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The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

NIC 05086-87
15 December 1987

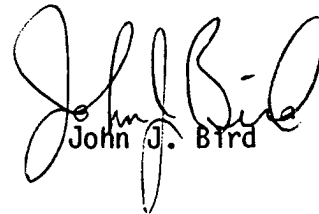
MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: John J. Bird
National Intelligence Officer for Warning

SUBJECT: Bi-Weekly Warning Support

1. Attached is my bi-weekly warning review list which is intended to keep true warning issues in sight during periods when current events do not necessarily require continual reporting. The effort is a joint one, taking into account the views of other NIOs as well as Intelligence Community perceptions developed during regular warning meetings.

2. I would be pleased to provide you with amplification of any item.



John J. Bird

Attachment
Bi-Weekly Warning Review

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NIO/W
15 December 1987

EAST ASIA

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PHILIPPINES: Attacks on Americans

The October killings of three US servicemen--almost certainly by Communists--have serious implications for the United States. In a climate of increasing anti-US sentiment, the assassinations have raised the level of political violence. The shootings apparently were designed to create greater instability by demonstrating the inability of the government to respond effectively to internal disorder and by driving a wedge between the US and the Aquino government. The killings may have been intended to test the nature and extent of both governments' responses to attacks on Americans. If there is no effective response, those who could profit from killings could conclude that the benefits of more American deaths are greater than the risks. The Communists already have targetted higher ranking official US personnel for assassination, possibly in connection with this week's ASEAN summit. There is also an increasing danger that non-official Americans will be attacked; there is no practical means of protecting the some 120,000 Americans scattered throughout the Philippines.

PHILIPPINES: What's Next?

President Aquino's political authority continues to be tenuous. Meanwhile, the Communist New People's Army is stepping up attacks on economic targets. Continued guerrilla successes, aided by splits within the military, will accelerate political polarization and encourage opponents of Aquino to increase their efforts to organize a broad coalition that can force her from

office. Communist and non-Communist politicians have criticized US policy and alleged American violations of Philippine sovereignty. It would be difficult to exaggerate the potential damage to both Philippine and US interests of a continuation of the politicians' anti-Americanism. At present, the most likely beneficiaries are the New People's Army and other insurgent movements.

LATIN AMERICA

PANAMA: Noriega Strikes Back

The Noriega regime appears to be preparing to curtail Panama's military relationship with the US and challenge longstanding US base rights; this strategy could lead to a unilateral abrogation of the 1977 Canal Treaties and demands for immediate transfer of the canal to full Panamanian sovereignty. The most striking indication of such intent was the 24 November National Assembly resolution calling for the government to suspend visas for US military personnel and begin negotiations for the removal of USSOUTHCOM. The resolution follows a series of media provocations this fall including forgery of a State Department letter purporting to assure a US Senator that troops would remain in Panama after the year 2000 and allegations that the US planned to overthrow the Panamanian government. Noriega apparently believes that the best tactic to defeat Washington's perceived intent to remove him is to escalate the anti-US rhetoric and pose as a defender of Panamanian sovereignty. Congressional resolutions calling for suspension of US aid unless a civilian government replaces him have strengthened Noriega's intent to play his anti-US card. Noriega's bluster--including as yet minor new deals with the USSR and Libya--may only be intended to force Washington to back off. Loss of control by Noriega could lead to a reckless confrontation, possibly including Panamanian attempts to seize control of the canal.

CHILE: A Question of Democracy

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 which 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, when fewer, more supportive, voters are likely to be registered. He could dangerously alienate the generals by pushing too hard for an early election, while a July vote would threaten the legitimacy of the plebiscite and increase political polarization, reinforcing the spiral of extremist violence.

HAITI: Descent into Anarchy

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.

SOVIET UNION/EASTERN EUROPE

ROMANIA: Impending Crisis

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 led 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, 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. Imminent upheaval also could embolden 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.

YUGOSLAVIA: Multiple Troubles

Endemic Yugoslav problems are deepening. The likelihood of widespread violence in Kosovo is greater now than at any time since the 1981 riots as Serbs and Montenegrins have mounted frequent demonstrations against the Albanian majority in Kosovo. Yugoslav Army troops already have been harassed; recently four soldiers were killed by a disgruntled Albanian recruit. Such incidents may spark an escalating cycle of reprisal and reaction that could overwhelm local security forces. As a precaution, federal authorities have sent federal police and troop reinforcements to Kosovo. Problems are exacerbated by the fragmented Serbian leadership in Belgrade, which has become blatantly Serbian chauvinist--a trend that could accelerate centrifugal forces throughout the federation. Meanwhile, the federal government is weakening and regional economic disparities are growing. Belgrade also has worsening international payments problems and little prospect that it can solve them soon.

POLAND: Long-term Problems

Poland faces long-term economic and political problems--exacerbated by the regime's humiliating defeat in the 29 November "reform" referendum--that defy resolution and probably will keep political tensions high for the foreseeable future. The economy and debt troubles are unlikely to turn around for years and could trigger a new round of popular unrest. The government announced sharp price hikes for basic goods and services before the referendum, and hoarding already had begun. Government determination to proceed with even a slower pace of price increases could spark another marked upsurge in wildcat strikes. New, more radical groups, well connected to Western politicians and

the Western press, are calling for confrontation with the regime and expulsion of the Soviets. Church/state negotiations still are stalemated over longstanding contentious issues. Meanwhile, as the referendum vote dramatically demonstrates, the populace remains sullen and skeptical of the government, reform, and the Polish version of Soviet glasnost. Regime efforts to reach national reconciliation have been badly damaged.

