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The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

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1 December 1987

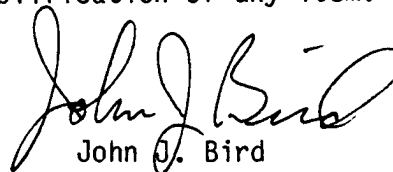
MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

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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1 December 1987

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 Washinton'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 may only be intended to force Washington to back off, but failure of the bluff could propel him into a reckless confrontation leading to Panamanian attempts to seize control of the canal.

CHILE: Intransigence

General Pinochet appears more determined than ever to maneuver to remain in power beyond 1989. Having carried out a major reshuffle of the army and forced critics into early retirement, Pinochet now seems determined to run as a civilian with junta backing. Pinochet's actions to maintain control may precipitate a new crisis of confidence over his leadership within the rank-and-file armed forces and middle class, fueling momentum for decisive change before 1989.

HAITI: Descent into Anarchy

After cancellation of the violence-ridden 29 November election, military rule is unlikely to assure either order or General Namphy's promised transition to civilian government by February. Street violence and acts of anti-Americanism will continue to endanger the safety of US citizens--officials and tourists alike.

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EAST ASIA

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PHILIPPINES: Attacks on Americans

The October killings of three US servicemen--apparently 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. There is a great danger, therefore, that more Americans will be targeted; there is no practical means of protecting the some 120,000 Americans scattered throughout the Philippines.

PHILIPPINES: What's Next?

President Aquino's support continues to weaken. Meanwhile, the communist New People's Army is stepping up attacks on bridges, possibly signaling a shift in tactics toward sustained 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, possibly by the end of the year. Communist and non-Communist politicians have become involved in a competition of criticizing 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.

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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." An Iranian Revolutionary Guard commander has called for an attack on a US Navy frigate, [REDACTED]

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US ship with 100 small boats. The Iranians continue to plan attacks on oil and harbor facilities of Gulf Cooperation Council states and on tankers by fighter aircraft. 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. Prime Minister Mousavi summarized the strategy when he warned [REDACTED] that the US should withdraw "rather than go any farther down into the quagmire it has created for itself." Mousavi predicted that, "However long the US may linger in the Gulf, it will eventually pull out and let the (Gulf) states bear the consequences of their hostility toward Iran." 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.

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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

[REDACTED] The [REDACTED] encountered a mine off southern Lebanon alleged to be similar to those used recently in the Persian Gulf while Lebanese found three others; a Revolutionary Guard commander claimed at about the same time that his contingent already had laid [REDACTED] near Tyre. In addition, Libya may try to lay mines off the Suez Canal. In all cases, the minelaying is likely to be covert. It may be difficult to prove responsibility, because we cannot count on catching those minelayers red-handed.

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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

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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 may give Moscow still more leverage in the future.

INDIA/PAKISTAN: Continued Uncertainty and Nuclear Weapons

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 nearly 32,000. In addition to introducing a force that could dominate 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 Tamil resistance to the Indian invasion, over 260 combat fatalities, and active guerrilla warfare by Tamil fighters against the Indians will complicate plans to withdraw and make a long stay more likely.

IRAN/IRAQ: Developments on the Ground

the massing of troops and supplies suggest that Iran is preparing for a large-scale offensive against Iraq in the near future. 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

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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 probably has received limited quantities of chemical bombs and artillery shells from Iran and will [redacted] We should be prepared for additional use of chemical agents already in stockpile in Libya against Chad. [redacted]

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IRAN: Chemical 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 and cause a devastating effect.

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 [redacted] 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.

SOVIET UNION/EASTERN EUROPE

ROMANIA: Impending Crisis

President Ceausescu's personality cult, managerial incompetence, repression, and yet more severe living conditions point to a major 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 100,000 workers and sympathizers sacked the local Party headquarters and city hall, and called for Ceausescu's ouster. This time, security forces' responses were muted and the crowd dispersed on its own. The regime may be able to defuse individual troubles, but major endemic problems and hatred of Ceausescu make more, possibly violent unrest all but inevitable; it could be comparable to the bloody 1956 Hungarian uprising. Imminent upheaval also could embolden disaffected government, security, and party officials to overthrow the ailing, 73-year old Ceausescu. We are likely to have little warning of governmental collapse. Depending on the scale and type of crisis, Moscow may find opportunity or need for military intervention.

YUGOSLAVIA: More Financial Troubles

Belgrade has worsening payments problems and little prospect that it can solve them any time soon. After failing to make scheduled payments twice since June, the Yugoslavs face new rounds of rescheduling negotiations with both banks and Western governments this month. The banks, especially, are likely to be cool to requests for new lending in light of other debtors' problems and the Yugoslavs' insistence earlier this year that they had no financial troubles. With export prospects poor, Yugoslavia probably will have financing gaps of \$1 billion or more annually for the rest of the decade.

YUGOSLAVIA: Other 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; [redacted] 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.

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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 the

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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. 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.

WESTERN EUROPE

GREECE/TURKEY/CYPRUS: More Tension

Another crisis may be brewing. Allegedly with Greek government encouragement, the Greek Cypriots have received 30 French AMX-30 main battle 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 strong reactions. 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 likely. Rumors of future joint Greek-Bulgarian military exercises will heighten tensions further.

SUB-SAHARAN AFRICA

NIGER: Government in Transition

New President Ali Saibou's position is insecure and he probably will 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.

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