and probably the West Germans for the Leopard II, France for the AMX-40, Italy for the OTO Malara OF 40, Japan for the Type 74, the British for the Vickers Mark VII,

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Egyptian M-60A3 tank armed with a 105-mm gun. [redacted]

and Yugoslavia for the T-72.² [redacted]

Cairo's shortage of funds probably has restricted its options only to US tanks and others offered under concessional or grant programs. Without external assistance, Cairo does not have sufficient resources to pay for expensive, long-term projects, in our view.

Slow Improvements in Capabilities

Acquisition of the M1A1 probably would not dramatically enhance Egypt's military capabilities against Libya or Israel in the 1990s.³ We would expect Cairo to try to replace at least its oldest T-55s and T-62s with M1A1s and to develop plans that would enable M1A1-equipped units to respond to threats on both Egypt's eastern and western borders. Nonetheless, possible improvements in the mobility, firepower, and armor protection in Libyan and Israeli armored units, probably with the T-80 and Merkava

² Only the M1A1, Leopard II, and T-72 are first line tanks. The others have lesser capabilities.

³ Despite Cairo's peace agreement with Israel, the Egyptian military believes it must maintain an adequate deterrent force in case a more militant leadership emerges in Tel Aviv that would be less interested in preserving the peace. [redacted]



M1A1 Abrams tank [redacted]

III and IV respectively, could offset the technical advantages of the M1A1. For example, the T-80 is faster, and both the T-72 and the T-80 outgun the M1A1. The Israelis also are unlikely to be intimidated by Egyptian M1A1s. Besides having advanced Merkava tanks in their inventory in the next decade, the Israelis may buy their own M1A1s. [redacted]

Integration of the M1A1 into Egyptian armored units is likely to be slow. The Egyptians continue to experience maintenance and training difficulties with the M60A3 and would face even more problems in trying to absorb a more advanced tank.⁴ To take advantage of the M1A1's full capabilities, the Ministry of Defense would have to make adjustments in its tactical doctrine. The M1A1's speed, rapid maneuverability, and capability to fire accurately while moving, for example, encourage responsiveness to changing situations on the battlefield. Egyptian armored units, however, have eschewed tactical flexibility and continue to use standard Soviet formations and maneuvers that do not even fully exploit the capabilities of the M-60A3. [redacted]

Desire for Coproduction

Egypt has long sought to reduce its dependence on foreign suppliers and may be willing to spend more in the short term to produce weapons indigenously than to buy them outright. Cairo is not interested only in a sale by the United States of M1A1 tanks, [redacted]

⁴ We believe maintenance of the M1A1's turbine engine would pose a significant challenge to the Egyptians, given the region's desert terrain [redacted]

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Soviet T-80 tank

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Characteristics of Selected Tanks in the Middle East (Estimated for the 1990s)

Tank	Weight (metric tons)	Engine	Maximum Speed (kilometer/ hour-road)	Estimated Armor Protection Levels ^a (millimeter)	Main Armament
M1A1 (US)	63.8	Gas turbine (1,500 shp)	67	380 (ADPS) 900 (HEAT)	120-mm gun
M-60A3 (US)	51.9	Diesel (750 bhp)	48	143 (hull) 230 (turret)	105-mm gun
T-80 (USSR)	45	Gas turbine (1,000 hp)	90	450-710 (APDS) 580-1,140 (HEAT)	125-mm gun
T-72 (USSR)	41	Diesel (780 hp)	60	350 (APDS) 450 HEAT	125-mm gun
T-62 (USSR)	37.5	Diesel (580 hp)	50	230 maximum	115-mm gun
MERKAVA-III (Israel)	58	Diesel (1,200 kp)	40-46	Not available	120-mm gun

^a Penetration with vary depending on the munition used and the composition of the armor.

