

The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

10 April 1987

MEMORANDUM FOR: Acting Director of Central Intelligence

FROM: John J. Bird
National Intelligence Officer for Warning

SUBJECT: Monthly Warning Reports for March 1987

1. Summary of Key Warning Issues:

USSR/US

NIO/USSR concurs with the majority judgment of the Intelligence Community that the Gorbachev regime has good political, economic, and military reasons to conclude an INF agreement; that it wants to sign an agreement with this administration; and that it is not going to let US demands on verification and shorter range systems block such an accord. NIO/USSR further notes that on balance, the Intelligence Community believes Moscow judges the military benefits of a zero-zero INF agreement to outweigh the costs. Confidence in the ability to verify an INF accord will not be high unless the US is able to reach an agreement with the Soviets on baseline figures for the existing SS-20 force and on procedures for dismantling and destruction.

Western Europe

NIO/USSR notes that as the Allies increasingly realize that a zero-zero INF agreement could lead the Soviets to rely more on intercontinental systems for theater targets, pressures from West European capitals may mount for movement in the START negotiations--and hence for efforts to find some common

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ground with Moscow on SDI. Furthermore, implementing a verification agreement on INF may prove difficult with the Europeans. While agreeing in principle to on-site inspections, they could bargain hard on the maximum number of annual inspections to be allowed.

USSR/West Germany/Berlin

A dramatic Soviet statement on the German question could undercut a proposed US initiative on Berlin, particularly if timed to coincide with President Reagan's visit there. Such a Soviet move would muddy the waters of political debate in Germany and could strain US-FRG relations by raising doubts about where Washington stands on the German question.

Greece/Turkey/Aegean

The risk of new Greek-Turkish incidents--spurred by the Aegean oil dispute as well as US Congressional hearings on military assistance for Greece and Turkey--is high. Greece has deployed two-thirds of its major naval units from Salamis. A premeditated attack is unlikely by either side, but the risks have increased of unintentional confrontation and potential escalation.

China/India

The Chinese may initiate a border skirmish soon. In response, a variety of Indian domestic pressures may prevent Gandhi from backing down, and with an aggressive Indian commander in the area, escalation is a real possibility. If India suffers a defeat or embarrassment, NIO/NESA notes that Gandhi may finally commit India to developing nuclear weapons as the ultimate defense of India.

Pakistan/US

The US military aid package does not give the US sufficient leverage to deter Pakistan from pursuing a nuclear weapons program. Islamabad does not believe it has reached the point where it must choose between its nuclear program and US assistance.

Angola

The potential for new fighting between South Africa and Angolan/Cuban forces, especially in the air, is growing. NIO/Africa notes that South Africa's airpower advantage has been eroding in recent years, and Pretoria probably will do something in the coming months to assert its superiority.

Peru

To embarrass the government, Sendero Luminoso increasingly appears to be attacking foreign interests in Peru when President Garcia is visiting abroad.

Brazil

Deteriorating economic conditions in Brazil will likely spark additional labor unrest and could prompt military intervention. The stress of the situation also may adversely affect Sarney's emotional and physical health and cause him to resign, notes NIO/Latin America.

Suriname

The military stalemate continues, but the insurgents are maintaining the battlefield initiative. Bouterse's support in the military is uncertain, and NIO/Warning notes that the chances of governmental collapse are growing. Bouterse probably is anxious for Libyan aid but fears US retaliation. At present, Bouterse will not leave on his own and Brunswijk probably lacks the backing to replace him if he does leave office.

2. Trend Commentary

Western Europe: Allied Views on INF

The gap between public and private positions taken on INF by West European leaders will continue to widen. Intra-European security consultations also will expand. Meanwhile, Moscow is likely to keep the pressure on West European leaders by launching new "peace initiatives", such as a unilateral withdrawal of one or two Soviet divisions from Czechoslovakia.

Syria/Lebanon/Israel

Syria's primary motivation for intervention in Lebanon--to save the Amal militia and contain the Palestinians in their camps--runs the risk of an open-ended commitment that would severely strain Syria economically and operationally. There are no indications of an agreement between Iran and Syria regarding the southern suburbs. With neither Syria nor Iran in control of events, and in the absence of an agreement between the two on the status of Hizballah, violence is likely to spiral. Israel is not likely to view these developments as unalloyed benefits; movement of Hizballah elements into southern Lebanon would not be viewed as good for Israel and the Army of South Lebanon.

China

The experiences of Eastern Europe and the Soviet Union show that China's economic reforms are likely to encounter serious difficulties in the future. The current power struggle over Hu Yaobang's successor could overshadow reform efforts. NIO/East Asia notes reforms will slow down or cease. The impact on

the US is uncertain despite Chinese assurances that their opening to the outside world will continue. There could be continuing difficulty for US economic interests, such as investment, negotiating a bilateral investment treaty, resolving textile issues, and other trade and economic questions.