EASTERN EUROPE: Under Pressure

To various degrees, the regimes are under increasing pressures. Growing economic and political problems, coupled with Gorbachev's glasnost campaign and Soviet trade demands, 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. Sharply lower living standards projected for 1988 will test Hungary's reform experiment and the patience of the people. A wild card is popular reaction to Gorbachev's political reforms. He appeals both to younger party functionaries and apolitical persons seeking greater personal freedoms. Over the long haul, the unintended erosion of party unity and greater popular demands are destabilizing and could lead to system-shaking unrest.

NEAR EAST/SOUTH ASIA

IRAN/GULF ARAB STATES/US: Collision Course

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", and

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attacks on oil and harbor facilities of Gulf Cooperation Council states and on tankers by fighter aircraft; they are unlikely to be discouraged by the apparent recent failure of a Silkworm attack on Kuwaiti oil terminal facilities and may redouble efforts to neutralize Kuwait. 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.

IRAN/LIBYA: More Naval Threats

Iranian Revolutionary Guard naval forces in Lebanon may present a special kind of threat to US and allied maritime interests in the Mediterranean Sea even though

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SYRIA/USSR: New Military Cooperation

Syria's apparent agreement to allow construction of a Soviet-controlled naval base at Tartus will 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 southern flank. Syria's decision, in return for \$500 million in 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/PAKISTAN: Continued Uncertainty and Nuclear Weapons

Islamabad probably has the capability to produce a nuclear device within a few days to a few weeks of a decision to do so. The Pakistani nuclear program enjoys widespread domestic support, and external pressures against the nuclear program are not likely to dissuade Pakistan from maintenance of the nuclear option. This has triggered problems with US aid for Pakistan and could lead the Pakistanis to a more independent course. It also has prompted Indian reassessment of its nuclear weapons options that will further fuel tensions in the subcontinent.

INDIA/SRI LANKA: Indian Imperialism?

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

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310 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.

IRAN/IRAQ: Developments on the Ground

A high level of activity in Iranian rear areas, new mobilizations, and the massing of troops and supplies suggest that Iran will launch a large-scale offensive against Iraq soon. The Iraqi military recall of reservists born in 1945--and placing reservists born in 1943 and 1944 on standby status--indicate Iraq is becoming increasingly hard-pressed to replace casualties. Extensive Iranian use of chemical weapons would exacerbate Iraq's problem. No matter the military outcome of a new offensive, the potential for sudden collapse of either government is out of proportion to actual or likely military results. Latent civilian and military opposition to Iraqi President Husayn, combined with lack of success on the battlefield, popular weariness with heavy casualties, and no end to the war in sight, could with the right catalyst produce a sudden governmental change. Meanwhile, in Iran, the death of the popular Ayatollah Khomeini could lead to major instability within any successor government given massive, continuing battle casualties and the deprivation of the populace.

LIBYA/CHAD: Chemical Warfare

Colonel Qadhafi is embarked on a program to acquire an offensive chemical warfare capability and has had some success. Libya may recently have received additional chemical bombs and artillery shells from Iran. A chemical agent production plant appears structurally complete but not yet operational. We should be prepared for additional use of chemical agents already in stockpile in Libya against Chad. Military forces in southern Libya have received chemical treatment kits.

IRAN/IRAQ: Chemical/biological Weapons

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, causing devastating effects.

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

KURDS/TURKEY/IRAQ/IRAN: Kurdish Rebellion

Kurdish separatist activity is continuing in southeastern Turkey, drawing Ankara closer to border conflict. In May, Iran conducted a raid inside Turkey following two Turkish raids against Kurdish targets in Iran. [redacted]

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[redacted] Kurdish camps located in Iran and states that

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Iranian irregulars captured while infiltrating intended to attack Iraq's pipeline through Turkey. Tehran's continued support of the Kurds is seriously straining Turkish-Iranian relations. A recent Kurdish attack in Istanbul--the first in a major city since 1980--could boost pressures on Prime Minister Ozal to launch more preemptive strikes against Kurdish camps in Iran.

SYRIA: Internal Struggle

President Assad's poor health could leave him incapacitated at any time. In the absence of a named successor, with new pressures in Lebanon, and with an ever-deteriorating economic situation, any successor could become overwhelmed with key issues, leading to governmental instability and sudden change.

WESTERN EUROPE

GREECE/TURKEY/CYPRUS: Continuing Tension

Another crisis may be brewing despite warm public comments that could presage a Greek/Turkish summit to discuss differences. Allegedly with Greek government encouragement, the Greek Cypriots have received 30 French AMX-30 tanks for their National Guard and may soon buy 30 more. The buildup in offensive weapons could become a red flag goading the Turks to react. The Greeks also appear to be reorienting military forces more to oppose Turkey than to defend against a possible Warsaw Pact attack. The NIO/Warning believes that, given the background of contentious issues between the Greek and Turkish governments such as rights to the Aegean seabed and militarization of the islands, direct confrontation is possible. Rumors of future joint Greek-Bulgarian military exercises will heighten tensions further.

SUB-SAHARAN AFRICA

ETHIOPIA: Impending Famine

Ethiopia faces a worse famine than in 1984-85, when almost 10 million people were in danger of starvation. Drought, two rebellions, and government policies have created food shortages of major proportions. The government has raised its request for emergency food aid about 50 percent to 1.4 million tons. Migrations toward Sudan already threaten large scale feeding and shelter problems there as well. In both countries, distribution of food to affected areas is seriously hindered by warfare between rebels and government forces.

NIGER: Government in Transition

New President Ali Saibou's position is insecure and he may be a transitional leader. The Nigerien armed forces are divided and many officers believe that Saibou lacks ability; senior officers are jockeying for position while younger ones want someone from junior ranks. Popular support also appears thin. Protracted instability could make the country especially vulnerable to Libyan meddling and territorial predation.