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22 December 1987

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: John J. Bird
National Intelligence Officer for Warning

SUBJECT: Monthly Warning Reports for November 1987

1. Summary of Key Warning Issues:

Yugoslavia

Yugoslavia has shown surprising resiliency in the face of worsening economic conditions and ethnic rivalries, but the capacity of the system to survive more serious challenges is increasingly suspect. The departure of Prime Minister Mikulic--through resignation or removal due to the deteriorating economy--would further undermine political cohesion and invite heightened ethnic conflict over a successor government. Kosovo remains the most worrisome flashpoint; an eruption of violence could trigger an escalating cycle of repression and reaction, ultimately overwhelming local police units and federal reinforcements. Should the Serbian republic leadership push for tougher reprisals, a major constitutional crisis could ensue.

This review reflects consideration of inputs generated at warning meetings conducted by the National Intelligence Officers with Community representatives from all areas. As such, it represents a Community-wide review, but it is not a formally coordinated Community product.

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Iran/Iraq/Persian Gulf

Iran is preparing an offensive that could come as soon as early January, probably in the southern front region from Dezful to Al Faw. Both sides are likely to use chemical weapons in new fighting. Chemical munitions probably will not play a decisive role in the outcome of battle, however, except in the event that Iraqi forces are surprised by a conventional attack; in that case, Iranian use of chemical weapons--against headquarters, for example--could have a significant reinforcing effect. In the Gulf, Tehran is likely to keep pressure on Arab supporters of Iraq but try to avoid an act that provokes a major response by the US. The Intelligence Community agrees that Tehran is not showing genuine diplomatic flexibility. Iran has had little success in recent months in advancing its basic objectives, raising the possibility that frustration may lead Tehran to major new efforts, including an especially large ground offensive or a broader confrontation with the United States in the Gulf.

Ethiopia

Prospects are for an even worse famine in Ethiopia than in 1984-85 and population movements have begun months earlier than previously expected. Ethiopia has raised its request for emergency food aid by about 50 percent to 1.4 million tons. The civil war has seriously hampered food distribution. Sudanese President Sadiq has said that Sudan already has all the Ethiopian refugees it can accept.

Angola/South Africa

Fighting is likely to continue in southeastern Angola for several weeks despite the start of the rainy season. South African forces probably will withdraw by Christmas, but they could remain with UNITA forces to besiege Cuito Cuanavale. South Africa's announcement of its intervention embarrassed UNITA leader Savimbi--who had denied any South Africa involvement--but is unlikely to cause a rift with UNITA. Pretoria probably wants to punish Angolan forces to forestall an offensive next year and convince Luanda to abandon efforts to defeat UNITA militarily.

Chad/Libya/Sudan

Chadian forces are likely to attack the Libyan garrison at Aozou airfield in coming weeks and we probably will receive no further warning. Undelivered Stinger missiles are not essential for an attack and President Habre probably knows that he is losing the "logistics race" with Libya. If Chad does not attack by yearend, the military balance will begin to swing in favor of Libya. Unintended fighting may erupt between Chadian and Sudanese forces along their increasingly tense border. However, Habre probably will not follow through on promises to aid Sudanese insurgents despite his anger that Khartoum is permitting Libyan forces to transit western Sudan.

Panama

The cutoff of US aid to Panama is unlikely to shake General Noriega's resolve to stay in power, but could convince many in the military that the US intends to renege on the treaty and remain after the year 2000. The ruling party and the military probably will rally around Noriega in the wake of an aid cutoff and blame the US for any negative impact on the economy. While trying to preserve the Canal Treaty, Noriega almost certainly will make life more difficult for US personnel and may force reductions in intelligence-related activities. NIO/Warning notes that Noriega's bluster and barbs--including as yet minor new deals with the USSR and Libya--may only be intended to force Washington to back off. However, Noriega may boost support for opponents of the US elsewhere in Latin America, heighten his anti-US rhetoric, and possibly move to close US installations in Panama. Loss of control by Noriega could lead to a reckless confrontation, possibly including Panamanian attempts to seize control of the canal.

Philippines

The ground rules for terrorist attacks for all factions in the country have changed. Because there appears to be no penalty for killing Americans, factions of all persuasions may be emboldened to target US personnel. Communist Party turmoil and lack of response to the 28 October killings suggests the Communists will strike again. Factionalism within the Party also could lead to terrorist actions without central authorization. Over the next six months, CIA estimates a 50 percent chance of additional incidents involving US personnel. American property is increasingly likely to be attacked. NIO/Warning notes that the danger applies in varying degrees to most of the approximately 120,000 Americans scattered throughout the Philippines.