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Defense Minister Abu Ghazala

Field Marshal Mohamed Abdel Halem Abu Ghazala, Minister of Defense and Deputy Prime Minister, is popular with the armed forces and has emerged as one of the most popular and charismatic leaders in Egypt. The 57-year-old artillery officer is a veteran of four wars. Between 1976 and 1980 he served as defense attache in Washington, where he was an advocate of US-Egyptian defense cooperation. He became Minister of Defense in 1981 and was made Deputy Prime Minister and promoted to field marshal in 1982. [redacted]

Defense Minister Abu Ghazala
[redacted]

Abu Ghazala's power is second only to that of President Mubarak, and, as head of the armed forces, he commands the most influential single institution in Egypt. The Defense Minister remains strong in his support for US-Egyptian friendship and cooperation and has been able to silence critics by securing access to sophisticated arms for the military. [redacted]

Abu Ghazala also has consistently pushed for improvements in Egypt's defense industries and on many occasions has publicly stated that the military's aim must be to achieve self-sufficiency in arms production. We believe he is particularly pleased with his ability to reach an agreement with the United States to coproduce the M1A1 and probably looks at the project as another means of increasing his standing in the armed forces and against political rivals. [redacted]

The M1A1 deal comes during a time when a variety of setbacks are increasing Abu Ghazala's sensitivity to criticism. Mubarak, with his reelection almost guaranteed this fall, has recently demonstrated his authority over the Defense Minister, especially by retaining his choice as Armed Forces Chief of Staff over Abu Ghazala's objections. The Defense Minister also may be irked over the Mubarak government's decision to allow the Soviets to reopen consulates in Egypt. We suspect he continues to smart over his inability to achieve military debt relief from the United States [redacted]

[redacted]
[redacted] [redacted]

[redacted] We suspect that many senior defense officials are concerned that the military is developing a reliance on the United States similar to its dependence on the Soviets from the 1950s to the 1970s, and this could leave Egypt unable to maintain and repair equipment if cooperation with the United States ended. [redacted]

The Ministry of Defense probably hopes that M1A1 coproduction will serve as the keystone of its efforts to revitalize Egypt's defense industries and open new markets. Attempts to manufacture more sophisticated Western weapons were set back by Egypt's separate

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peace with Israel and the subsequent withdrawal of Arab money from joint projects. The Arab Gulf states, however, recently have been seeking closer ties to Egypt, in part to counter the increased threat from Iran. Iraq already buys large quantities of Egyptian arms and ammunition, and Cairo expects the Saudis to try to acquire the [redacted]

[redacted] has continued to publicly promote the establishment of an Arab military industry and may try to exploit the gradual warming of relations to push for M1A1 sales and renewed cooperation on defense production. [redacted]

Cairo's Perception of the Deal

We believe Egypt's defense industry lacks the technological base, expertise, and manufacturing infrastructure to independently design and produce modern tanks. Nonetheless, with foreign technical assistance, the Egyptians turn out small arms, ammunition, artillery, vehicles, and aircraft of poor to fair quality. They probably could assemble the M1A1 with US assistance. [redacted] except for base metal manufacturing of specialty steel and aluminum, Egypt's arms factories could produce in limited quantities many of the parts needed to assemble a main battle tank. To insure M1A1 quality, substantial US supervision and participation in quality control inspections probably would be required. [redacted]

[redacted]

The Egyptians understand the initial agreement will lead to coproduction of the M1A1 by 1996, but basically they will only be assembling the tank, mostly

[redacted]

The specifics of the subsystems to be included have not been determined. [redacted]

using items manufactured in the United States. Gradually, they will begin making a limited number of parts for the tank—tracks, hubs, and road wheels, for example. They are not scheduled to produce key items, including the turret structure, special armor, selected fire control articles, engines, and transmissions. [redacted]

Nonetheless, the Egyptians are confident in their ability to assimilate the M1A1 technology and are more ambitious than the initial agreement suggests. [redacted]

[redacted]

[redacted] The Egyptians apparently also want to expand their production role at least by manufacturing the 120mm gun tube and training ammunition. [redacted]

Looking for Other Suppliers

Cairo is not confident that the United States will give final approval to clear the M1A1 for export and coproduction and is continuing to negotiate with other possible suppliers of sophisticated main battle tanks.

