



Director of
Central
Intelligence

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National Intelligence Daily

Saturday
24 December 1988

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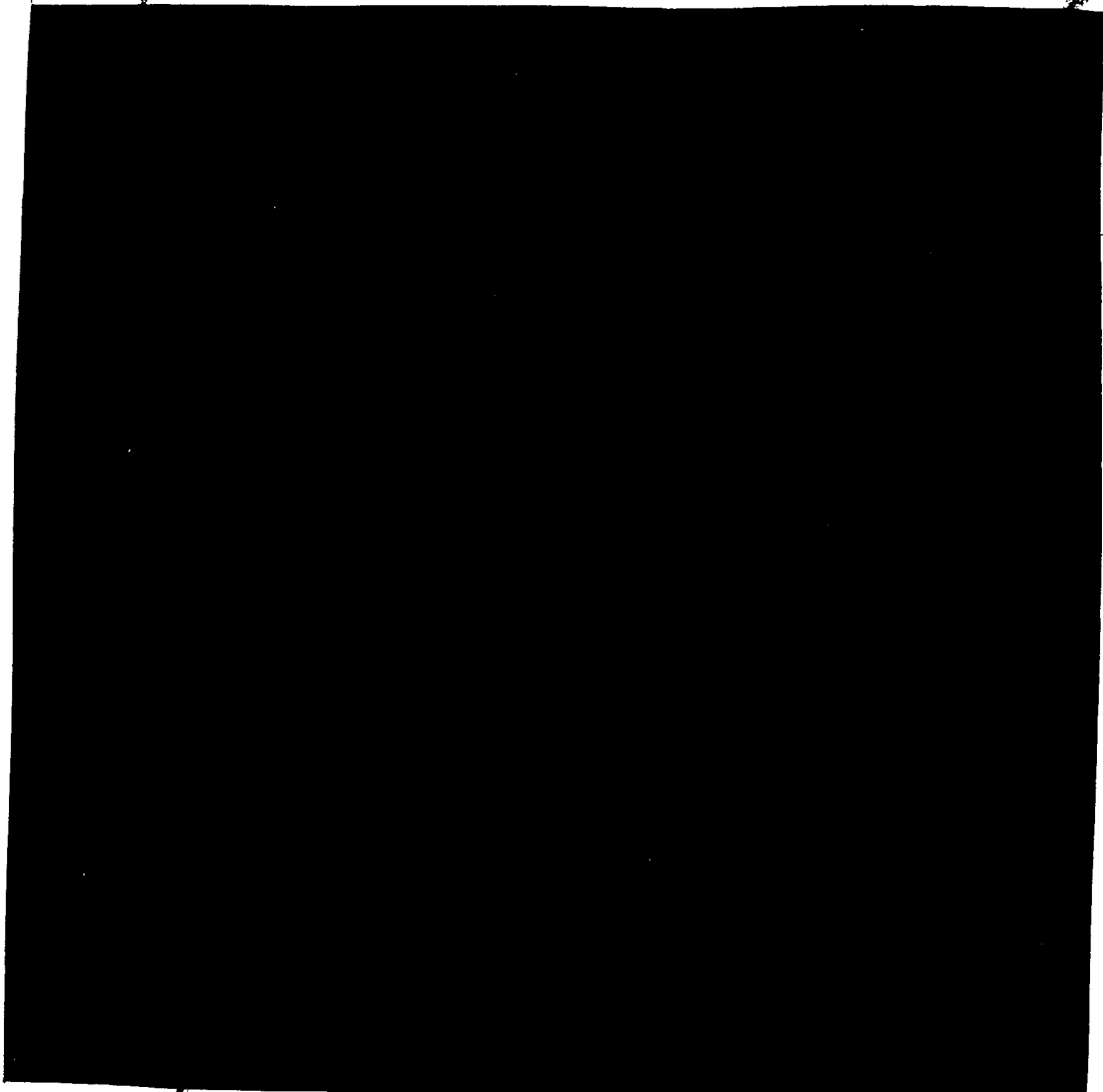
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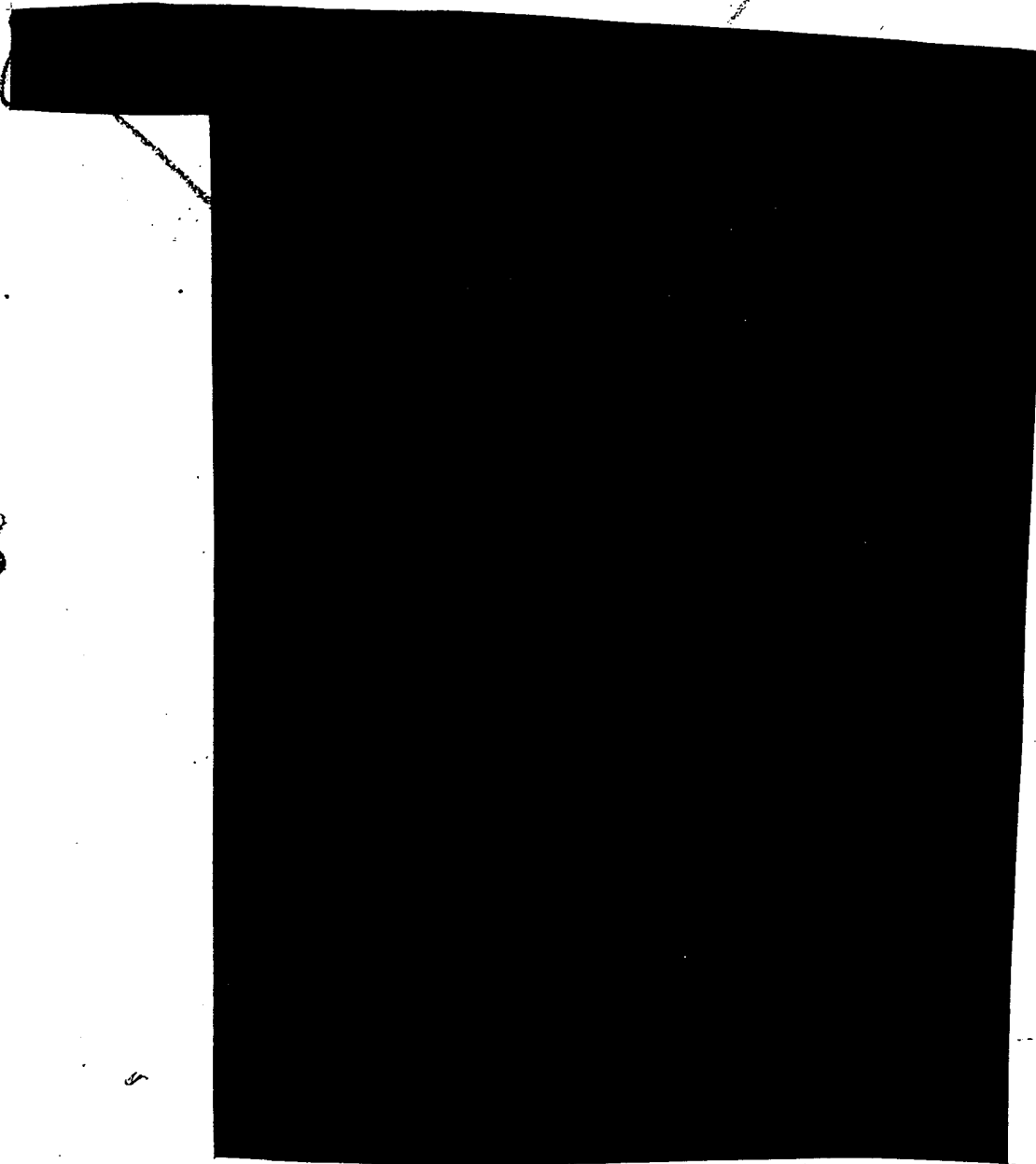
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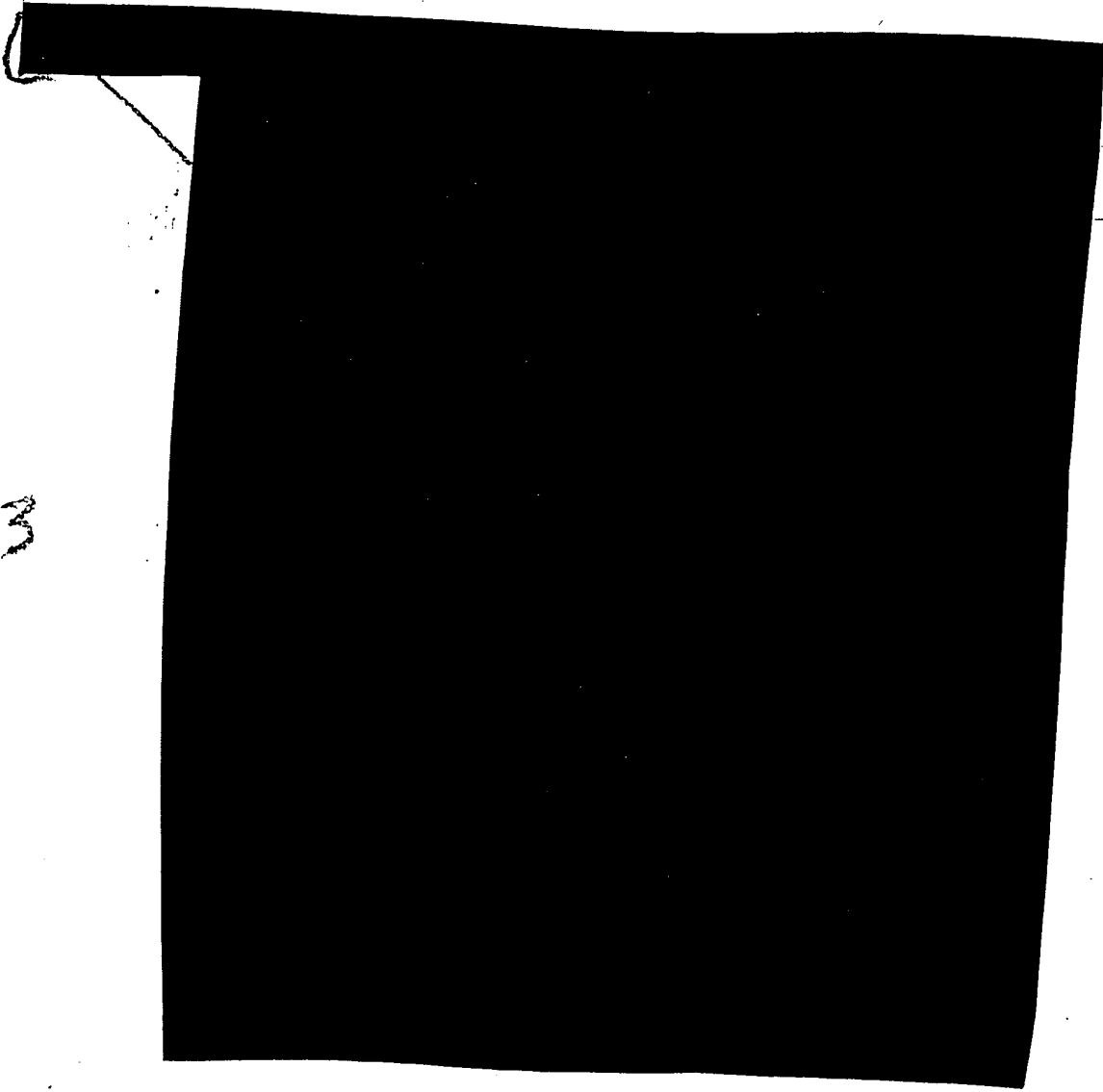
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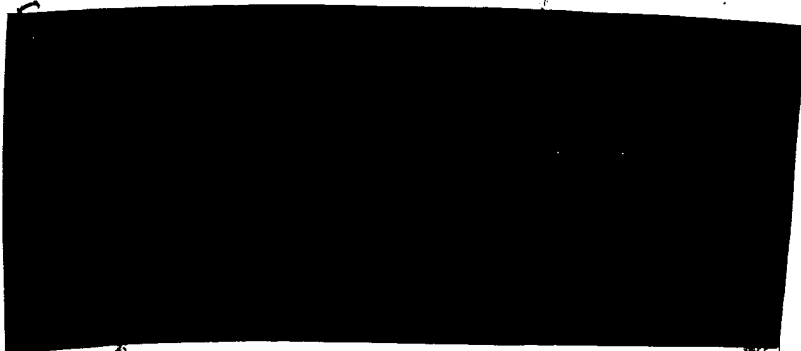
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CHINA-INDIA:

Gandhi's Visit Appears Successful

Indian Prime Minister Gandhi's visit to China appears to have produced movement toward resolution of the longstanding border dispute and laid the groundwork for improved relations.

