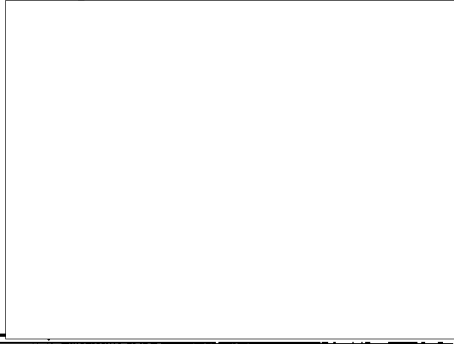




**Director of
Central
Intelligence**



National Intelligence Daily

**Tuesday
17 November 1987**



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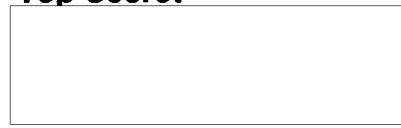
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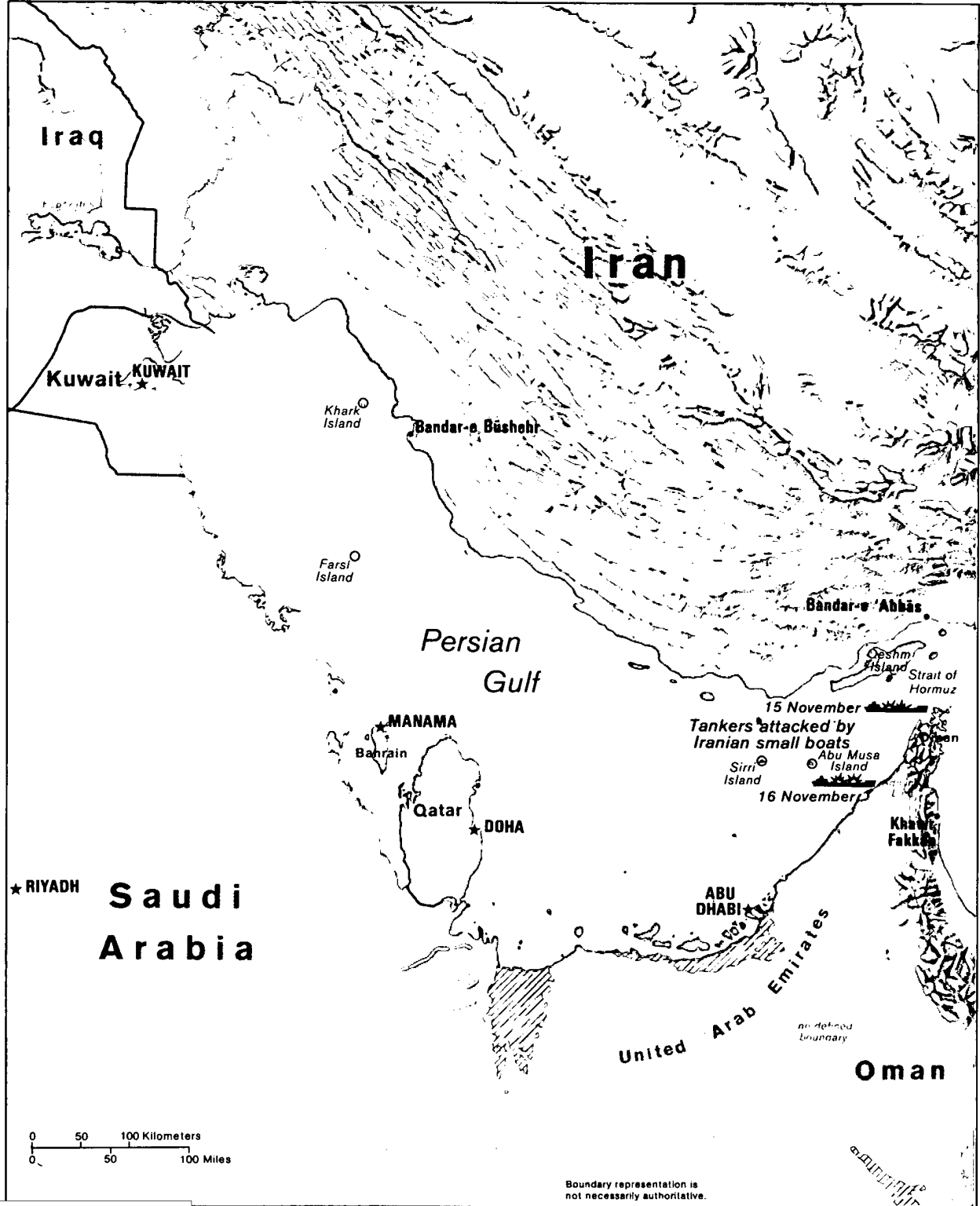
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Persian Gulf Developments