[redacted]

[redacted] Senior Egyptian Ministry of Defense officials have made several trips to West Germany and the United Kingdom during the past six months to seek assistance, apparently for a tank that Cairo hopes to develop concurrently with the M1A1. [redacted]

[redacted]

Abu Ghazala has also been negotiating with Turkish officials about coproduction, though we suspect his eagerness far surpasses Ankara's. [redacted]

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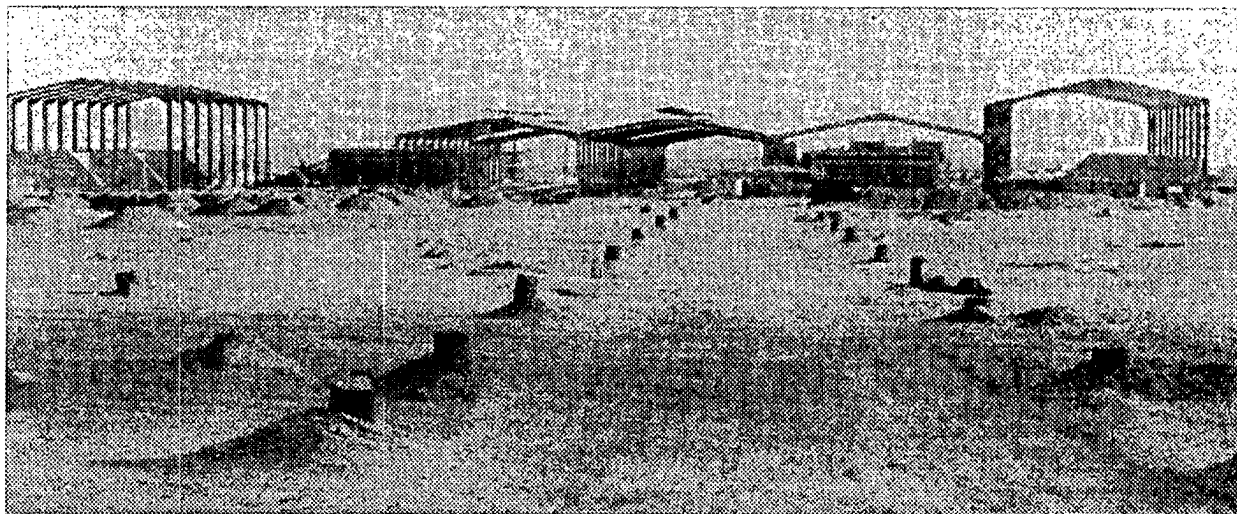
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New Egyptian tank factory under construction at Abu Zabal

Washington Post ©

[redacted] the Defense Minister talked with the Turks in May about a joint effort to produce Leopard II tanks. Abu Ghazala probably also discussed the possibility of collaborating on M1A1 production. He publicly promoted Turkish-Egyptian coproduction of the M1A1 last spring, saying it would cut costs by as much as 40 percent, allow for parts specialization, and increase the scale of production. [redacted]

Implications

Cairo believes it is furthering US-Egyptian cooperation and friendship in selecting the M1A1 and expects the United States to give final approval to the deal. Acquisition of the technologically sophisticated tank has become a matter of national pride for the Egyptians, particularly in light of US military aid to Israel. [redacted]

[redacted] Defense Minister Abu Ghazala, a strong advocate of US-Egyptian defense cooperation, also has a personal stake in the deal, having lobbied for the tank in Washington and publicly announced that Egypt has the license to coproduce it. [redacted]

Cancellation of the deal would hurt US-Egyptian relations. Mubarak and other senior officials would regard such an action as displaying a lack of faith in Egypt's capabilities and as further evidence of Washington's willingness to put relations with Cairo behind those with Tel Aviv. Moreover, the Egyptians probably believe they are doing the United States a favor in choosing the M1A1 over its competitors because the deal will enhance military cooperation and increase Egypt's reliance on US technology.