In a joint communique released yesterday, the two sides announced establishment of a working group on the boundary question and the formation of joint committees on economic relations and trade and science and technology. The text also took note of India's recognition of Chinese sovereignty over Tibet and stressed that improved relations need not wait for a border settlement. Chinese Premier Li Peng accepted Gandhi's invitation to visit New Delhi, although no date has been set. b3

b3 [redacted] The formation of a border working group and upbeat press coverage of the visit indicate both sides are pleased with the discussions. Although there is no information on the specifics of the border talks, the working group will add impetus to bilateral negotiations, which have not progressed significantly during eight rounds of working-level talks since 1981. b3

The apparent agreement to resolve the boundary dispute in further meetings will help Gandhi silence domestic critics who will claim that his visit resulted only in symbolic agreements and that he failed to make progress on the key issue. Beijing is almost certainly pleased by New Delhi's public acknowledgment of China's sovereignty over Tibet, particularly after international press coverage of Chinese police shootings of Tibetan demonstrators earlier this month. b3

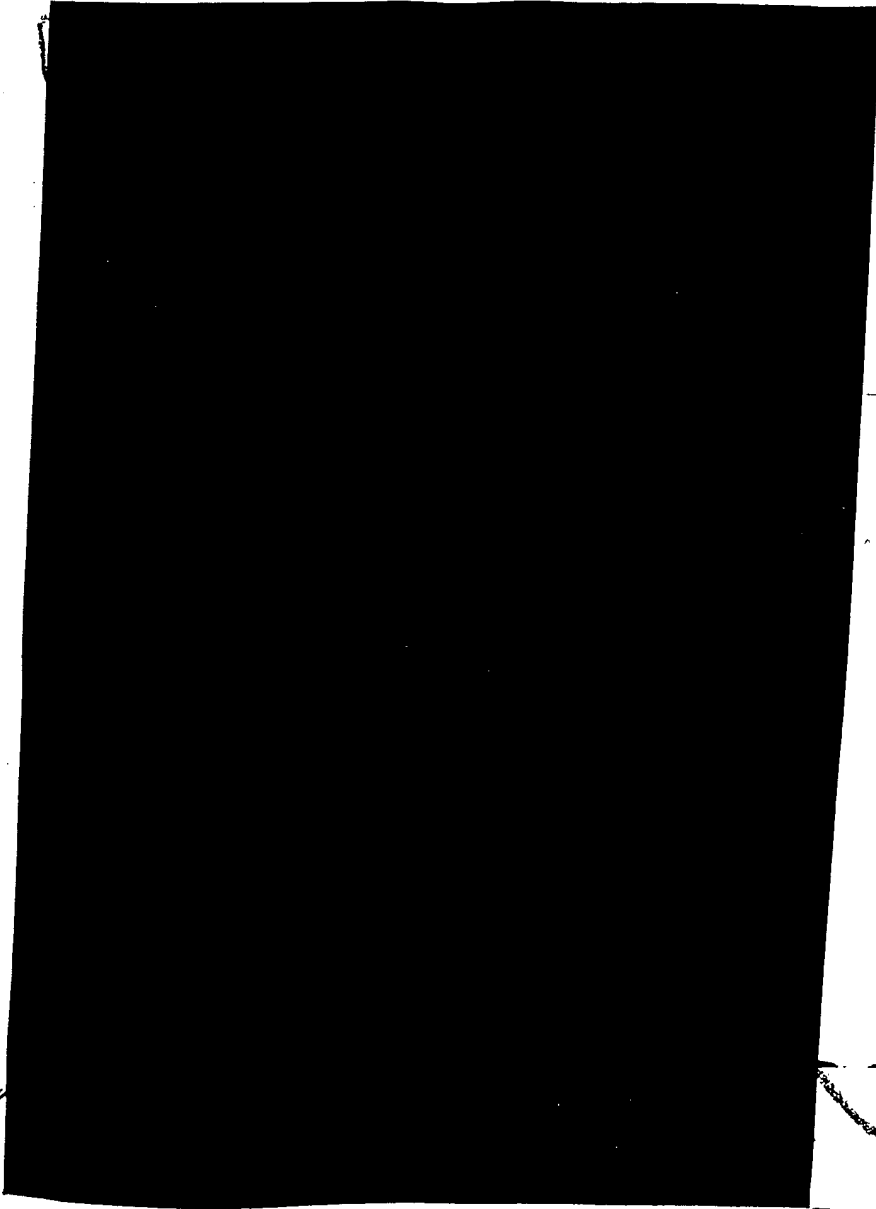