Liberia

Coup plotting in Liberia will continue; although Doe is secure in the next few months, the economy in shambles will add ever increasing pressure on Doe. Friction with the US over its provision of 17 operational experts to the Liberian government is likely. Doe probably will try to extort funds from foreign mining companies in Liberia before turning to more desperate measures such as seeking Bloc aid.

Nicaragua/Central America

If the current round of unity talks concerning a Central American peace plan collapse, NIO/Latin America notes that this will seriously damage the international image of the Nicaraguan resistance and threaten continued external support. To split the Core Four and place the US on the defensive, Nicaragua may agree to accept an unmodified version of Costa Rican President Arias' peace plan.

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

Chile--The extent of the repercussions to Pinochet from the recent papal visit is not fully clear, but a likely outcome is galvanizing the political opposition and fueling momentum for decisive change before 1989.

Iran/Iraq/Gulf States--Iran's preparation of the Silkworm antiship cruise missile launch sites covering the Strait of Hormuz increases the already high risk--given errors in target acquisition and discrimination--of an Iranian attack on even an American or Soviet combatant on escort duty in the Gulf.

Libya--The political and psychological repercussions of Libyan defeats in Chad may not reach their full effect for several months, but Qadhafi's chances of clinging to power will lessen in the face of likely public discontent [redacted]

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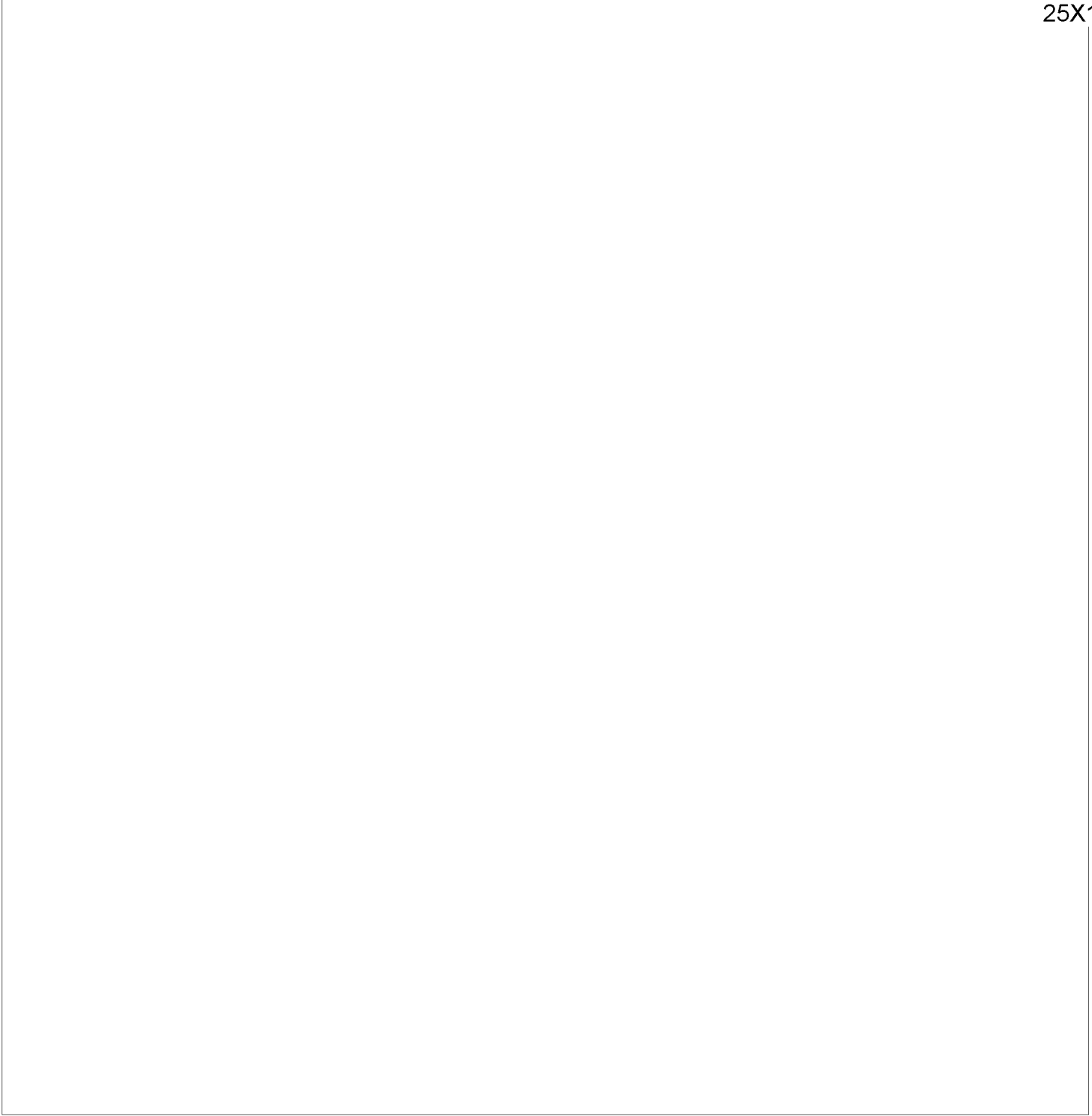
Malta/Libya--Political tensions will rise sharply as 9 May's bitterly fought election contest approaches. In a clean election, the pro-West party looks likely to win, but the pro-Libyan Labor party's control of the electoral machinery [redacted] indicates it will narrowly win. [redacted]

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Niger/Libya--Increased Libyan meddling and subversion--spurred by Qadhafi's ire at French and US assistance to Chad--is likely.