[redacted]

We would expect damage from a cancellation to be only temporary because of common strategic interests and Cairo's continuing need for US financial aid. President Mubarak, however, probably would respond to a cancellation by publicly lashing out at the United States. We would also expect him to become more recalcitrant in such areas as the transit of US nuclear-powered warships through the Suez Canal. Temporarily putting distance between himself and the United States would help protect him from political attacks by critics of his close relationship with Washington. [redacted]

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Defense Minister Abu Ghazala would be infuriated by the failure of the United States to give final approval to the M1A1 deal and might seriously consider resigning. [REDACTED]

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[REDACTED] The Defense Minister appears to have staked his reputation on the M1A1 deal, boasting of plans to expand Egypt's defense industries, and publicly acknowledging the agreement. If he is thwarted again in his dealings with the United States, Abu Ghazala will probably take a much more cautious approach to US-Egyptian defense cooperation. His resignation might lead to the appointment of a defense minister much less favorably inclined toward the United States.

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Morocco-Israel: Continuing Contacts

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Morocco—with its well-established Jewish population—has in the past few years expanded significantly its unofficial ties to Israel. King Hassan sees these contacts as part of a larger effort to position his country as a bridge between the Arab states and the West. His meeting with then Israeli Prime Minister Peres in July 1986 was his most sensational attempt to insert himself into the Middle East peace process and at the same time to curry favor with and perhaps win assistance from the West. His failure to obtain significant new aid, particularly from the United States, disillusioned him, and this experience and the ephemeral results of the Peres meeting suggest Hassan will not seek another summit meeting with Israeli leaders in the near term. The King, however, will pursue informal contacts with Tel Aviv

Background

King Hassan's meeting in 1986 with Israeli Prime Minister Peres was the most recent and visible sign of continuing contacts between Rabat and Tel Aviv. The Alaouite dynasty is the protector of the 2,000-year-old Moroccan Jewish community—the largest in the Arab world and the King's principal vehicle for unofficial contacts with Israel. According to the US Consulate in Casablanca, the community numbers less than 10,000—down from nearly 350,000 in 1956. Nevertheless, Jews still play an important unofficial role as financiers, businessmen, technical and professional experts, and advisers to the King. Particularly noteworthy are the community's leader and palace insider David Amar, businessman and foreign policy adviser Serge Berdugo, and member of parliament—since 1985—Johanna Ohana. There are 400,000 to 500,000 Jews of Moroccan origin in Israel, 100,000 in France, and significant numbers in Canada and the United States, and these populations serve abroad as important interpreters and supporters of Moroccan foreign policy.

Hassan's Motives

We believe that the King's policies toward Israel and the Moroccan Jewish community are driven by several goals. Although Hassan professes to follow a nonaligned foreign policy, he has adopted a pro-Western stance and wants Morocco recognized in the West as a moderate alternative to fundamentalist and radical regimes. This longstanding incentive for maintaining unofficial ties to Israel became more important during the period of his union with Libya (1984-86). The King's consistent hope has been that the West would reward his constructive policy toward Tel Aviv with increased economic and military assistance, and that interest grew as he pursued more austere economic policies at home in recent years.

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The King also would also like to carve out a wider role for himself in the Middle East. He is convinced that his ties to Israel, his membership in the Arab League, the Islamic Conference Organization, and the Jerusalem Committee, and his detached perspective on the Middle East qualify him far better than Jordan's King Hussein—indeed, perhaps uniquely qualify him—as a mediator in the Arab-Israeli peace process. This was almost certainly why he risked Libyan and Syrian subversion and condemnation by the radical Arab states to talk with Peres. He is only the fourth Arab head of state to meet openly with an Israeli leader. The others—King Abdallah of Jordan, Egyptian President Sadat, and Lebanese President Bashir Gemayel—were assassinated.