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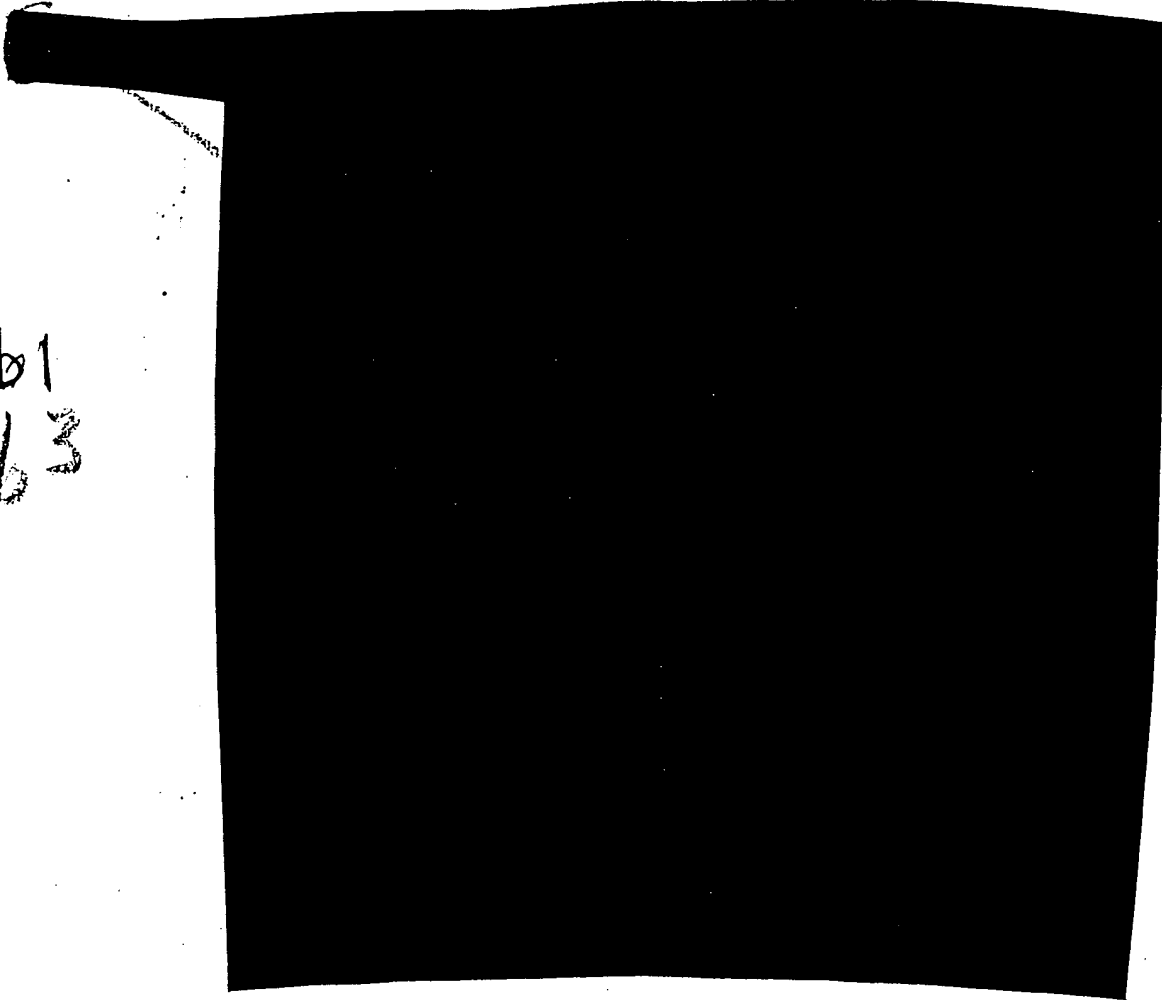
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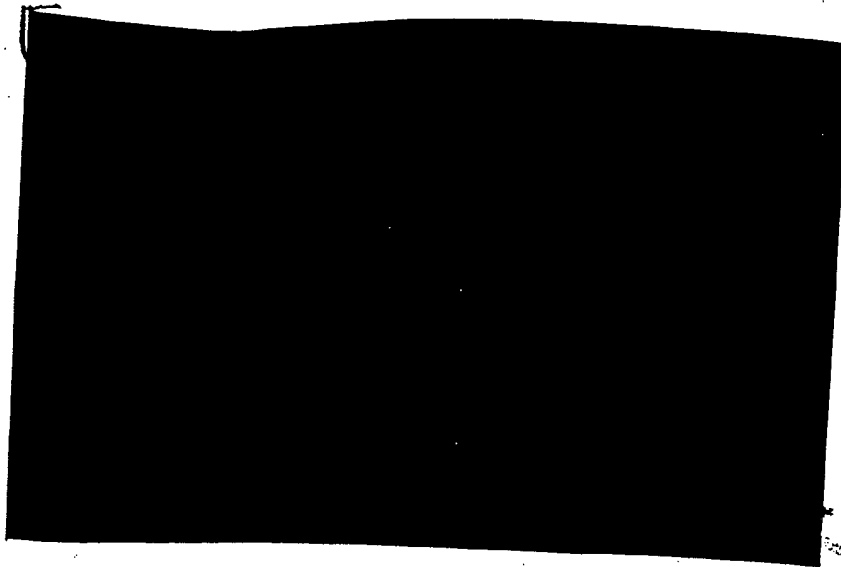
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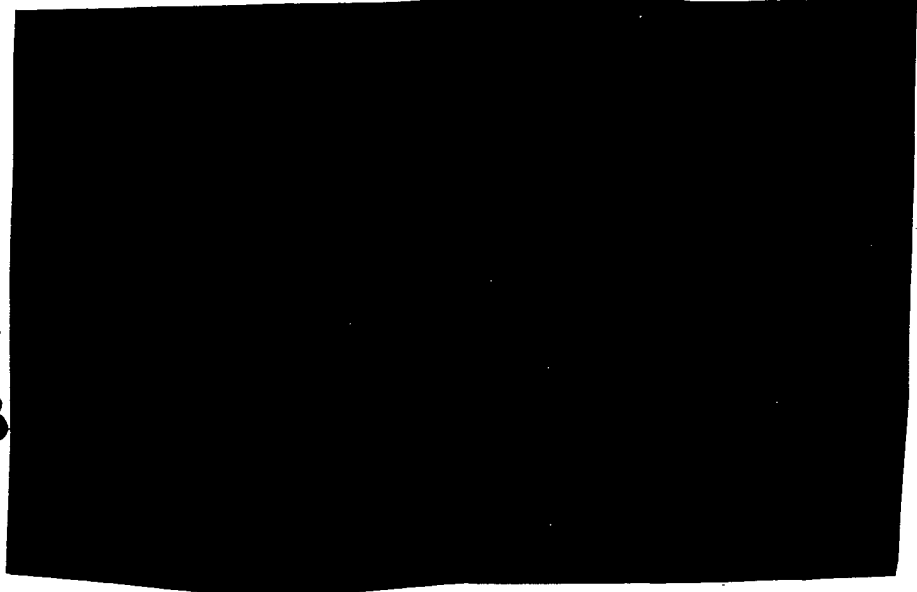
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PHILIPPINES: Left and Right Plan Holiday Violence

Civilian and military supporters of former President Marcos may be planning an antigovernment action in the next few days. [REDACTED] b3
[REDACTED] Meanwhile, Communist insurgents and the Philippine Government have each announced moratoriums on offensive operations for tomorrow. The Philippine military nonetheless believes the insurgents will launch attacks Monday, the 20th anniversary of the founding of the Communist Party of the Philippines. [REDACTED] b3

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[REDACTED] Marcos loyalists lack sufficient backing in the military to stage a successful coup now and may hope a show of strength will entice support from disgruntled officers for future moves. The insurgents, reeling from a series of setbacks, may try a spectacular assassination or attack to regain credibility. The Philippine military may steal their thunder by arresting party leaders, as it did on an insurgent anniversary last March. [REDACTED] b3

