

NIO/W
3 June 1987

EAST ASIA

NORTH KOREA: Mobilization

North Korea has been taking unprecedented steps since March to place at least portions of its economy under military administration.

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explanation [Redacted] to South Korean political developments, are not yet clear. NIO/Warning notes if P'yongyang is significantly changing its war preparedness, its intentions during the next 6-9 months to follow through will be strongly influenced by its perception of US resolve to defend South Korea as evidenced by US political and military actions.

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SOUTH KOREA: Stacking the Deck

President Chun's replacement of most of his cabinet will not placate the increasingly broad-based opposition to his government and Chun's control over choice of a successor this year. The potential for a major upheaval mounts. Missteps by either Chun, military hardliners, or provocateurs within the ranks of the political opposition could bring a breakpoint at any time. Should key military leaders view Chun as losing control, they probably would move to overthrow him, but we probably would receive little additional warning. Any breakdown in public order will encourage North Korea to consider mounting destabilization operations and foment anti-government riots and sabotage.

PHILIPPINES: Tiger by the Tail

Opposition efforts to undermine the Aquino government will continue, and the need is more urgent than ever for President Aquino to begin making political and economic reforms that are imperative to stem communist insurgency and move toward participatory democracy. 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--ultimately will hurt his domestic popularity. More opportunities for overambitious Army officers to create serious trouble for the Alfonsin presidency appear likely, as Alfonsin implements his agreements to the military.

CHILE: Intransigence

The Pope's April visit has galvanized the moderate opposition's campaign for free elections. Even senior military officers appear more 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

The recent vote on a new constitution--in preparation for presidential elections--represents an important step on the road to a democratically elected government in Haiti. However, the faltering economy--Haiti's greatest threat to democratic institutions--continues to worsen, and unemployment remains above 50 percent. Proposed US reductions in Haiti's export quota of brown sugar to the United States will increase strains on the Haitian economy. Should these conditions continue to be inadequately addressed, Haiti's increasingly volatile situation could erupt into violent upheaval which would reverse the gains thus far achieved. Sporadic incidents of anti-Americanism probably will grow.

JAMAICA: Hard Times Aid Manley

Political tensions remain high, and economic woes are deepening. As national elections approach, Manley's chances of winning the election, despite being temporarily sidelined by illness, are increasing.

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.

SURINAME: Quagmire

A year of insurgent military and economic attacks by Brunswijk's 200-person forces have not significantly eroded Bourterse'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. Governmental collapse remains possible.

WESTERN EUROPE

BERLIN/USSR/GERMANY: New Initiatives

The Soviets and East Germans appear to be intensifying efforts to undermine Allied unity on arms negotiations and/or 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

Greek-Turkish tensions in the Aegean continue to flare, and new military developments in Cyprus provide further flashpoints for conflict. Efforts by the Greek Cypriot government to procure tanks and other weapons; a significant increase in the number of Turkish tanks on Cyprus; and Turkish moves toward formalizing partition of the island are all new irritants that could trigger confrontation. 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.

NEAR EAST/SOUTH ASIA

AFGHANISTAN/PAKISTAN/USSR: Mounting Soviet Pressure

The Soviets are escalating pressure on Pakistan. [redacted] there have been 425 bombing and airspace violations this year, both deeper and more deadly than last year's reported 750 violations. 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, with stepped up efforts in Punjab, Pakistan's most populous province.

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EGYPT: Prospects for Instability

In the face of acute 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 that would 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 India consciously avoided an immediate showdown with China last week, continued improvements in both Chinese and Indian military readiness and hardened diplomatic positions make clashes almost inevitable. [redacted]

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[redacted] and recent moves by both sides suggest efforts to prepare for more serious operations. Chinese initiation of hostilities would be calculated to cause New Delhi to withdraw from last summer's encroachments, but India's inclusion of the disputed area into a new state, and domestic focus on the situation, will make it tough for Gandhi to compromise.

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. 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.

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The war at sea has reached a new level of seriousness. Iraq's attack on the USS Stark increased the already high risk--given errors in target acquisition and discrimination--of further attacks on American or Soviet combatants on escort duty in the Gulf. [redacted]

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[redacted] Revolutionary Guard patrols in the northern Gulf, furthermore, appear to be closely monitoring US ships movements, and Tehran may now judge the benefits of attacking a US-flagged vessel to outweigh the risks of retaliation.

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 have lost control of the power struggle among his successors, and his death could trigger chaos.

KURDS/TURKEY/IRAQ/IRAN: Kurds Weighing In

Continued Iranian support and manipulation of the Kurds, coupled with increasing insurgent activity in the Kirkuk oil region, are drawing Turkey closer to the conflict in the region. Despite Baghdad's scorched-earth policy throughout Iraqi Kurdistan--razing 300 villages--Kurdish attacks originating from Iraq will continue. Turkish warnings to Iran concerning Tehran's meddling in the Kurdish problem are serious and have the potential for worsening Turkish/Iranian relations.

LIBYA: Debacle

Although the Libyan public probably does not yet fully appreciate the extent of Qadhafi's failures in Chad, popular backlash against Libyan defeats seems certain to grow. 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 escalated recently with the crackdown on Islamic fundamentalists. Far from ensuring smooth succession, however, the regime's efforts are drastically increasing discontent and may well destabilize the country during the succession crisis when it comes. The Libyan threat almost certainly will increase in the post-Bourguiba period, and Algeria too may try to influence the succession struggle.

SUB-SAHARA AFRICA

ANGOLA: Prospects for Clash with South Africa Continue

The risk of direct South African-Soviet/Cuban clashes continues as the Angolan government contests ground in UNITA-controlled territory.

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 recent health problems have highlighted the problem of succession. Increased Libyan meddling and subversion--spurred by Qadhafi's ire at French and US assistance to Chad--can be expected as Qadhafi escalates activities in Africa and as uncertainty over the succession takes hold.

SOMALIA/ETHIOPIA: Tense Border

Border tensions are high, 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--but Somalia's dire financial situation is likely to make it only a matter of time until US legislation, the Brooke Amendment, forces a cutoff of US security assistance. 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 have exacerbated domestic polarization and undermine the influence of moderate blacks and whites who seek compromise. In ruling by emergency decree and stifling legitimate dissent, the government has acknowledged its authority can be perpetuated only by force. 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

In the face of new rebel successes in the south, Ethiopian air incursions into Sudan, continued Ethiopian support to Sudanese insurgents, and reductions in US aid, further coup plotting to topple Sadiq seems certain from discontented military officers. Sudanese efforts to oust Libyan intelligence personnel from western Sudan are certain to increase Qadhafi's subversive efforts in Sudan.

SOVIET UNION/EASTERN EUROPE

EASTERN 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.
- Pressures also are great in Romania, where the continuing debt and liquidity crises have exacerbated already abject living conditions. Civil unrest is increasing, 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.