2. Trend Commentary:

Iran

Iran is ready to use terrorism, in conjunction with military and diplomatic measures, to intimidate its adversaries. The Iranian terrorist threat to US interests is high in the Persian Gulf, Pakistan, and, to a lesser extent, Europe and West Africa. The Intelligence Community does not believe a major attack is imminent, however, and it is unclear when Tehran will choose to play its terrorist card in earnest. Iran may wait until it judges that its military measures in the Gulf are exhausted or stymied; it may delay until the US lowers its guard. The longer Iran waits, the better prepared it will be to conduct effective attacks. The Intelligence Community doubts that Iran sees a need to attack in the US proper in light of the many vulnerable US targets overseas.

USSR/Afghanistan

Most of the Intelligence Community believes that the Soviets have not made the hard decisions necessary to leave Afghanistan. In the view of a majority, the Soviets want to both get out and leave behind a Communist regime. Most analysts, nonetheless, are more inclined than in the past to conclude that Soviet policy is evolving; a minority project that Moscow will eventually settle for less than a Communist-dominated regime when it leaves. The Soviets may decide that a Communist dominated government is not essential to their interests. Analysts agree that the Soviets will have to sacrifice the Afghan Peoples Democratic Party if they are to get a political solution. Although the Soviets are not in danger of being driven out under the gun, NIO/USSR believes they may be putting themselves on the road to withdrawal from Afghanistan.

Ethiopia

Government officials are sincerely offering limited regional autonomy and are seeking talks with Eritrean and Tigrean insurgents, but a breakthrough toward peace talks is unlikely in the next two to three months. Over the longer term, however, the provisions might entice Eritreans to talks, and significant autonomy for the Ogaden might help improve relations with Somalia.

Mozambique

RENAMO insurgents are taking full advantage of the rainy season to regain territory in Mozambique, interdict key transportation routes, and stage more attacks on Zimbabwe. Foreign workers will be in greater danger. Maputo will remain secure but the northwestern suburbs probably will be subjected to more bloody ambushes. Zimbabwe is withdrawing troops to protect its eastern border, leaving the Mozambican Army even less able to cope with the insurgency.

Portugal

The Portuguese government is committed to a mid-term review of the US basing agreement, but is still weighing its options as to how to proceed. Prime Minister Cavaco Silva could opt either for low-key informal discussions or a more formal renegotiation; he criticized the Socialist coalition for failing to drive a hard bargain the last time around. Most Portuguese leaders support the security relationship with the US, but they generally believe the US could do more for Portugal than it has done. Cavaco's lack of negotiating experience could introduce uncertainties into the process; a recent New York Times interview may also have persuaded him that standing up to the US plays well at home.

Honduras

The Intelligence Community agrees that Honduran policy toward the Nicaraguan rebels is shifting as Tegucigalpa calculates that US commitment to the insurgents is ebbing. The Hondurans are concerned that they will have to

contend with thousands of armed men flooding back into Honduras in the wake of a cutoff of US military assistance. If the Hondurans calculate that the US will no longer support the insurgents, they may close the support bases to avoid blame for failure to comply with the Central American peace agreement.

Nicaragua

The insurgents continue to maintain the military initiative. The Intelligence Community notes, however, that they depend heavily on their ability to deliver supplies from storage sites in Honduras to units in Nicaragua, which depends on continued Honduran cooperation and the maintenance of current aircraft. The resupply effort probably would deteriorate with a cutoff of US aid. It also is vulnerable to the Sandinistas' improving air defense network. With stores on hand, the rebels probably could fight at current levels for three months regardless of continued US or Honduran support.

Colombia

The terrorist threat to Americans in Colombia is high and is unlikely to diminish due to the ongoing deterioration of the security situation. The recent creation of the Simon Bolivar Guerrilla Coordinator--a guerrilla umbrella organization--raises the possibility of better coordination of insurgent attacks, including ones on US interests.

3. NIO/Warning notes these additional areas of warning concern:

Chile

General Pinochet's determination to stay in power may precipitate a new crisis next year. Although his popularity has risen sharply and a recent poll indicated that 37 percent of the populace would vote "yes" in the 1988 plebiscite that would keep him in power, he seems unlikely to reach the 50 percent needed for its ratification. To boost his chances, Pinochet is pressing the reluctant junta to move the plebiscite from September to July but he could dangerously alienate the generals by pushing too hard for an early election. A July vote would also threaten the legitimacy of the plebiscite and increase political polarization, reinforcing the spiral of extremist violence.