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PERSIAN GULF: Situation Report

Ship Attacks Continue

Iranian small boats attacked the US-owned, Liberian-flagged tanker Esso Freeport south of Abu Musa Island yesterday, [redacted] small boats also attacked a tanker south of Qeshm Island in Omani territorial waters on Sunday, [redacted]

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Comment: Iran will try to keep pace with Iraqi ship attacks. The recent increase in Iraqi air attacks on Iranian economic facilities and oil exports may prompt Tehran to launch additional Silkworm missiles at Kuwait. [redacted]

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Dutch Changing Operational Plans

The Dutch Defense Minister has approved plans for two Dutch minehunters in the Gulf of Oman to enter the Persian Gulf today, according to the US attache in The Hague. The Dutch Navy accepted a British offer to join in searching for mines in the vicinity of Bahrain; the British will provide protection to the Dutch ships while they are in the Gulf. The Belgian Government apparently has not decided on whether to allow its three ships to accompany the Dutch. The US attache in Paris reports that budgetary problems will severely restrict French operations in the Gulf through the end of the year. [redacted]

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Comment: The Dutch Navy has pushed hard for approval to enter the Gulf and probably hopes successful mine-clearing operations will persuade the government to extend their deployment in the area. The Belgian Government faces elections on 13 December and may be less willing to commit its three ships. Despite funding problems, the French are not likely to reduce the number of ships in the region until their bilateral problems with Iran are resolved. [redacted]

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Regional Reaction to Soviet Proposal for UN Naval Force

Iran probably sees the proposal as useful in further delaying implementation of cease-fire; Tehran presumably favors a naval force that does not include either superpower.

Syria is the only Arab nation to lobby for proposal.

Iraq rejects the initiative but is exploring ways to exploit it to gain Soviet support for sanctions against Iran.

Kuwaiti officials [Redacted] have told the Soviets that they view the UN naval force proposal as strictly a propaganda move against the US and that they wanted nothing to do with it.

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Saudi Arabia supports the US presence in the Gulf and is irritated by Soviet efforts to pander to Iran.

UAE's President Zayid recently told the Abu Dhabi press that Iran is primarily responsible for the presence of foreign fleets in the Gulf.

Bahrain has told US diplomats that the result of the Arab summit clearly shows Arab support for US policy in the Gulf.

A **Qatari** diplomat recently characterized Moscow's proposal to US diplomats as "silly and impractical."

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**USSR-UN-
PERSIAN GULF:**

Prospect for UN Naval Force

The Soviet proposal for a UN naval force in the Persian Gulf has attracted little support beyond Moscow's allies and Third World clients. [Redacted]

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Moscow has billed the initiative as a solution to the tensions in the Gulf raised by the "provocative" presence of US forces there. The proposal calls for the withdrawal of the naval forces of "nonlittoral" states from the region and their replacement with a UN naval force under the now powerless UN Military Staff Committee. Moscow maintains that the US naval presence is contributing to Iran's reluctance to accept a UN cease-fire. [Redacted]

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Most Arab states see Moscow's proposal as a ploy to deflect criticism of Soviet reluctance to support UN resolutions against Iran. Iraq and Kuwait, for example, while publicly noncommittal about the Soviet proposal, have told US diplomats they firmly oppose any UN force that would protect Iranian shipping. Syria—the only Arab state supporting Moscow's initiative—was sharply criticized at the recent Arab summit in Amman for advocating its adoption rather than highlighting Iran's refusal to accept the UN's cease-fire resolution.

[Redacted]

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[Redacted]

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Comment: The Soviet proposal is not likely to be rejected outright by most states because they hope to get Moscow's support for UN sanctions against Iran. Even the Arab states, which are most annoyed by it, avoided criticizing Moscow directly in the Amman summit's final resolution, choosing instead to rebuke Syria for promoting the proposal. [Redacted]

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ROMANIA:

Workers Protest Shortages

On Sunday, Romanian industrial workers triggered the largest reported antiregime protest in a decade. [Redacted]

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According to US Embassy reporting, thousands of protesters led by 200 tractor factory workers marched on party headquarters in Brasov, 85 miles (135 kilometers) north of Bucharest, to protest economic conditions. [Redacted] as many as 80,000 to 100,000 may have participated. Troops using tear gas were reportedly used to clear the streets. [Redacted]

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The demonstrators chanted anti-Ceausescu slogans including, "Down with the dictatorship" and "We want food." After wrecking party headquarters and burning posters of Ceausescu, they attacked city hall. The Embassy reports thousands of workers in Brasov were facing layoffs and possible forced return to farms or mines. Over the past two years, workers at the tractor factory, one of the largest plants in the country, have been hit hard by punitive wage policies.

