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NIO/W
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EAST ASIA

NORTH KOREA: Mobilization

North Korean ground forces have assumed a heightened state of readiness, and P'yongyang continues unprecedented steps to significantly augment its war preparedness, including: the stockpiling of grains, despite an ongoing food shortage, for wartime consumption; implementation of various Supreme Commander Orders transferring parts of the country to military logistics administration; and issuance of a wartime transportation plan. North Korea's actions appear strongly influenced by its perception of political developments in the south. NIO/Warning notes that as P'yongyang changes its war preparedness, its intentions to capitalize on perceived disorder in the south will be strongly influenced by its perception of continued US commitment to defend South Korea as evidenced by US political and military actions.

SOUTH KOREA: Breakpoint

Roh's statement calling for direct elections may reflect a change in the military's attitude toward Chun. Whether or not Roh's prescription for a direct election is accepted is uncertain at this time. If it is simply a ruse by the military to get the people off the streets, the potential a major upheaval soon will mount. A breakdown in public order would continue to embolden North Korea into considering precipitous and dangerous military actions against the south.

PHILIPPINES: Tiger by the Tail

Reinvigorated pro-Marcos opposition efforts to undermine the Aquino government are likely if Aquino goes ahead with implementation of her land reform program, and reinvigorated popular opposition if she does not. In any event, unless Aquino's actions are dramatic and soon, the communist insurgency is likely to grow rapidly. Terrorist activities in urban areas, which may include the targetting of American interests, and other evidence of a bolder insurgency will further increase strains between the military and Aquino's administration.

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LATIN AMERICA

ARGENTINA: Walking a Tightrope

The deal President Alfonsin struck to quash April's Army rebellions--exempting many military officers from prosecution--is hurting his domestic popularity. Civilian antipathy toward still powerful military interests is growing. As the economy slides, more opportunities appear likely for overambitious Army officers to create serious trouble for the Alfonsin presidency.

CHILE: Intransigence

The moderate opposition's campaign for free elections continues to gain strength. Even senior military officers are increasingly responsive to this effort, but Pinochet appears as determined as ever to maneuver to remain in power past 1989. A concerned Pinochet's actions to maintain control may precipitate a new crisis of confidence over his leadership within the armed forces and fuel momentum for decisive change before 1989.

HAITI: Storm Warning

Haiti's the faltering economy--the country's greatest threat to democratic institutions--continues to worsen, and unemployment remains above 50 percent. The badly factionalized ruling council's recent move to take control of national elections from an independent commission may provoke more unrest and jeopardize the democratic transition. Incidents of anti-Americanism probably will grow. Proposed US reductions in Haiti's export quota of brown sugar to the United States will also increase strains on the Haitian economy.

JAMAICA: Hard Times Aid Manley

Political tensions continue, and economic woes are deepening. As national elections approach, Manley's chances of winning the election are good.

MEXICO: Political Crisis?

Acute economic problems, austerity measures, and corruption will continue to generate widespread popular and business dissatisfaction and prompt sporadic civil disturbances, especially in the northern states.

NICARAGUA/HONDURAS: Continuation of Hostilities

Nicaragua continues to maintain a limited presence inside Honduran border regions, thereby keeping pressure on the Honduran government to restrict rebel activities. Honduras is likely to seek concessions and further reassurances of support from the US, as Managua steps up activities aimed at embarrassing Tegucigalpa. NIO/Warning notes that the potential for Sandinista forces inside Honduras to fire on US military personnel continues.

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PANAMA: Upheaval

The 11 June declaration of a state of emergency has ended street demonstrations, but the widespread opposition to Noriega's rule guarantees a protracted political crisis and disruptive confrontations. Noriega probably believes that his position has been badly damaged. He has laid the groundwork for a demagogic campaign against alleged US interference and a conspiracy to oust him. Noriega has been identifying attacks on him as an attack on the military and has charged that US officials were behind a "plot" by the opposition to remove President Delvalle. A new round in the Panamanian drama could occur at any time, and subsequent stages are likely to have more conspicuous anti-American flavor. Chances of raids on or sabotage against Canal facilities or US business, official, or military personnel will increase as the crisis evolves.

SURINAME: Quagmire

A year of insurgent military and economic attacks by Brunswijk's 200-person forces has not significantly eroded Bouterse's grip on power. The recent announcement of a new constitution and dates for a referendum and general elections are means to perpetuate the military in power. Nonetheless, governmental collapse remains possible.

WESTERN EUROPE

BERLIN/USSR/GERMANY: New Initiatives?

The Soviets and East Germans appear to be continuing efforts to undermine Allied unity on arms negotiations and sensitive Berlin issues. Proposals for easing military confrontation in Europe and reducing the risks of surprise attack are designed to undercut the credibility of traditional NATO and pro-US policies and hasten the trend toward independent European accommodations with Moscow. During this anniversary year of Berlin, further Soviet probes designed to challenge the status of Berlin are likely.