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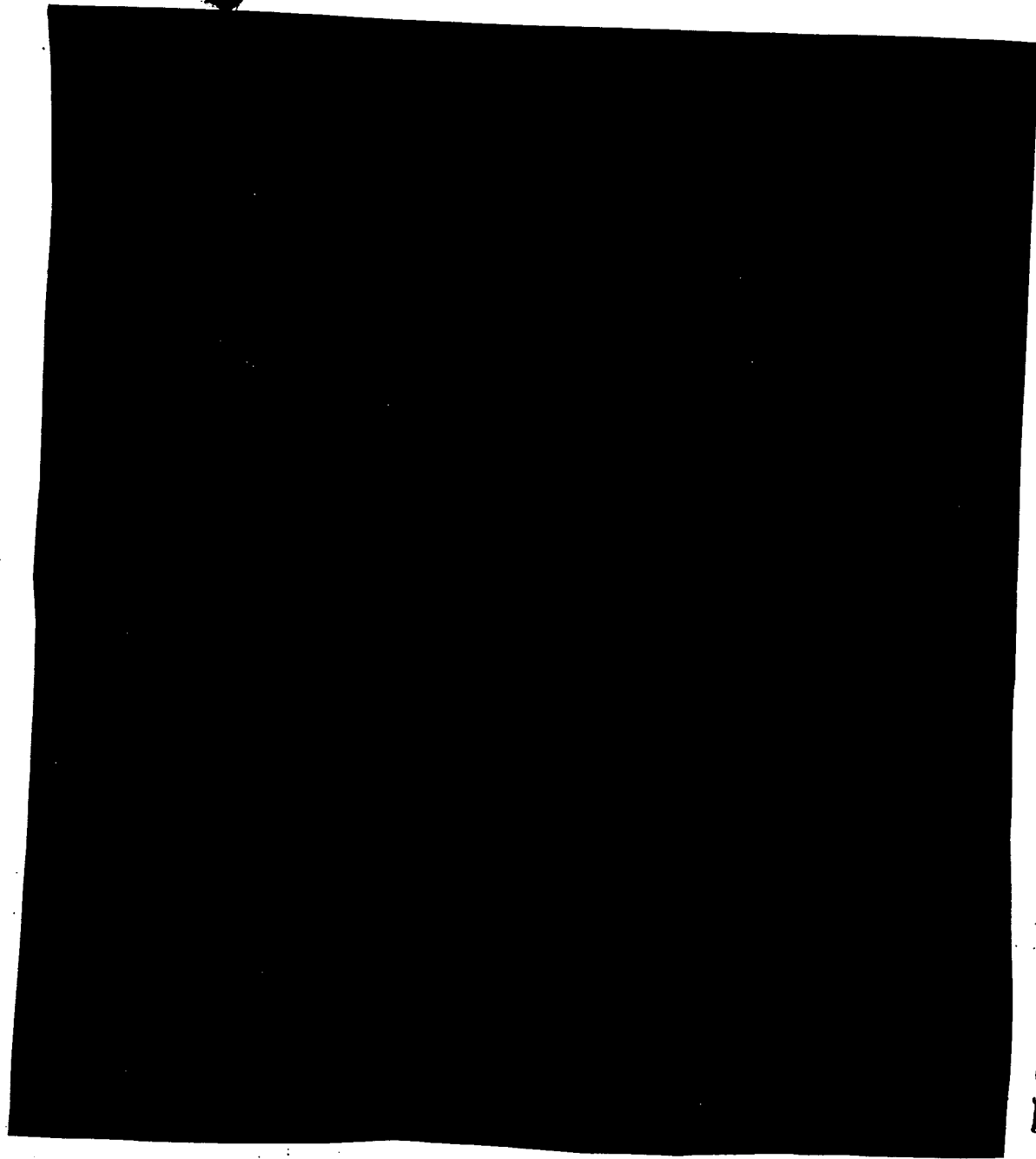
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LEBANON: PLO and Amal Militia Reach Truce

The Shia Amal militia is mending relations with pro-Arafat PLO forces in southern Lebanon while it prepares for a new round of battles with Hizballah in West Beirut and the capital's southern suburbs.

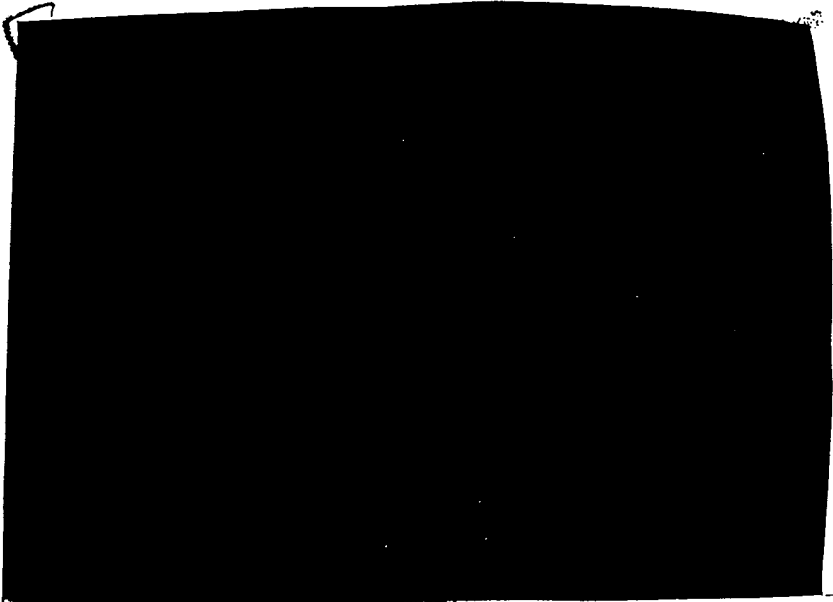


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~~_____~~ Amal probably recognizes it cannot count on active Syrian support against Hizballah. The moderate Shia militia no doubt hopes that repairing relations with Fatah will at least neutralize the Palestinians, who have backed Hizballah in past inter-Shia scraps. The accord also facilitates Amal members' movements between Beirut and the south through Fatah's Sidon stronghold. Pro-Arafat PLO forces appear to be tilting toward Amal in anticipation of rocky relations with Hizballah and Syria following last month's Palestine National Council meeting and the PLO dialogue with Washington.