[Redacted]

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Comment: The incident in Brasov appears to have been isolated, but other demonstrations may also have occurred. Economic conditions are equally bad in other parts of the country, and the authorities have moved earlier than normal this year to tighten energy rationing for the winter. [Redacted]

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To calm the local situation, the authorities probably will send extra food, but this could deplete stocks elsewhere. In addition, the police will try to identify the ringleaders and remove them. [Redacted]

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The incident, coming so early in the winter, will make Ceausescu even more insecure and increase his reliance on the security services. If the incidents spread, some of Ceausescu's critics in the leadership could become bolder in their opposition. [Redacted]

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**HONDURAS-
NICARAGUA:**

Border Security Proposal

Honduras, in the face of international scrutiny to comply with the Central American peace plan, has proposed a multilateral commission to control insurgent activities along its borders with Nicaragua and El Salvador. [Redacted]

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In a speech to the OAS last week, the Honduran Foreign Minister reiterated the importance of simultaneity and called for Managua to withdraw troops and equipment from the border area, end its violations of Honduran territory, open talks with the anti-Sandinista insurgents, and issue a broad and unconditional amnesty. [Redacted]

In return, Honduras proposed to join Nicaragua and El Salvador in establishing an international security commission that would disarm insurgents, confine them in internationally inspected camps, and prevent them from using border areas for military purposes. Honduras also said it would consider a withdrawal of temporary US military personnel from its territory if Nicaragua, in a simultaneous and verifiable manner, reduced the presence of military advisers from Soviet Bloc countries. [Redacted]

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Some key Honduran Foreign Ministry officials believe that US foreign policy in Central America has unnecessarily humiliated Honduras and allowed the Sandinistas to gain ascendancy in the region, [Redacted]

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[Redacted] Although the Hondurans doubt Nicaragua will comply fully with the Central American peace plan, they believe they must plan for the worst possible outcome, [Redacted]

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Comment: The proposal probably is intended to counter perceptions that Tegucigalpa is an obstacle to the peace plan. At the same time, the Honduran Foreign Ministry, probably with the tacit approval of the military, may believe the proposal could ensure that Honduras will avoid having to disarm and resettle insurgents by itself if the peace accord goes into effect. [Redacted]

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The Sandinistas are likely to interpret the Honduran offer as a sign of declining support for the insurgents and may toughen its position in cease-fire negotiations with the rebels. Nicaragua will probably reemphasize that a broad amnesty is contingent on the cessation of US funding for the insurgents and that a political dialogue can begin only after the rebels have put down their arms. [Redacted]

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ITALY:**Efforts To Reconstitute Coalition**

Italian President Cossiga will begin a difficult but probably successful effort today to reconstitute the ruling coalition—which came apart over the weekend when the Liberals left the government—by asking the incumbent Prime Minister, Giovanni Gorla, to form a new government. [redacted]

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Cossiga held an emergency meeting yesterday with the leaders of the four partners remaining in the coalition and with the Liberals following Gorla's decision to submit his resignation in response to the Liberals' withdrawal. The leaders of all five parties said publicly afterwards they wanted to restore the three-month-old coalition, which ruptured over objections by the Liberals to proposed budgetary changes curtailing tax reductions. [redacted]

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Comment: Cossiga is a dedicated constitutionalist, and his main concern will be to foster a swift solution to avoid further damage to the already low credibility of Italy's political institutions. He is thus most likely to reappoint Gorla, who is probably best placed to form a new government quickly because he appears to enjoy at least grudging personal support from the leadership of the outgoing coalition. [redacted]

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The Liberals, having dramatically emphasized their desire to squeeze the public sector, may now be inclined to compromise to avoid political isolation. In any case, the four remaining members of the outgoing coalition control a parliamentary majority and could form a government without the Liberals. An agreement among these four could prove difficult, however, because they are divided over how to tackle a range of controversial issues, especially nuclear power plants and judicial immunity, which were voted on recently in national referendums. [redacted]

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Gorla or a successor will probably be able to patch together another weak center-left coalition, if only because Socialist leader Craxi and Christian Democratic leader DeMita are reluctant to force a full-blown governmental crisis at this time. DeMita probably prefers to wait at least until after his party's national conference next spring to force a showdown with the Socialists over their resistance to his efforts to head a more solidly based coalition. Craxi is probably content to let a weak Christian Democratic-led government take the heat for imposing fiscal austerity while he paves the way for a hoped-for return to the prime-ministry. [redacted]

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USSR-AFGHANISTAN: Soviets Hint at One-Year Withdrawal

