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The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

NIC 03965-87
22 September 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.

3. 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
22 September 1987

WESTERN EUROPE

GREECE/TURKEY/CYPRUS: More Tension

A new crisis may be brewing. [redacted] Greek troop redeployments, new tensions over Cyprus, and ongoing issues such as rights to the Aegean seabed, militarization of islands, and differences over air and sea navigation rights point to heightened tensions. Whether the Greek actions are for domestic consumption or to affect US/Aegean relations is not clear. Both countries may move toward confrontation, however, because they believe the US will act to prevent war.

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EAST ASIA

SOUTH KOREA/NORTH KOREA: Rocky Road to December

Agreement by the major parties on a new draft constitution sets the stage for a presidential election late this year, but hardliners on both sides continue to oppose the pact. The radicals are likely to instigate street demonstrations. Additional, perhaps greater, unrest could result from labor strife. There appears to be general popular belief that a major breakdown in order could occur well before December. A collapse of public order could yet result in the imposition of martial law. Disarray might also stimulate the military to seize control. Disorder would encourage North Korea to attempt actively to capitalize on anti-government riots and mount some sabotage operations.

PHILIPPINES: Coup Ramifications

President Aquino is politically weakened--perhaps mortally. Unless one of her supporters can reunite the military and she can reenergize herself, she will be unable to reestablish her own political prestige and leadership. Rebel leader Colonel Honasan remains at large with several hundred troops and continues to call publicly for reforms. The military is split among supporters of Honasan, Chief of Staff Ramos, former Defense Minister Enrile, and even former President Marcos; each group could effectively turn on the Aquino government. Because much of the military and populace is sympathetic even to Honasan's grievances and blames Mrs. Aquino, another military uprising or coup attempt is likely--and may be imminent. Meanwhile, we expect the communist New People's Army to live up to its 29 August declaration that "intensification of the revolutionary war and other peoples'

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struggles is the correct response to the worsening strife among reactionaries. Let us take full advantage of contradictions within the reactionary ranks."

NEAR EAST/SOUTH ASIA

AFGHANISTAN/PAKISTAN/USSR: Soviet Pressure

Soviet diplomatic initiatives, violations of Pakistani ground and airspace, and possibly financial inducements are maintaining pressure on President Zia to stop providing aid to the Afghan resistance and to reach an accommodation with Moscow. Some cross border attacks on Afghans in Pakistan continue, and harassment attacks against Pakistani civilian targets are contributing to wearing down Pakistani domestic support of the war. In an effort that will boost pressure further, Moscow proposed a timetable for Soviet withdrawal from Afghanistan during recent talks in Geneva.

INDIA/CHINA: Risk of Confrontation

Chinese initiatives since mid-July to defuse the border issue--and New Delhi's conciliatory actions--have helped ease tensions along the Sino-Indian border; there also have been some troop withdrawals from the border. However, the Indian Army Chief of Staff seems to be spoiling for a fight. Should Prime Minister Gandhi not compromise with the Chinese, the level of tension could increase. A breakdown in the talks proposed by Beijing for mid-November could result in new confrontations.

INDIA/PAKISTAN: Continued Uncertainty and Nuclear Weapons

[REDACTED] Islamabad probably already 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 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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INDIA/SRI LANKA: Indian Invasion?

India has committed most of an infantry division to northern and eastern Sri Lanka in recent weeks to help enforce the peace agreement concerning the Tamil insurgency and has put another on alert for deployment. 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, including access to external military assistance, internal security in the north and east, and foreign ship visits. It is not yet clear how far Prime

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Minister Gandhi intends to go in establishing dominance over Sri Lanka, but his overall military commitment continues to grow and he is sending a commando battalion to Colombo, where there are no organized Tamil insurgent units.

BANGLADESH: Threat to President

Civilian and military opposition to President Ershad is mounting, but his opponents agree on little except that he must go, threatening a political crisis as soon as next month. Ershad's longer term political prospects look bleak, but he may gain time by shuffling antagonistic senior military officers to new positions.

IRAN/SAUDI ARABIA/GULF ARAB STATES/US: Collision Course

The likelihood has increased that Tehran will raise the stakes now that the Saudis have called its bluff and the US Navy has attacked an Iranian Navy landing craft conducting minelaying operations. Iranian military preparations and Tehran's specific inclusion of Bahrain and an emirate in its list of direct enemies of Iran may be a harbinger of further actions against the US or Saudi Arabia or, in the short run, an attempt to seize new territory from other Gulf Arabs. Additionally, there would be serious repercussions in the region should Iran carry out its contingency plans to occupy Kuwait's Bubiyan Island. The probability of a US combatant being involved in further hostilities in the region is higher than ever before.

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. Domestic military and civilian opposition to Iraqi President Husayn continues. Meanwhile, in Iran, Ayatollah Khomeini's death could lead to major instability within the post-Khomeini government.

IRAN/LIBYA: Naval Threats

Improvements in Iranian mine warfare abilities are posing new threats to US and Western shipping. Libya recently has provided Iran mines much more powerful and sophisticated than those that recently have damaged ships in the Persian Gulf. Iranian Revolutionary Guard naval forces in Lebanon apparently are increasing and may present a new kind of threat to US and allied maritime interests in the Mediterranean Sea. The Israeli Navy on 10 September encountered mines off southern Lebanon similar to those used recently in the Persian Gulf. In addition, Libya may try to lay mines off Suez. In all these cases, the mine laying is likely to be covert. It may be difficult to prove responsibility even though obvious.