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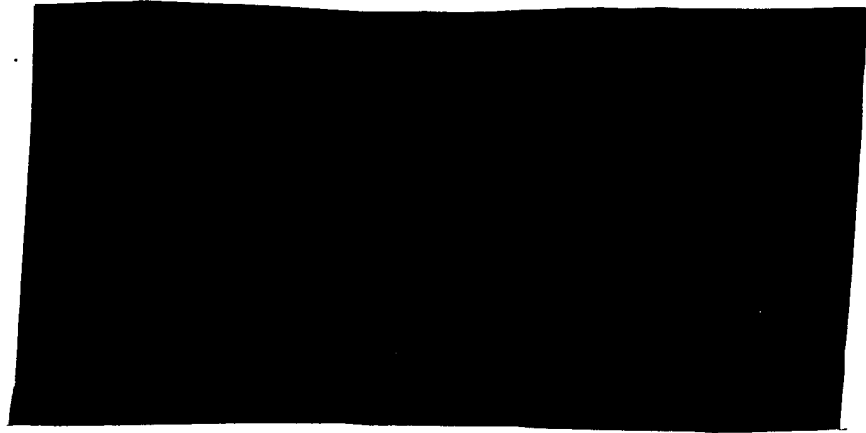
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AFGHANISTAN: UN To Reduce Presence in Kabul

 UN personnel, other than those monitoring the Soviet withdrawal, will be reduced from about 35 to six or seven by late next month. UN Resident Representative Englund has already left Kabul and is not expected to return. The UN office has informed the Afghan regime of the decision, claiming nonetheless that current UN projects, including UNICEF and refugee aid programs, will proceed during the drawdown, which will take at least two months.  b3, b1

b3  The Kabul regime and the Soviets had tried to use the UN presence, which grew earlier this year with the introduction of new aid programs, as evidence of international support. The drawdown is almost certainly prompted by expectations the regime will collapse after the Soviet withdrawal, as well as by concerns that Soviet aerial bombing might prompt new rocket attacks on Kabul by the resistance. The UN staff reductions will further hurt morale in the capital, particularly if there is also a drawdown in aid services and other personnel cutbacks or Embassy closures.  b3



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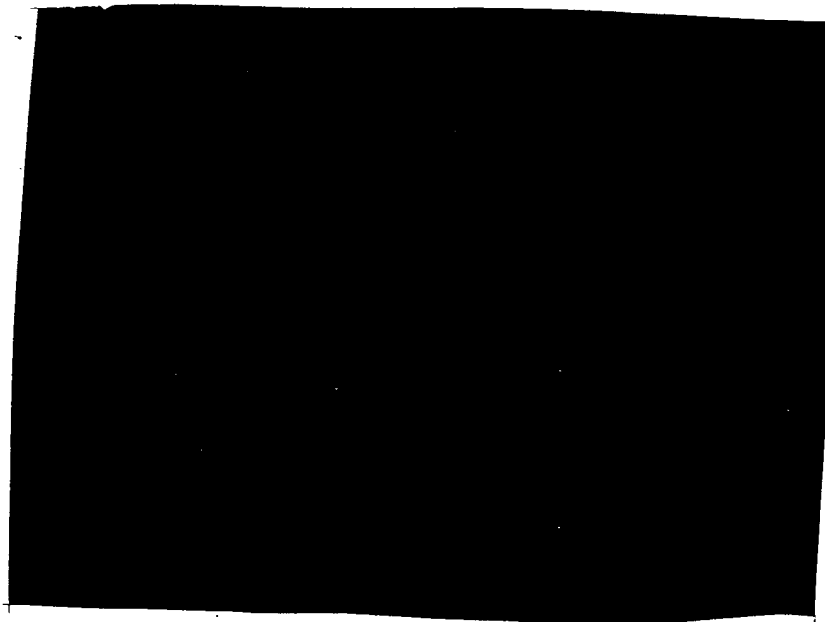
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EAST GERMANY: Reform Measures Adopted

Recent measures to liberalize administrative law and foreign travel are evidence of the East German regime's growing concern about social unrest and its reputation at home and abroad. A law passed this month puts some restraints on the police and, for the first time, gives citizens the right to appeal administrative decisions in court. The judicial review extends to such important areas as travel, emigration, the establishment of private businesses, and property rights. Rules for travel to the West and emigration were eased earlier this month.

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Comment. The legal reforms are intended to address domestic pressure for political liberalization and to give the regime more legitimacy. The law providing for judicial review of administrative decisions, however, is ambiguous on security matters, an issue bureaucrats can exploit, especially in political cases. The authorities probably hope that both Moscow and the West will see such measures as proof that the regime does not reject reform, but is tailoring change to meet East German needs.

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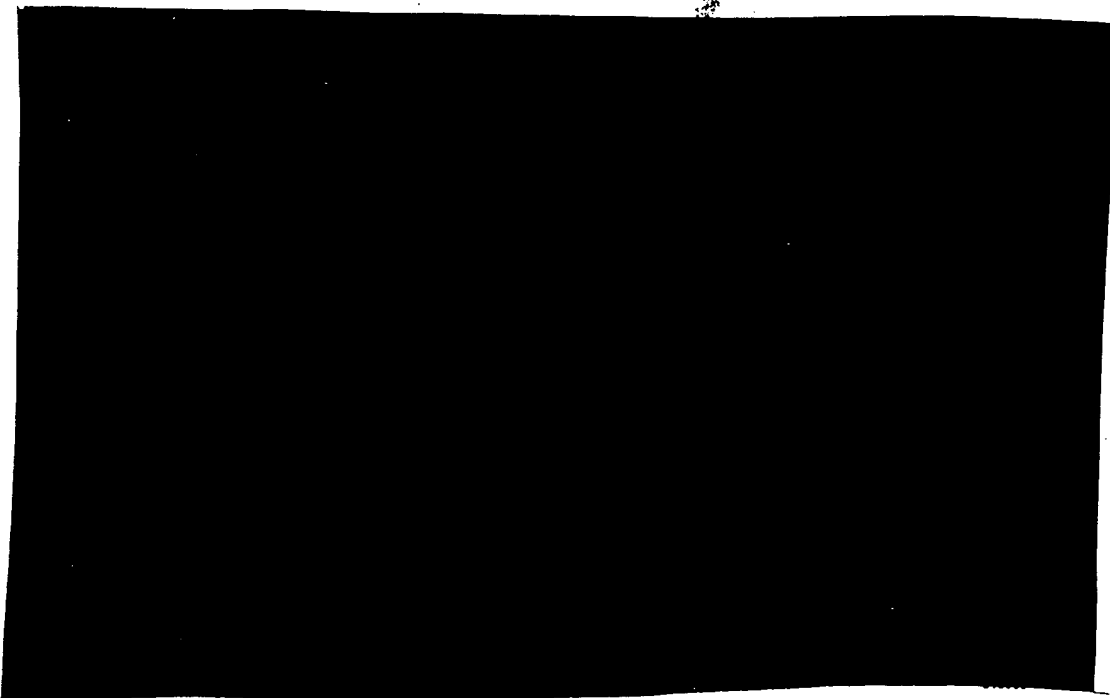
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In Brief