According to the US Embassy in Kabul, Soviet officials in Afghanistan told a West German journalist last week that General Secretary Gorbachev, during his US meetings next month, would announce his readiness to withdraw all Soviet troops over a 12-month period after the conclusion of a settlement. The officials claim Afghan leader Najibullah was told of the plan this month and was given an ultimatum to stabilize his regime quickly. Soviet and East European officials have hinted over the past two months that Moscow will make a one-year troop withdrawal proposal soon. Similar hints were made before the UN-sponsored Geneva negotiations in September, but Kabul reduced its offer by only two months to 16. [REDACTED]

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Comment: There has been no indication Moscow will relent on its insistence that implementation of any withdrawal schedule would be contingent on cessation of "outside interference" and agreement on the composition of the government in Kabul. The Soviets may calculate that a 12-month offer would allow them to remain uncommitted on specifics while brightening the atmosphere of the summit. They may hope to retake the diplomatic initiative after their setback at the UN last week, where Pakistan's yearly resolution calling for withdrawal of foreign troops passed by a slightly larger margin despite strong Soviet lobbying. Nonetheless, *Pravda* recently carried Najibullah's admission in his speech to the Afghan party conference that Afghan forces remain unable to defend themselves without Soviet assistance. Moscow may again forgo the public relations gains of a 12-month offer if it decides the regime is too unstable. [REDACTED]

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YUGOSLAVIA: Mikulic Program Adopted

The Yugoslav Federal Assembly last Saturday approved Premier Mikulic's revised anti-inflation program, despite strong opposition from the developed north. The new program includes large price hikes on such goods and services as electricity, bread, milk, and cooking oil and will be followed by a six-month price freeze. It also calls for limits on wages and government spending, devaluation of the dinar, and tighter monetary policy. The Slovene delegation—which claims the program is similar to past failed policies and relies on government intervention—voted en mass against the program, while Croatian delegates apparently split their vote. [REDACTED]

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Comment: Mukulic has survived a test that increases the chances his government will last at least until the constitutionally mandated vote of confidence next May. The higher prices probably will cause new grumbling, but the price freeze should prove popular to a public facing triple-digit inflation. The economy is not likely to improve for some time, however, and nationwide support for Mukulic is likely to decline further. His next big hurdle will come soon, when he tries to negotiate debt relief with Western creditors. [REDACTED]

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POLAND: Price Hikes Proposed

The Polish press this weekend published price reform proposals calling for increases next year of as much as 40 percent on many consumer goods, with prices of fuels and rents doubling or tripling. The announcements claimed the increases would be largely offset by hikes in wages and subsidies. Panic-buying in some parts of Poland had already begun last week in anticipation of greater inflation under Polish leader Jaruzelski's reform program, which comes to a vote 29 November in an unprecedented public referendum. [redacted]

Comment: Although government press spokesman Urban last week had promised some warning of intended price hikes before the referendum, the magnitude of the increases seems likely to elicit a rejection of reforms and may lead to public protest. Jaruzelski may believe the reaction to the price increases will subside between now and the referendum. On the other hand, he may see a strong or violent reaction as a chance to either respond with a show of compromise or plead with the IMF to soften whatever austerity measures it attaches to the standby agreement Poland has been seeking as a source of new hard currency loans. [redacted]

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25X1**POLAND: Opposition Activists Meet**

Some 300 opposition activists—including moderate independent Catholics and leading hardliners—met in Warsaw last week to discuss the government's proposals for economic and political reforms, according to one dissident. Despite a large police presence, participation was not hindered and no arrests were made. Andrzej Stelmachowski and other leading Catholic intellectuals are scheduled to have discussions, labeled as "quiet" and pragmatic, on unspecified issues with Politburo member Jozef Czyrek later this month. [redacted]

Comment: The meeting probably focused on opposition tactics for the coming referendum on reform and whether the opposition can present a united challenge to the regime. Moderates probably are under pressure from hardliners, who refuse to meet with the regime, to demonstrate that progress is possible through dialogue. The regime is likely to tolerate additional opposition meetings, hoping to convince Church moderates it is serious about allowing greater political freedom and therefore deserves support for its reform program. The regime, no doubt, also hopes that its more tolerant approach will split the opposition, but such toleration could backfire if the opposition unites on a single course of action. [redacted]

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[Redacted]

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BANGLADESH: Three Opposition Parties Banned

President Ershad has banned three opposition parties in a further move to quell violent demonstrations against his rule. According to press reports, the Communist Party of Bangladesh and two smaller parties—the militant faction of the Marxist Jatiya Samajtantrik Dal and the leftwing Swadhinata Party—have been barred from further political activities. Violence and arrests continue as the opposition observes half day general strikes. The government claims three people have been killed and 18 injured since the demonstrations and strikes began on 10 November, but the opposition says at least 17 have died and scores more have been injured, according to the US Embassy. [Redacted]