GREECE/TURKEY/CYPRUS: Troubled Waters

Tensions in the Aegean continue. Implementation of Greek plans to deploy one or two armored brigades in northern Greece to Thrace would be perceived by Turkey as a provocative act. New military developments in Cyprus provide further flashpoints for conflict. A significant increase in the number of Turkish tanks on Cyprus

are further irritants that could trigger confrontation. Alienation of Turkey by European governments' actions is likely to push Ankara toward more aggressive solutions to the problems in the Aegean. Each side apparently believes the US can prevent war--an attitude that may encourage recklessness and lack of restraint, which could trigger sudden confrontation through miscalculation and escalation.

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MALTA: New Violence

Malta's new pro-Western government is facing increasingly violent challenges from hardliners in the pro-Libyan opposition party which was ousted from power in mid-May. The potential for more widely spread violence is great, as the opposition seeks to bring down the new government.

NEAR EAST/SOUTH ASIAAFGHANISTAN/PAKISTAN/USSR: Mounting Soviet Pressure

The Soviets are escalating pressure on Pakistan. [REDACTED] there have been 475 bombing and airspace violations this year, both deeper and more deadly than last year's reported 750 violations. Consideration by Soviet officials to employ antiradiation missiles against radar sites apparently in Pakistan--as well as Soviet deployment of electronic countermeasures aircraft to the border for the first time--may presage even more aggressive air violations. Meanwhile, the Soviet subversion campaign to destabilize Pakistan continues.

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EGYPT: Prospects for Instability

In the face of economic deterioration and increasing activity by religious activists, President Mubarak will be hard-pressed to maintain control during implementation of the newest IMF program. Extensive protests and labor strife could threaten Mubarak's hold on the presidency. At the same time, the stability of the Egyptian government and its relations with the US and Israel depend on Mubarak who is a constant target for assassination by external and internal foes. Further violence against US personnel remains likely.

INDIA/CHINA: Border Clashes

Although Gandhi consciously sought to avoid the recent showdowns with China, both Chinese and Indian military preparedness and hardened diplomatic positions make clashes at any time possible with little additional warning. Beijing's unyielding stance--three new forward positions have been established in the past week-- seems calculated to force New Delhi to withdraw from last summer's encroachments or withdraw and fight. India's inclusion, however, of the disputed area into a new state, and domestic focus on the situation, make it tough for Gandhi to compromise. Should Gandhi not compromise, larger more serious military confrontations are likely before the end of this year.

INDIA/PAKISTAN: Continued Uncertainty and Nuclear Weapons

[REDACTED] Islamabad already has the capability to produce a nuclear weapon within a few days to a few weeks.

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This appears to have triggered another Indian reassessment of its nuclear weapons options that will further fuel tensions in the subcontinent. NIO/Warning notes that we should be prepared for the eventuality of a weapons test in the subcontinent.

INDIA/SRI LANKA: Future Cyprus?

New Delhi is considering increasing its supply of arms to the Tamil insurgents, which would prompt extensive fighting in the north, high civilian casualties, and spur India to consider military intervention. India already has prepared contingency plans for the invasion of Sri Lanka. In the absence of international support of the Jayewardene government, an Indian invasion that could partition the island appears likely.

IRAN/IRAQ/GULF ARAB STATES: Damn the Torpedoes

The war at sea has reached yet a new level of seriousness, as Iran feels compelled to demonstrate it is not intimidated by US warships and Iraq and Iran continue aggressive operations in the northern Gulf. Their attacks on neutral shipping--done deliberately or through errors in target acquisition and discrimination--could result in another attack on an American or Soviet combatant on escort duty at any time.

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[redacted] Tehran
[redacted] may now judge the benefits of attacking or mining a US-flagged vessel to outweigh the risks of retaliation. Iran continues to speed preparations at Silkworm antiship cruise missile launch sites and may have received an improved variant.

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IRAN/IRAQ: Internal Developments

Political stakes in the war are high. The potential for sudden collapse of either government is out of proportion to actual or likely military results. Military and civilian opposition to Husayn continues. In Iran, differences over conduct of the war reportedly have sparked unprecedented discontent from a war-weary populace in several cities. Khomeini seems to be losing control of the power struggle among his successors, and his death could cause major instability.

KURDS/TURKEY/IRAQ/IRAN: Kurds Weighing In

Continued Iranian support and manipulation of the Kurds, coupled with increasing Iranian assisted insurgent activity in the Kirkuk oil region, are drawing Turkey closer to the conflict in the region. Iran recently conducted a raid inside Turkey to retaliate against two Turkish raids against Kurdish targets inside Iran. Meanwhile, Baghdad's scorched-earth policy of forcibly relocating 1700 Kurdish settlements from northern Iraq has caused many formerly pro-Iraqi Kurds to join the insurgency. Ankara's concern over Tehran's continued support of the Iraqi Kurds and involvement in terrorism against Turkey could rapidly worsen Turkish-Iranian relations.