Europe

— Jorge Sampaio virtually assured of Portuguese Socialist Party leadership . . . surprise winner over ex-Foreign Minister Gama in election of delegates to next month's party congress . . . will try to unite Socialists to challenge government more effectively. b3

— Icelandic center-right Citizens Party may join center-left coalition government . . . party recently backed government budget . . . addition of Citizens Party would lengthen government's tenure, forestall leftist challenges on US, NATO issues. b3

Americas

[REDACTED] b1 b3

— Drug traffickers threatening to kidnap or assassinate US personnel in Bolivia . . . probably in retaliation for support in counternarcotics operations . . . may indicate such operations taking toll on trafficking. b3

— Surinamese military released Dutch Chargé last night, saying arrest earlier in day was mistake . . . may reflect anger over perceived interference of embassies in Surinamese affairs . . . several protested arrest of human rights activist last week. b3

USSR

— In *Pravda* interview yesterday, senior military officer in Azerbaijan said situation quiet there . . . also said it would be premature to talk about withdrawing troops . . . Soviet soldiers continue to confiscate illegal firearms, maintain strict curfew. b3

— Soviet Ambassador to Kabul Vorontsov meeting former Afghan King Zahir in Rome this weekend . . . still trying to push resistance Alliance into serious negotiations on interim government . . . no talks with Iranian-based Afghan rebels yet. b3

South Asia

b3 — [REDACTED] Afghanistan reports three explosions near UK Embassy Tuesday . . . source of explosions unknown . . . may have been rockets, Soviet ordnance disposal, mine clearing . . . would be first rocket attack in Kabul this month. b3

East Asia

b3 — [REDACTED] China this month to raise military pay by 10 to 11 percent . . . addressing low morale, recruitment problems, military's impatience with reform . . . increases overall defense spending by less than 2 percent. b3

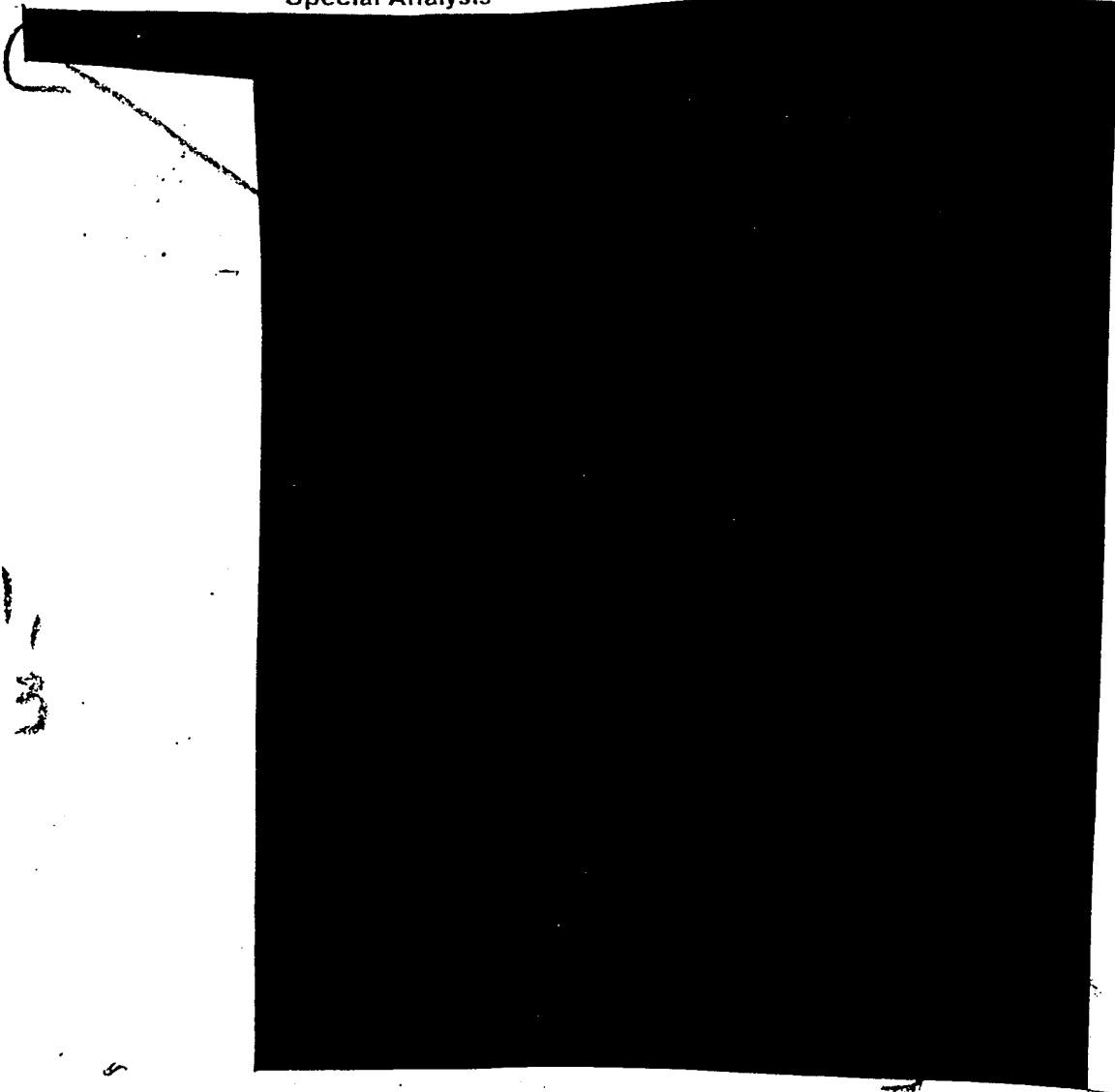
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Special Analysis