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LIBYA: Chemical Warfare

Qadhafi appears to be embarked on a program to acquire an offensive chemical warfare capability. Libya probably has received limited quantities of chemical bombs and artillery shells from Iran and will complete, by late this year, an indigenous CW agent plant near Rabta. We should be prepared for Libya's additional use of CW agents in the near future.

KURDS/TURKEY/IRAQ/IRAN: Kurdish Rebellion

Kurdish separatist activity is increasing 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. Turkish intelligence has identified six Kurdish camps located in Iran and states that 94 Iranian irregulars recently captured while infiltrating intended to attack Iraq's pipeline through Turkey. Tehran's continued support of the Kurds is seriously straining Turkish-Iranian relations.

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.

TUNISIA: Increasing Instability

President Bourguiba's campaign to suppress all political opposition is escalating with harsher crackdowns on Islamic fundamentalists as demonstrations and bombings become more frequent. The army is tightening security for the trials of fundamentalists and the government has released 2,500 thugs from prison to form a special police battalion designed to keep fundamentalists under control. Far from ensuring smooth succession, however, the regime's efforts are drastically increasing discontent and ensuring 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.

LATIN AMERICA

BRAZIL/ARGENTINA: Tougher Stances on Debt

Brazil and Argentina may soon be taking significantly tougher stands on repayment of their international debt, threatening more confrontations and, ultimately, the solvency of major US banks. The recent mid-term election defeat of Argentine President Alfonsin's party by the Peronists will increase pressure on him to adopt a harder line on repayments. Brasilia continues to insist on "alternative" approaches to the debt problem--all of which probably

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will be costly to the banks. Continuing balance of payments problems in both countries make early resolutions unlikely. The chances of declarations of debt moratorium are increasing.

Brazil: Military Plotting

Partly as a result of proposed provisions in the new constitution reinstating leftist officers expelled after the last coup, [REDACTED]

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[REDACTED] The next few months will be critical as Congress debates the constitution. Increasing economic problems could lead to broad based opposition, providing a pretext for military intervention.

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CHILE: Intransigence

General Pinochet appears more determined than ever to maneuver to remain in power beyond 1989. Having prepared plans for carrying out a major reshuffle of the army to force his 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

The situation continues to deteriorate rapidly. Street violence and acts of anti-Americanism will continue to endanger the safety of US citizens. Radical Catholic priests and communists are increasingly involved in anti-government activities. In addition, former President Duvalier continues to plot a military coup. Economic problems--plus harsh military reactions--increase the likelihood of a governmental crisis before the presidential elections scheduled to be held in November. Even General Namphy seems to yearn for a return to strongman rule.

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 in border regions. NIO/Warning notes that the potential for Sandinista forces inside Honduras to fire on US military personnel continues.

PANAMA: Stalemate

Anti-government protests are tapering off, but the opposition could yet unify and force Noriega's resignation. General Noriega under siege would increase his demagogic campaign against the US, crack down roughly on the

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opposition and, if necessary, install a military junta. The strife has contributed to the flight of some 10 percent of the banking system's assets, increasing already considerable strains on the economy and leading foreign bankers to reassess their positions in Panama; at least two have already decided to leave. As the crisis evolves, there will be an ever increasing risk that Noriega will target more sensitive US interests in Panama for subversion.

SUB-SAHARAN AFRICA

ANGOLA: Prospects for Clash with South Africa

The risk of direct South African-Cuban clashes is high, as the Angolan government accelerates its measured two-front offensive against UNITA positions in southeast Angola and as South African forces move toward the battle front. Should the South Africans attack Cuban strongholds, Cuban contingency plans--as reported by defector General del Pino--call for retaliatory airstrikes against South African air bases in Namibia, thus increasing the chances for escalation.

SOUTH AFRICA: Confrontation

Conservative electoral gains and deep divisions within the Afrikaner community have revealed increased domestic polarization that has further undermined the influence of moderate blacks and whites who seek compromise. Pretoria's gambit to co-opt South African blacks with a new constitution that allows for urban black participation in government--but which does not recognize the concept of one man, one vote--will not provide political power to blacks or satisfy their demands for full political representation. In extending the emergency decree to a quasi-permanent condition and stifling legitimate dissent, the government has demonstrated that its authority can be perpetuated only by force. Externally, until Pretoria's increasingly coercive measures against Frontline States subside, there will be greater opportunities for both West and East to capitalize on the Frontline States' heightened senses of vulnerability.

SOVIET UNION/EASTERN EUROPE

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. In Hungary, strikes and demonstrations may grow as the impact of recent economic austerity measures are felt this fall. Even the normally docile legislature appears restive over austerity proposals.

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- Pressures are especially great in Romania, where continuing debt problems and economic mismanagement have exacerbated already abject living conditions. Poor nutrition and worsening sanitary conditions are contributing to new outbreaks this summer of diseases like cholera. Popular discontent may reach its peak in late winter, when consumer goods supplies are lowest. Elements in the security services are disaffected. Should they decide to move against the ailing Ceausescu, we may have little additional warning. Moscow would seek to draw Bucharest back to the fold.

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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