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LIBYA: Debacle

As Libyan public appreciation of the extent of Qadhafi's failures in Chad grows, popular backlash against Libyan defeats seems certain. The political and psychological repercussions of these debacles may not reach their full effect for several months, but Qadhafi's chances of retaining power will lessen in the face of public discontent and continued plotting in the military officer corps.

SYRIA: Internal Struggle

Assad's poor health could leave him incapacitated at any time. In the absence of a named successor, new pressures in Lebanon, and an ever-deteriorating economic situation, the chances of a sudden change of government grow.

TUNISIA: Increasing Instability

Bourguiba's campaign to suppress all political opposition is escalating with crackdowns on Islamic fundamentalists. Far from ensuring smooth succession, however, the regime's efforts are drastically increasing discontent and ensuring chaos, uncertainty and confusion when the succession crisis comes. The Libyan threat almost certainly will increase in the post-Bourguiba period, and Algeria too seems poised to influence the succession struggle.

SUB-SAHARAN AFRICA**ANGOLA: Prospects for Clash with South Africa Continue**

The risk of direct South African-Soviet/Cuban clashes appears to be growing, as preparations for Luanda's large-scale offensive in southeast Angola mount. Cuban contingency plans [redacted] for retaliatory airstrikes against South African airbases in Namibia increase the chances for confrontation.

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25X1**NIGER/LIBYA: Libyan Activities**

Niger is unable to control its northern border, and Libya seeks to assert a questionable territorial claim over the longer term. Ultimately Qadhafi would like to topple President Kountche, whose medical problems are worsening. Increased Libyan meddling and subversion--spurred by Qadhafi's ire at French and US assistance to Chad--can be expected as uncertainty over the succession takes hold.

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SOMALIA/ETHIOPIA: Tense Border

Border tensions continue, and Ethiopia may participate in shallow cross-border raids into northern Somalia in support of Somali dissidents at any time. Mogadishu consequently has looked to the US for reassurance in the form of more military aid--and may eventually threaten to abrogate the 1980 bilateral access agreement if new military aid is not forthcoming. Siad is likely to make additional overtures to Moscow in order to offset cuts in US military aid.

SOUTH AFRICA/FRONTLINE STATES: Confrontation

Conservative electoral gains revealed increased domestic polarization and further undermined the influence of moderate blacks and whites who seek compromise. In extending the emergency decree last week to a quasi-permanent condition and stifling otherwise legitimate dissent, the government's actions have almost guaranteed continued and increasing violence. Externally Pretoria's increasingly coercive measures against the Frontline States afford greater opportunities for both the West and the East to capitalize on the Frontline States' heightened sense of vulnerability. The Soviets already are exploiting the situation, especially with Zimbabwe, to make inroads into the region.

SUDAN/LIBYA/ETHIOPIA: Precarious Tenure

Prime Minister Sadiq faces increasing challenges to his authority as the economy worsens and military reversals in the South continue. The Sudanese military reports that Ethiopian troops are directly supporting insurgent attacks against Sudanese garrisons along the border. These developments--plus Sadiq's renunciation of Sudan's defense pact with Egypt and reductions in US aid--reportedly have prompted one local army unit to mutiny and probably will lead to new coup plotting against Sadiq and provide new opportunities for Libyan subversion in Sudan.

SOVIET UNION/EASTERN EUROPEEASTERN EUROPE: Under Pressure

Dissent is increasing throughout much of Eastern Europe. To various degrees, the present governments are under new pressures:

- Growing economic and political problems, coupled with Gorbachev's glasnost campaign, have had unsettling effects on the aging East European leaderships. Prospective succession dilemmas, particularly in Hungary and Czechoslovakia, are adding to the potential for instability.

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- Pressures also are great in Romania, where the continuing debt and liquidity crises have exacerbated already abject living conditions. Civil unrest continues, and as conditions worsen, the Soviets will be in a position to exert even more pressure than before.
- In Yugoslavia, dissatisfaction over government wage policies is high, and unusual union organized strikes in Croatia may portend a major challenge to federal authority. If Belgrade implements its plan for stringent austerity measures this year to combat raging inflation--now over 100 percent a year--a serious political upheaval could erupt that would threaten the federal Executive Council's authority and trigger open defiance from public authorities.

USSR: Massive Need for Hard Currency

The Soviets face substantial reductions in hard currency earning from oil this year at a time of increasing need for imports for modernization. Moscow increasingly will: rely on Western credit markets; squeeze oil supplied to Eastern Europe to try to barter it on the international market; sell more gold; and try to promote new exports--arms, vehicles, metals, and shipping services--at bargain prices to gain needed hard currency.

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