Haiti

A newly scheduled 17 January election is unlikely to assure either order or General Namphy's promised transition to genuinely democratic government by February. Street violence and anti-Americanism will continue to endanger the safety of US citizens--officials and tourists alike.

Romania

President Ceausescu's personality cult, managerial incompetence, repression, and yet more severe living conditions point to a crisis, possibly by late winter when consumer supplies are lowest. The regime recently stiffened austerity measures that in recent years have lead to thousands of malnutrition and exposure-related deaths, and laid off still more workers whose entire livelihoods--including housing and meals--are linked to their jobs. The measures have sparked new unrest. In the worst incident, in Brasov on 15 November, up to 10,000 workers and sympathizers sacked the local Party headquarters and city hall, and called for Ceausescu's ouster. This time, the security forces' (Securitate) responses were muted and the crowd dispersed on its own. The regime may be able to defuse individual troubles and get through the winter, but major endemic problems and hatred of Ceausescu make more, possibly violent unrest beyond control of the Securitate all but inevitable. The threat of imminent upheaval also could galvanize disaffected government, security, and party officials to overthrow the ailing, 73-year old Ceausescu. Depending on the scale and type of crisis, Moscow may find opportunity or need for military intervention.

Iran/Gulf Arab States/US:

Iranian attacks against US naval vessels in the Gulf or eastern Mediterranean and on American personnel elsewhere are likely. President Khomeini has declared that Iran will take "decisive retaliatory action" [redacted]

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[redacted] They also are strengthening air defenses in the southern Gulf and reinforcing their Gulf islands with tanks--suggesting that the Iranians expect to do something that will provoke a US military response. Iran's political strategy evidently aims to influence US congressional and public opinion in a way that will oblige the Administration--on the Lebanon precedent--to withdraw US forces from the Gulf. Meanwhile, the danger of planned or accidental attacks by Iraqi aircraft remains. New Saudi assertiveness is likely to accelerate escalation following any Iranian attacks against the Saudis. As hostilities in the Gulf escalate, the Gulf Arabs will become more demanding of US support.

Syria/USSR

Syria's apparent agreement to allow construction of a Soviet-controlled naval base at Tartus would give the Soviets their only actual base in the Mediterranean, reducing the need to transit the Bosphorus for repairs and replenishment, and potentially increasing the Soviet challenge to NATO's Turkish flank. Syria's decision, in return for debt forgiveness, a submarine, and coastal defense vessels, reflects the severity of Damascus' economic woes and could be a harbinger of new Soviet bases in Syria of greater military significance. The Syrians have resisted requests for bases in the past, but are behind in payments for arms and may have felt they have little choice now if they wish to continue to receive advanced Soviet military hardware.

Chronic Syrian economic troubles and the oil price-related financial problems of their key Arab benefactors like Saudi Arabia, and more adroit Soviet bargaining under Gorbachev, may give Moscow still more leverage in the future.

India/Sri Lanka

India's intervention in Sri Lanka seems to reflect Rajiv Gandhi's adoption of a doctrine--formulated by his mother and reaffirmed recently in writing--asserting an Indian right and responsibility to protect ethnic Indians anywhere, even when they resist protection. India committed most of an infantry division plus police forces to northern and eastern Sri Lanka to help enforce a peace agreement concerning the Tamil (ethnic Indian) insurgency before the outbreak of fighting with Tamil militants. New Delhi continues to increase its troop strength, which now numbers some 32,000. In addition to introducing a force larger than the whole Sri Lankan Army, the Indians have obtained Colombo's agreement to restructure the Sri Lankan state and to a virtual Indian veto of national security policy in Sri Lanka. It is not yet clear how far Gandhi intends to go in establishing dominance over Sri Lanka, but active guerrilla warfare by Tamil fighters against the Indians and over 300 combat fatalities will complicate plans to withdraw and make a long stay more likely; the Indians themselves already are talking of a three year presence. This could presage an extended period of warfare and turmoil.

Libya/Chad

Colonel Qadhafi is embarked on a program to acquire an offensive chemical warfare capability and has had some success. Libya has received chemical bombs and artillery shells from Iran. [redacted]

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[redacted] We should be prepared for additional use of chemical agents already in stockpile in Libya against Chad. [redacted]

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Iran/Iraq

Iranian chemical warfare capabilities are growing and Tehran recently has demonstrated a willingness to use chemical munitions on the battlefield. Although Iraq is the most likely target, Iran may also decide to attack US interests ashore or afloat. US Naval vessels would be hard to attack but could quickly be contaminated by CW agents traveling through ship ventilation systems. [redacted]

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[redacted] This suggests that Iraq may be willing, for the first time in the history of warfare, to use biological weapons on the battlefield.

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