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DISSEMINATION CONTROL ABBREVIATIONS

NOFORN-	Not Releasable to Foreign Nationals
NOCONTRACT-	Not Releasable to Contractors or Contractor/Consultants
PROPIN-	Caution-Proprietary Information Involved
ORCON-	Dissemination and Extraction of Information Controlled by Originator
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The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

16 September 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 August 1987

1. Summary of Key Warning Issues:

USSR

The Soviets reportedly are preparing for a Gorbachev visit to New York for the UN General Assembly session this month. We doubt that Gorbachev believes that a hastily arranged Reykjavik-style summit would be an effective way to close remaining gaps on INF issues. Such a visit probably would be used instead for propaganda purposes, perhaps to pressure Washington for more rapid movement or to float new arms control initiatives. NIO/USSR believes that such a Soviet maneuver would indicate that Moscow is no longer interested in an agreement with this Administration and intends to try to saddle Washington with the blame for the collapse of the talks.

USSR/Third World

It is already clear that, in the Gorbachev era, the US will have to deal with a much more effective Soviet political challenge in the Third World than heretofore. There was general Community agreement that Soviet policy includes a determination to resist the challenge of the Reagan Doctrine and that it is a much smarter effort to compete with the US. Although the USSR cannot give

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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most Third World countries the technology and economic assistance they want, most analysts thought that Moscow will not pass up opportunities to try to move important Third World states into the Soviet camp, regardless of the impact on US-Soviet relations.

Chad/Libya

We continue to believe that Chadian President Habre will succeed in taking Aozou airbase, but again caution that his margin for error is small and his forces could sustain serious losses if they miscalculate. Even if the airbase is disabled, Chadian forces still will be vulnerable to airstrikes launched from southern Libya.

South Africa/Angola

With the Angolan offensive continuing against UNITA--Savimbi's guerrilla army--the likelihood of South African intervention is rising. Pretoria can commit significant force on short notice. The most likely target is Cuito Cuanavale, especially if Mavinga seems threatened.

South Africa/International Atomic Energy Agency

South Africa stands a good chance of suspension from the International Atomic Energy Agency for its racial policies at that Agency's conference later this month. Suspension would be a damaging precedent for international nuclear safeguards efforts.

2. Trend Commentary

USSR

The economic reform blueprint approved at the June Communist Party plenum should be seen as a beginning step away from the Stalinist command economy, although it does not alone constitute a decisive break with the old system. As described, the reform would not go as far as Hungary's or China's efforts; the government would retain broad powers. The blueprint has not been finalized, however, and comments by Gorbachev suggest that the debate is not over. Analysts are divided over the prognosis for Soviet economic reform. Most see the reform as a protracted process and expect Gorbachev to build incrementally on his success at the plenum. A minority see little sign that Gorbachev has yet achieved much, and doubt that he will be more successful in the future. NIO/USSR believes that we should not expect to see the reform program fully operational until the 14th five-year plan (1996-2000).

Mozambique

RENAMO, the anti-Marxist guerrilla group, has intensified its efforts in recent months. Mozambican and Zimbabwean casualties are rising and attacks on facilities in the Beira Corridor are increasing. RENAMO seems ready to launch its regular seasonal offensive almost anywhere in the country as soon as the rains begin.

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

Greece/Turkey

A new crisis may be brewing. Greece, [redacted] will move a division from northern Greece to the Turkish border because of fears that Turkey may attack in October. Whether or not this is truly believed in Greek military and government circles, there is likely to be a marked escalation in tension over Cyprus. The Greek Cypriots have announced they will seek a UN resolution this fall on their desire to hold an international conference to settle the dispute--a plan the Turkish Cypriots reject. If the Greek Cypriots go forward with this plan, Turkish Cypriots will at least take symbolic action to consolidate their pseudostate in the northern part of the island. It will almost certainly draw Athens and Ankara into a confrontation that both sides may find hard to back away from, particularly with a Turkish national election scheduled for early November.

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25X1Philippines

President Aquino is weakened--perhaps mortally. Unless one of her supporters can reunite the military, she will be unable to reestablish her own political prestige and leadership. Rebel leader Colonel Honasan remains at large with several hundred troops. The military is now split between supporters of Honasan, Defense Minister Ramos, and former President Marcos; each group could turn on the Aquino government. Because much of the military and populace is sympathetic to Honasan's grievances and blames Mrs. Aquino, another military uprising or coup attempt is likely.

South Korea/North Korea

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 before December. A looming collapse of public order could yet result in the imposition of martial law. Disorder would encourage North Korea to consider mounting destabilization operations and fomenting anti-government riots and sabotage.

India/Sri Lanka

India's continuing deployment of troops to Sri Lanka is emerging as a possibly predatory move against a smaller neighbor, belying earlier assurances of nonintervention. It is not yet clear how far Prime Minister Gandhi intends to go in seizing power in Sri Lanka, but his commitment to the effort continues to grow. Should President Jayewardene be assassinated, Gandhi almost certainly would move in force on Colombo.

Brazil

Increased economic problems could lead to broad based protests, providing a pretext for military intervention. The next few months will be critical as Congress debates the constitution and considers reinstatement of cashiered leftist officers -- a sore point with the military. Military support to depose President Sarney may be growing, but key senior players have not yet evinced their support to it.

Tunisia

President Bourguiba's campaign to suppress all political opposition is escalating with crackdowns on Islamic fundamentalists. Far from ensuring smooth succession, however, the regime's efforts are drastically increasing discontent and ensuring chaos, 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.

Colombia/Venezuela

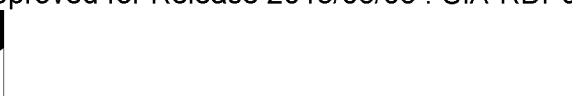
Colombia and Venezuela again are squabbling over control of the oil rich Golfo de Venezuela. Although the situation is stabilizing and a military clash appears unlikely, both Colombian President Barco and Venezuelan President Lusinchi have asked the US to speed delivery of missile shipments. The dispute is complicating cooperation in counterinsurgency and antinarcotics operations.

Panama

Anti-government protests are tapering off but the opposition could yet unify and force General Noriega's resignation. Noriega under siege will continue his demagogic campaign against the US, crack down roughly on the opposition, and if necessary, install a military junta. As the crisis evolves, even in fits and starts, there will be an ever increasing risk that Noriega will target more sensitive US interests in Panama for subversion.

Chile


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.


Iran/Iraq

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. Military and civilian opposition to Iraqi President Husayn continues. Meanwhile, in Iran, Ayatollah Khomeini seems to have lost some control over the power struggle among his successors, and his death could lead to major instability within the post-Khomeini government.

Iran/Lebanon/Mediterranean

Iranian Revolutionary Guard naval forces in Lebanon apparently are increasing and soon may present a new kind of threat to US and allied maritime interests in the Mediterranean Sea. Israeli targets probably have highest priority, but the Iranians might choose to retaliate for US or allied actions in the Persian Gulf with attacks or mine laying in the eastern Mediterranean.



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