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Comment: The banned opposition parties have long opposed Ershad's rule and have been at the forefront in fomenting violence since the demonstrations and strikes began. Ershad probably will not ban the two major opposition parties—the Awami League and the Bangladesh Nationalist Party. Such a ban would galvanize their members and lead to more violence. At present, most Bangladeshis are not supporting the opposition, and the police seem to have the situation under control. [Redacted]

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IRAN-NORTH KOREA: Missile Cooperation

Iran plans to produce Scud-B surface-to-surface missiles, possibly with North Korean assistance. A minister for the Iranian Revolutionary Guard announced Tehran is on the threshold of manufacturing surface-to-surface missiles copied from Soviet-origin Scuds. [Redacted]

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[Redacted]

Comment: If Tehran can build new assembly facilities or modify existing ones, it may be able to manufacture Scud-B missiles by 1989 by assembling North Korean-produced components. [Redacted]

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[Redacted]

[Redacted] Iran probably will not be able to produce and assemble its own components without foreign assistance before at least the mid-1990s. Tehran may be overstating its manufacturing capability in response to an Iraqi press announcement that Baghdad could produce an indigenous surface-to-surface missile with a 400-mile (650-kilometer) range. [Redacted]

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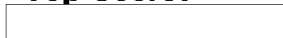
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The Structural Adjustment Loan Vote

The 22 Executive Directors of the World Bank will vote on the loan. Seven directors represent countries with weighted voting shares ranging from 3 percent for Saudi Arabia to nearly 20 percent for the US; the other 15 cast their votes in the name of groups holding voting shares of 2 to 4 percent each and represent 20 or more countries. The countries that have indicated support for Chile will have to persuade the other members of their group as well as the Executive Directors to go along on a favorable vote. Last year's loan passed with 51 percent, with support from all Third World and some developed nations. Directors representing 41 percent of the vote, including the US, France, Canada, Austria, Spain, and the Netherlands abstained. The no vote of about 7 percent included Italy, Greece, Malta, Portugal, and the Scandinavian countries.



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CHILE: Strategy for Protecting World Bank Loan

Santiago is trying to keep Western nations critical of the Pinochet regime from blocking a \$250 million World Bank Structural Adjustment Loan. The loan is scheduled for a vote next month. The Chilean Ambassador to Washington has tried to defuse US opposition by arguing that the 1987-88 loan is tied to health and social welfare programs and will benefit the poor. [Redacted]

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[Redacted]

Comment: Despite the loan's limited short-term economic significance, Santiago fears a no vote could set off wider sanctions that would eventually do serious damage to the economy. [Redacted]

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[Redacted]

[Redacted] Santiago [Redacted]

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[Redacted] may now believe it has the absolute majority needed to pass the loan over the anticipated objections of the US.

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[Redacted]

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THAILAND-USSR: General Chavalit's Trip to Moscow

General Chavalit, after postponing his visit last month because of bad weather, will travel to Moscow tomorrow to discuss ways to improve Thai-Soviet relations. Chavalit is the first Thai Army commander to visit the USSR. [Redacted] he will meet with the Commander of the Soviet Ground Forces and tour several military facilities. Chavalit plans to invite his Soviet counterpart to Thailand for the King's birthday celebrations next month, according to US diplomats in Bangkok. [Redacted]

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Comment: Chavalit's trip follows an exchange of visits by Foreign Ministers last spring and demonstrates a growing willingness in Bangkok to deal with the Soviets directly. Chavalit probably hopes to lay the groundwork for a visit by Prime Minister Prem next spring and to open a dialogue with the Soviets on Cambodia. The Soviets, in turn, will try to use the visit to improve relations with the traditionally anti-Soviet Thai military. Bilateral relations will develop slowly because Bangkok distrusts the Soviets, and the pace is likely to hinge on Moscow's willingness to promote a settlement of the Cambodian conflict. [Redacted]

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In Brief

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[Redacted]

Americas

[Redacted]

— Opposition's resignation from **Salvadoran** Reconciliation Commission undercuts regime's efforts to show national consensus on peace . . . US Embassy reports move sparked by lack of government consulting on implementing accord. [Redacted]

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East Asia

— **China** condemning demonstration by 500 Tibetans in New Delhi yesterday . . . protesting Sino-**Indian** border talks . . . with Lhasa under control of Chinese police, Tibetan activists abroad probably will continue seeking international media attention. [Redacted]

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Europe

— George Vassiliou, independent **Cypriot** presidential candidate backed by Cypriot Communists, visiting Washington tomorrow . . . has good chance of reaching second round runoff in February vote . . . visiting to improve foreign policy credentials. [Redacted]