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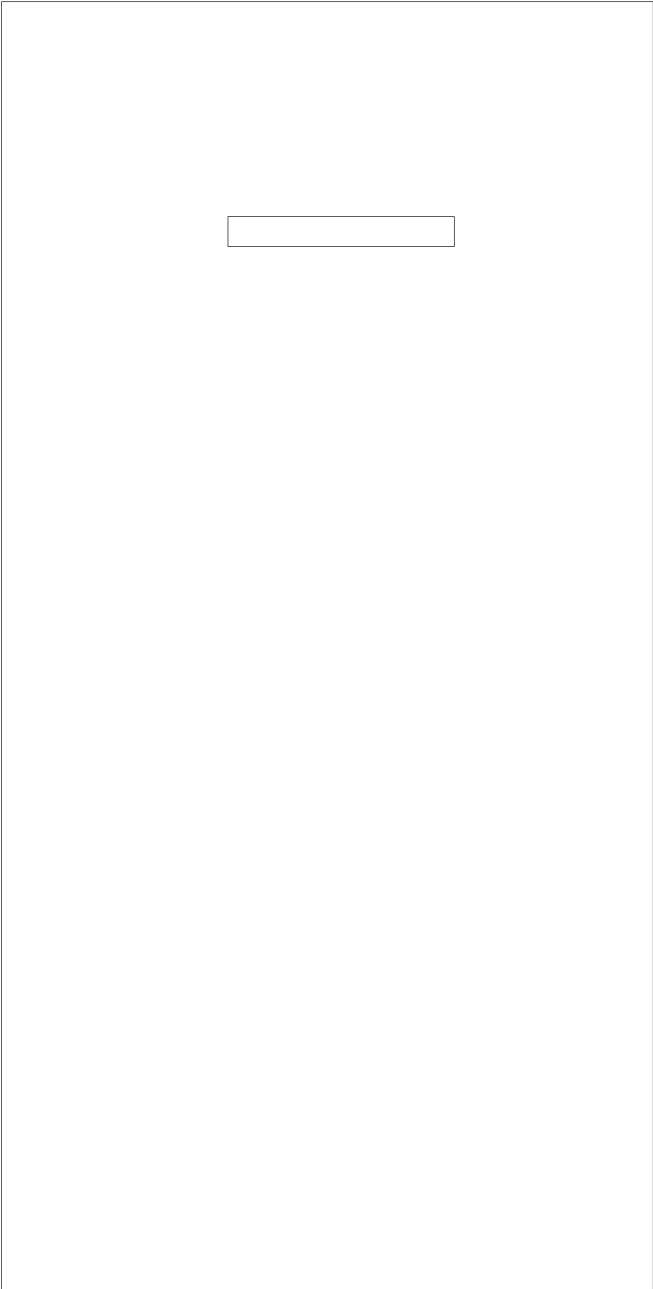
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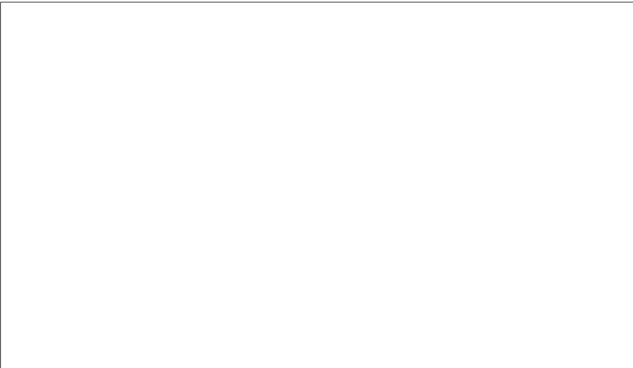
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[Redacted]



[Redacted]

Informal contacts between Morocco and Israel will almost certainly continue, notwithstanding the chill that set in for several months after the King's meeting with Peres. Despite Hassan's disappointment over Israeli inflexibility and lack of followup and the failure of Washington to give greater assistance, he decided in March 1987 to reinvigorate the dialogue with Tel Aviv. As initial signs of the rekindled interest, he revived plans for a book to be published in French, English, Arabic, and Hebrew on his relations with and support for the Moroccan Jewish community and approved a series of bilateral visits. The factors that impelled Moroccan diplomacy in this direction in the past will probably keep Hassan on that course in the future. By the same token, however, the King is as mindful of the constraints on his Israeli policy as he was in the past, and we believe that the Rabat-Tel Aviv dialogue will stop well short of another publicized summit meeting in the near term.

[Redacted]

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