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

National Intelligence Council

13 November 1986

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 October 1986

1. Summary of Key Warning Issues:

Iran/Iraq

Recent reporting suggests that Iran is still planning to launch an offensive before the end of the year. Growing differences within the regime over war policy so far have not interrupted military preparations. DIA believes that Iran's most likely course will be to mount a limited offensive similar in scope to the attack on Al Faw last February. There is a greater likelihood of Iranian attempts to pressure Iraq and the states supporting Baghdad by staging air strikes and sabotage against Kuwaiti and other Gulf ports and oil installations. Moreover, Iran's capability to interdict international shipping in the Strait has increased with the deployment to the area of helicopters and Chinese anti-ship cruise missiles.

Libya

There are growing indications that Qadhafi is returning to his pre-April policies and asserting more active diplomatic and political efforts abroad. He also is reinvigorating contacts with foreign terrorist groups, particularly



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in Africa and Latin America. Community representatives agree that although the Karachi hijacking was an Abu Nidal operation, Libya was involved in the incident.

Southern Africa

Pretoria will persist in its determination to cripple the United Democratic Front by detaining its leaders and disrupting external funding. The SAG, however, probably will stop short of an outright ban on the UDF. The South Africans will also stage further covert and overt attacks against the ANC presence in Mozambique, Zimbabwe and Zambia. In Angola, the Luanda government has not deployed sufficient forces to launch a major offensive against UNITA, and prospects for a significant break in the military contest this year have receded.

Central America

Most Intelligence Community analysts continue to discount the possibility that Cuba will deliver MIG-21s to Nicaragua before the end of the year, primarily because of Cuban and Soviet reluctance to defy repeated US warnings. A major Sandinista incursion into Honduras appears unlikely in the next few weeks. There has been a moderate buildup of Sandinista forces along the Honduran border opposite FDN concentrations in the Yamales salient, but these deployments apparently are aimed at blocking the reinfiltration of FDN personnel and at creating a capability for small cross-border probes and harassment of FDN forces. The NIO/Warning notes that the Sandinistas are almost continuously encroaching on Honduran sovereignty and may expand operations into Honduras until stopped by force. In El Salvador, the Sandinistas probably are giving the FMLN close advice and support in their political action program designed to exploit the Duarte government's immense problems in coping with the recent earthquake.

Eastern Europe

Severe economic decline and aging leaderships could generate a succession crisis in one or more East European countries at any time. The most likely candidates for political crisis in the near term are Romania and Hungary, with Czechoslovakia and Bulgaria next in line.

2. Trend Commentary:

Philippines

A potentially destabilizing test of strength between Aquino's supporters and military and political elements backing Enrile and Laurel could be triggered at any time. Miscalculation by one of the contenders will be the most likely cause of a showdown, but moves by disaffected officers in the military reform movement to force the removal of Enrile's opponents in the

Cabinet or establish a de facto military junta cannot be excluded in the next three months. Aquino's supporters would violently resist such moves. Moreover, divisions within the officer corps and an erosion of discipline in the ranks could contribute to a dangerous breakdown in public order.

Nicaragua

The trend toward more assertive Sandinista behavior probably will be reinforced in the next few months by their perceived need to respond to congressional approval of the Contra aid package and by the virtual collapse of the Contadora process. The latter has obliged Managua to place greater reliance on unilateral actions, such as the intensification of military pressure on Contra bases inside Honduras in the last three months. The near-term prospect is for growing Sandinista military and political pressures on Honduras aimed at stimulating domestic opposition to the government's policy of granting the Contras sanctuary and logistic and training facilities. The Sandinistas will also be strongly influenced by their expectation that the US will escalate pressures during the last two years of President Reagan's term, including a break in diplomatic relations. If Sandinista leaders come to believe that a break is imminent, they may take preemptive action.

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USSR

The Soviets in the coming three months will intensify their post-Reykjavik drive to discredit US intentions and arms control policies in the US and in Europe, hoping to reinvigorate West European anti-nuclear and anti-INF movements, thereby forcing NATO governments to break with Washington on key issues of arms control and nuclear strategy. The Gorbachev leadership will seek to manipulate Administration positions on SDI and compliance with SALT II limits to deepen transatlantic differences. The Soviets and their Warsaw Pact allies will take further initiatives to portray themselves as ready to negotiate major reductions in conventional forces in Europe and to eliminate chemical weapons. There will be some possibility of announcements of plans for unilateral reductions in Soviet and East European armed forces in the next three to six months, and perhaps limited withdrawals of Soviet ground forces from East Germany and Hungary.

Arab Terrorism

Prospects for an upsurge in Syrian-backed Palestinian terrorism have increased in the aftermath of the UK's decision to break diplomatic relations with Damascus. Syrian behavior, moreover, may be more reckless and less predictable in view of reports that Assad's health is precarious. The PLO's claimed responsibility for the grenade attack at the Wailing Wall in Jerusalem on 15 October may signal a belief on Arafat's part that he must respond more

forcefully to Jordanian and Syrian attempts to undermine his position and oust him as PLO leader. [redacted]

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[redacted] It will inspire a spiral of competitive terrorist actions in the Middle East and Europe by the PLO and Arafat's rivals in radical Palestinian factions with the ostensible purpose of defeating what they regard as a Jordanian-Israeli-US "plot."

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

Afghanistan/Pakistan--More aggressive Soviet and Afghan cross-border air attacks and violations of Pakistan's airspace, together with intensified Soviet exploitation of tribal restiveness, have confronted Islamabad with growing problems.

South Korea--The political climate could spark serious violence at any time. President Chun is said to be considering a declaration of martial law to deal with opposition obstructionism and student violence, and his political opponents believe Chun will soon crack down and arrest their National Assembly members. In this atmosphere of suspicion and tension, major riots such as the one in Inchon last May could precipitate a political crisis that North Korea would be tempted to exploit.

Angola--There remains some risk of direct clashes between South African forces and Cuban-Soviet military personnel.

Chad/Libya--The split within the Chadian rebel movement has created a situation that may tempt either Qadhafi or Habre to take military initiatives that could result in limited clashes.

Suriname--Head of state Bouterse's apparent rejection of domestic and foreign efforts to arrange his resignation and exile could generate a coup from within the military and a governmental collapse. Bouterse may seek to contain the crisis by increasing repressive measures and appealing for Libyan military and financial assistance.

Chile--Pinochet has temporarily strengthened his position by replacing the Army member of the junta and restoring a state-of-siege. However, his expressed intent to remain in office will bolster the cohesion of the moderate opposition in pressing for decisive change before 1989.

India/China--The border dispute could lead to limited military clashes. Both sides have reinforced their troops in the area, and Beijing has made unusually tough demands that India withdraw its forces and dismantle military posts in Chinese territory. Gandhi will seek to avert escalation of the dispute, but missteps or overreactions by local commanders could precipitate an exchange of fire.

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