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— **Albania** hosting **Greek** Foreign Minister, **West German** politician Franz Josef Strauss this week . . . Papoulias is only second Western Foreign Minister to visit since World War II . . . diplomatic initiatives probably effort to increase Western trade. [Redacted]

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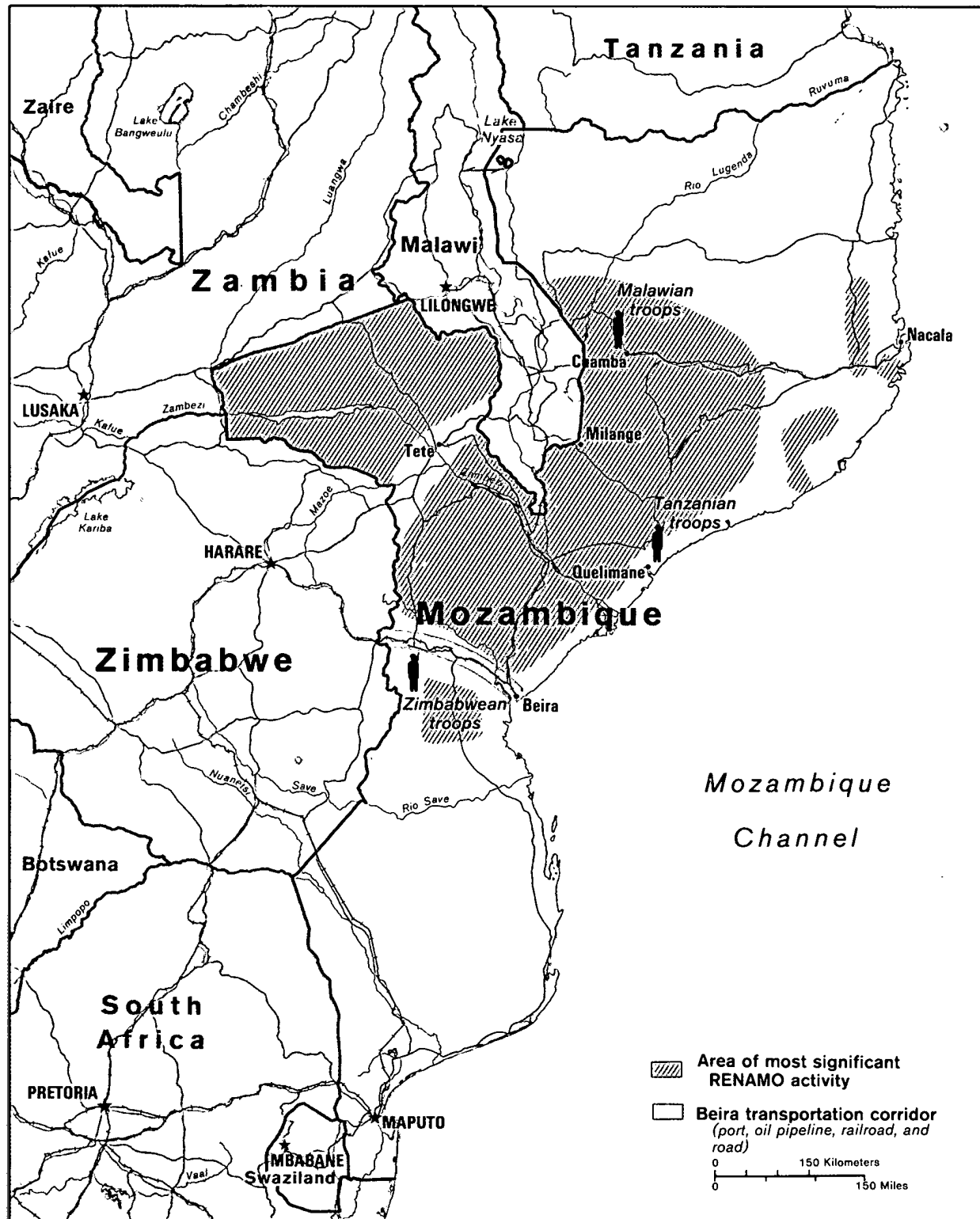
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Neighboring Countries' Troop Deployments in Mozambique



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Special Analysis

MOZAMBIQUE:

Chissano's First Year

Mozambican President Chissano, who inherited daunting problems when he assumed office a year ago, has pursued generally pragmatic policies that have enabled him to consolidate his position at home and win new economic and military support abroad. Nonetheless, his regime has made little headway against the aggressive RENAMO insurgency, which has caused more than 400,000 Mozambicans to take refuge in neighboring states and contributed to food shortages among 3.5 million Mozambicans, about a quarter of the population.