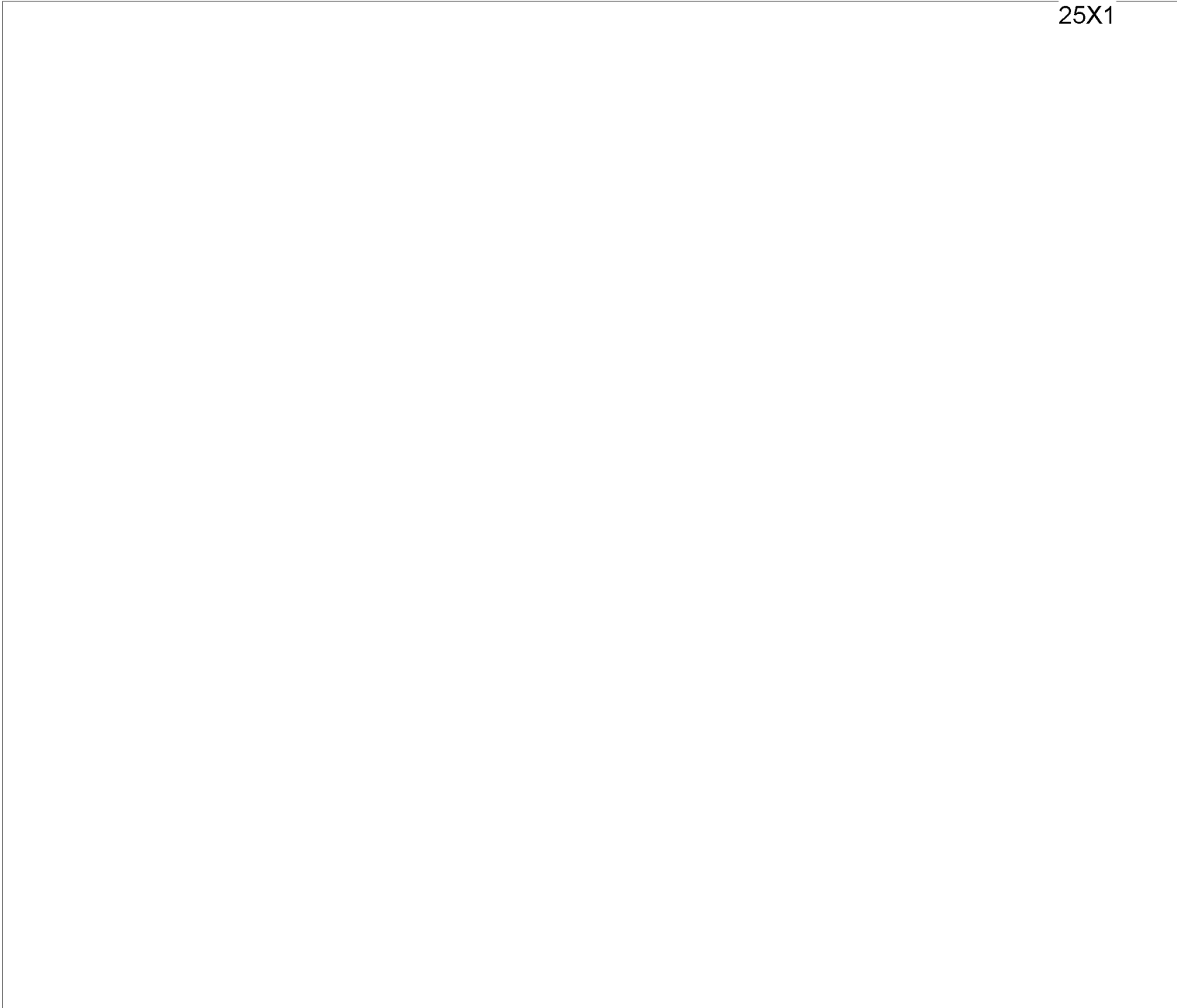
South Korea--The potential for a major upheaval lacks only a violent catalyst. Missteps by either President Chun, military hardliners, or provocateurs within the ranks of the political opposition could bring a breakpoint at any time.



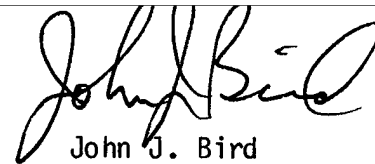
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