[Redacted]

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Chissano has made only limited progress in containing the insurgents, who remain active throughout the country and in recent months have increased attacks in southern Mozambique and on major Mozambican transport links serving the region. The rebels also have begun cross-border raids into eastern Zimbabwe to punish Harare, Maputo's principal military ally. [Redacted]

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In an effort to reverse his military fortunes, Chissano has sought to improve the capabilities of his beleaguered Armed Forces. In June, he reorganized the 35,000-man military, replacing virtually all senior commanders with younger and more competent officers, [Redacted]

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[Redacted] He also has secured new training from foreign backers such as the USSR, North Korea, the UK, Spain, and Portugal and is urging France to provide helicopters. Despite these efforts, the Army remains ill-equipped and demoralized and appears unable to make major gains against the insurgents soon. [Redacted]

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While publicly asserting that his government will seek a military solution to the insurgency, Chissano privately appears to be exploring prospects for talks with RENAMO. He probably will act cautiously, however, to preserve political consensus among members of his government who harbor deep-seated mistrust of RENAMO. [Redacted]

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Persisting Economic Difficulties

Chissano has made some progress on economic problems. In the past year, Maputo has sharply devalued the currency, eased price controls, and encouraged the private sector. Such reforms made possible the government's first IMF program, facilitated new World Bank loans, helped attract bilateral aid, and led to a rescheduling of Mozambique's foreign debt. In part because of these initiatives, the

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US Embassy expects the economy to grow this year for only the second time since 1981. Nonetheless, sustained recovery is unlikely unless the government can reduce the destruction caused by the insurgency. [Redacted]

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Activist Foreign Policy

Chissano has solicited aid from both Western and Soviet-allied sources to support his economic and military reforms. His travels to the US, Western Europe, and the USSR and his apparent ability to establish rapport with major foreign leaders, such as British Prime Minister Thatcher, have led to increased assistance from both West and East. London has expanded its military training and economic aid programs, and virtually every major West European country, as well as Canada and Japan, has increased economic assistance. Even the USSR, Maputo's primary military supplier, also has modestly expanded its economic assistance. [Redacted]

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Chissano's regional policies have produced critical combat support for the counterinsurgency. Zimbabwe has a 6,000-man force in Mozambique, and approximately 3,000 Tanzanian and 800 Malawian troops began assisting Maputo early this year. At the same time, each of the allies has been privately critical of the ineffectiveness of the Mozambican military, and each appears to be looking for ways to reduce its military burden. [Redacted]

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During Chissano's tenure, relations with South Africa have improved only marginally. Maputo earlier this year resumed regular bilateral security exchanges with Pretoria, and the Botha government is helping to fund a project to upgrade the port of Maputo. [Redacted]

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Nonetheless, in recent months Chissano has become increasingly outspoken in his denunciations of South African support for RENAMO and has charged that Pretoria was at least indirectly responsible for several massacres of civilians in southern Mozambique. South Africa, for its part, believes Maputo can do more to prevent African National Congress guerrillas from infiltrating through Mozambique, and Pretoria is likely to mount more operations against ANC targets there.

[Redacted]

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[Redacted]

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Threat to US Security

Threats to US security are not likely to increase dramatically because of closer ties between Libya and North Yemen. Despite the Libyan-sponsored shooting of a US Embassy employee in Sanaa shortly after the 1986 US airstrike on Libya, Tripoli probably will not use North Yemen as a venue for further attacks on US personnel and facilities. The Libyan People's Bureau in Sanaa is closely watched, its personnel kept under strict surveillance, and their activities and contacts closely monitored. The difficult operating environment and the minimal level of anti-US sentiment among North Yemenis hinder Libya from exploiting domestic radicals to promote attacks on US interests. Furthermore, North Yemen will carefully monitor its relations with Libya to ensure that Tripoli—emboldened by its closer relationship with Sanaa—will not be tempted to resume meddling in Yemeni affairs or to conduct operations against its enemies on North Yemeni soil.



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Special Analysis

**NORTH YEMEN-
LIBYA:**

Tactical Rapprochement

The warming trend in North Yemeni-Libyan relations appears to be based primarily on tactical considerations. Libyan military and economic assistance has provided the beleaguered regime of President Salih with a much-needed shot in the arm, while, in turn, Tripoli is using its aid to North Yemen as a means to gain leverage over the Sanaa regime, undermine US influence, and secure support for its war in Chad. [Redacted]

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Salih feels obligated to Libya for its assistance and under pressure to respond to some of Tripoli's requests, sometimes at the expense of US interests. The value Salih places on his relationship with Libya was demonstrated by his emphasis on Libyan issues during talks in September with the US delegation to North Yemen's National Day celebrations, an occasion partly financed by Libya. [Redacted]

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North Yemen Seeking a Quick Fix

Salih probably believes that Libyan economic and military aid—in the face of cutbacks in Saudi economic and military assistance and declining US aid—has played a pivotal role in shoring up his regime. Libyan military and economic aid for South Yemeni exiles in North Yemen has helped to relieve the burden they placed on North Yemen's already strained economy. Libya also is providing 15,000 barrels of oil per day—approximately half of North Yemen's domestic requirement—on concessionary terms. [Redacted]

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[Redacted] is training North Yemeni troops on Scud tactical missiles and SA-6 surface-to-air missiles and has promised to sell those systems to Sanaa. Their acquisition would help mollify Salih's critics within the defense establishment. Libya is also helping facilitate Salih's limited arms diversification program and, in fact, has been Salih's only significant source of arms outside the USSR since the January 1986 civil war in Aden. [Redacted]

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Libyans Want Leverage

In Libyan leader Qadhafi's view, military and economic assistance to North Yemen is a low-cost way of obtaining Sanaa's support for his foreign policy objectives. He almost certainly hopes to restrain Sanaa's relations with the US and to promote a more active policy

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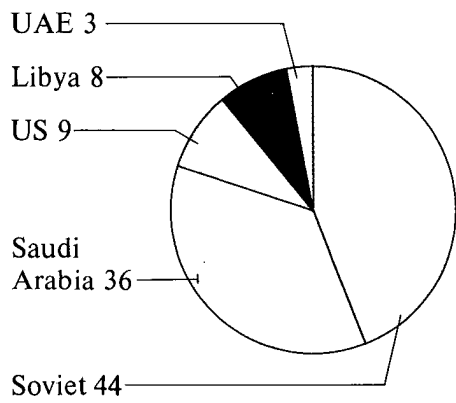
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Economic and Military Aid to North Yemen, 1986-87

Percent

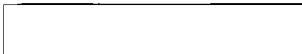
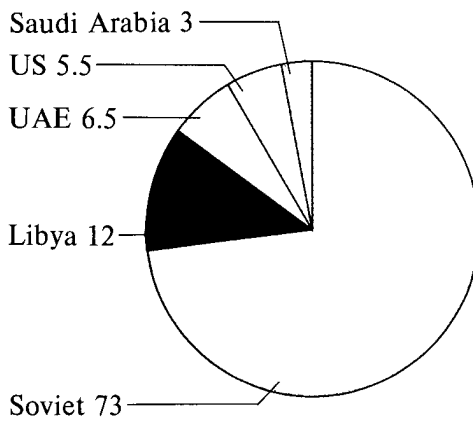
1986

481 million US \$



1987

683 million US \$



314882 11-87

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17 November 1987

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[Redacted]

25X1

against Israel. He is probably also attracted by North Yemen's proximity to Saudi Arabia, Djibouti, and Somalia—periodic targets of Libyan-sponsored subversion. [Redacted]

25X1

The relationship has already provided Qadhafi several benefits. North Yemeni military support for Libya's war with Chad will reduce some of the combat burden on Libyan forces. [Redacted]

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[Redacted] Sanaa has facilitated the transfer of South Yemeni military exile personnel to Libya and may send North Yemeni regulars. The exchange of visits between North Yemeni and Libyan officials have also provided a safety valve against domestic discontent in Libya by giving Qadhafi an appearance of international acceptance, thus easing his concern about Libya's isolation. [Redacted]

25X1

25X1

Prospects for the Relationship

Although short-term prospects for the relationship are good, it will be troubled over the longer term by recurring political differences and the volatility of Qadhafi's foreign policy. Salih cannot satisfy the mercurial Libyan leader indefinitely, and failure to meet Libya's more outrageous demands over time will undermine Qadhafi's stake in the relationship, probably derailing the Scud missile deal and other agreements. [Redacted]

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Moreover, the relationship is characterized by deep mutual suspicion. Salih believes Qadhafi will continue to support North Yemeni dissident groups, to which he has close ties. Salih has tried to limit the Libyan role in his country by refusing to accept a Libyan training brigade, and [Redacted] he may have located an alternative source of oil assistance. This may cause Qadhafi to suspect that Sanaa is merely using Tripoli to obtain aid and has no intention of supporting his foreign policy initiatives. [Redacted]

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Salih will weigh US aid and support against what he sees as more tangible benefits from Libya and probably is prepared to risk US displeasure. Nonetheless, he will try to assure Washington that his relationship with Libya is not harmful to US interests. [Redacted]

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Salih recognizes the value of US oil development aid and limited military assistance. He also will continue to appreciate the role Washington plays as a counterweight to the Soviet presence in North Yemen and as a sympathetic voice in dealing with the Saudis. [Redacted]

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[Redacted]

25X1

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[Redacted]

25X1



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