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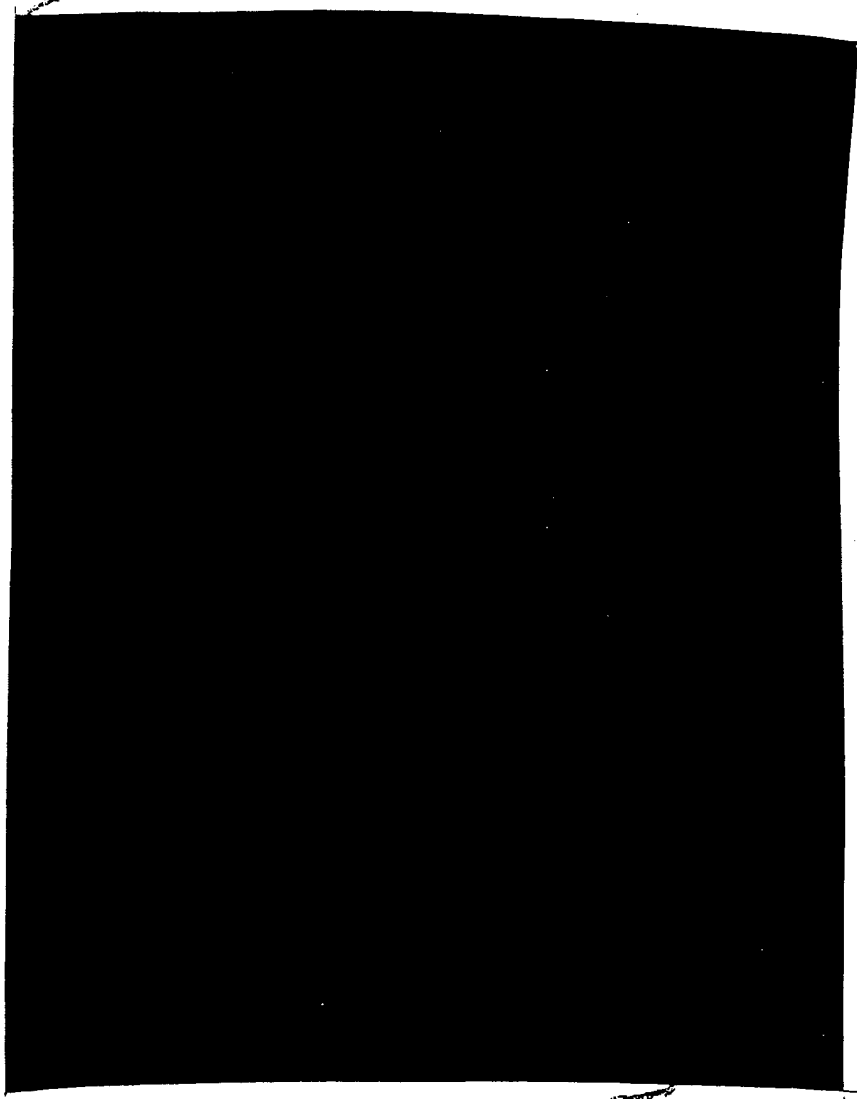
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Nigeria: Timetable for Transition to Civilian Rule

1987	1988	1989	1990	1991	1992
1st Quarter					1st Half
	Establish Constituent Assembly	New constitution completed	State election	Census taken	National assembly election
2nd Quarter					
		Lift ban on political activity		Census taken	
3rd Quarter					2nd Half
		Registration of two political parties		Census taken	Presidential election and turnover of power
4th Quarter					
Nonpartisan local election		Partisan local election		Partisan local election	

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Special Analysis

NIGERIA:

Reforms in Trouble

President Babangida's ambitious program to return Nigeria to civilian rule by 1992 has won only grudging acceptance from the Nigerian public. Religious, ethnic, and economic tensions are likely to intensify, undermining Babangida's efforts to establish stable civilian rule. [redacted] b3

Religious friction is increasing, especially in the politically important north. Fueled by the growth of both Muslim and Christian fundamentalism, by the waning power of traditional leaders, and by government mishandling of contentious religious issues, rioting over religious issues has broken out several times since Babangida seized power in 1985. The military regime's manipulation of the appointment of the new titular head of the Islamic community last month sparked violent demonstrations that required troops to reestablish order. Such incidents have further polarized the population, and opponents of the transition program probably will continue to exploit them. [redacted] b3

Religious disputes are also impeding completion of a new constitution. The regime last month suspended debate in the Constituent Assembly over the inclusion of Islamic law in the constitution. [redacted] Babangida is now insisting on retaining a more limited Islamic law provision from the previous constitution, but this moderate tack is unlikely to placate either the Muslims, who want to expand the application of Islamic law, or the Christians, who want to eliminate it. [redacted] b3

Economic Crisis Continues

Babangida has been unable to rally popular support for his economic reforms, and Nigerians have begun blaming his two-year-old austerity program rather than the years of economic mismanagement by his predecessors for rampant unemployment and persistent inflation. Despite major restructuring and a series of austerity measures—including massive currency devaluations—the economy has shown little tangible improvement. Oil provides about 95 percent of Nigeria's export earnings, and lower world oil prices have stymied attempts to improve economic performance. Babangida plans to adopt still tighter fiscal policies, cut expenditures, and raise interest rates, [redacted] but corruption will continue to undermine reforms and the public's willingness to accept further hardships. [redacted] b3

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The economic picture is also clouded by Nigeria's huge foreign debt—about \$28 billion. Nigeria recently reached an agreement with the IMF that will allow rescheduling of its medium- and long-term debt, and the UK has promised \$100 million in assistance in addition to approaching other donors in return for Nigerian acceptance of the IMF program. Foreign loans are a divisive issue in Nigeria, however, and Babangida almost certainly will not risk intense domestic opposition by drawing on IMF assistance. [REDACTED] b3

Prospects Dimming

Intensifying economic pressures are likely to increase dissatisfaction with Babangida's economic reforms and further erode popular support for the military regime. His contentious program for reestablishing civilian rule provides for only two political parties and probably will further inflame religious, ethnic, and regional tensions. The military, the key to maintaining power, remains loyal to Babangida at least for now because the regime has carefully shielded it from the brunt of the austerity measures. [REDACTED] b3

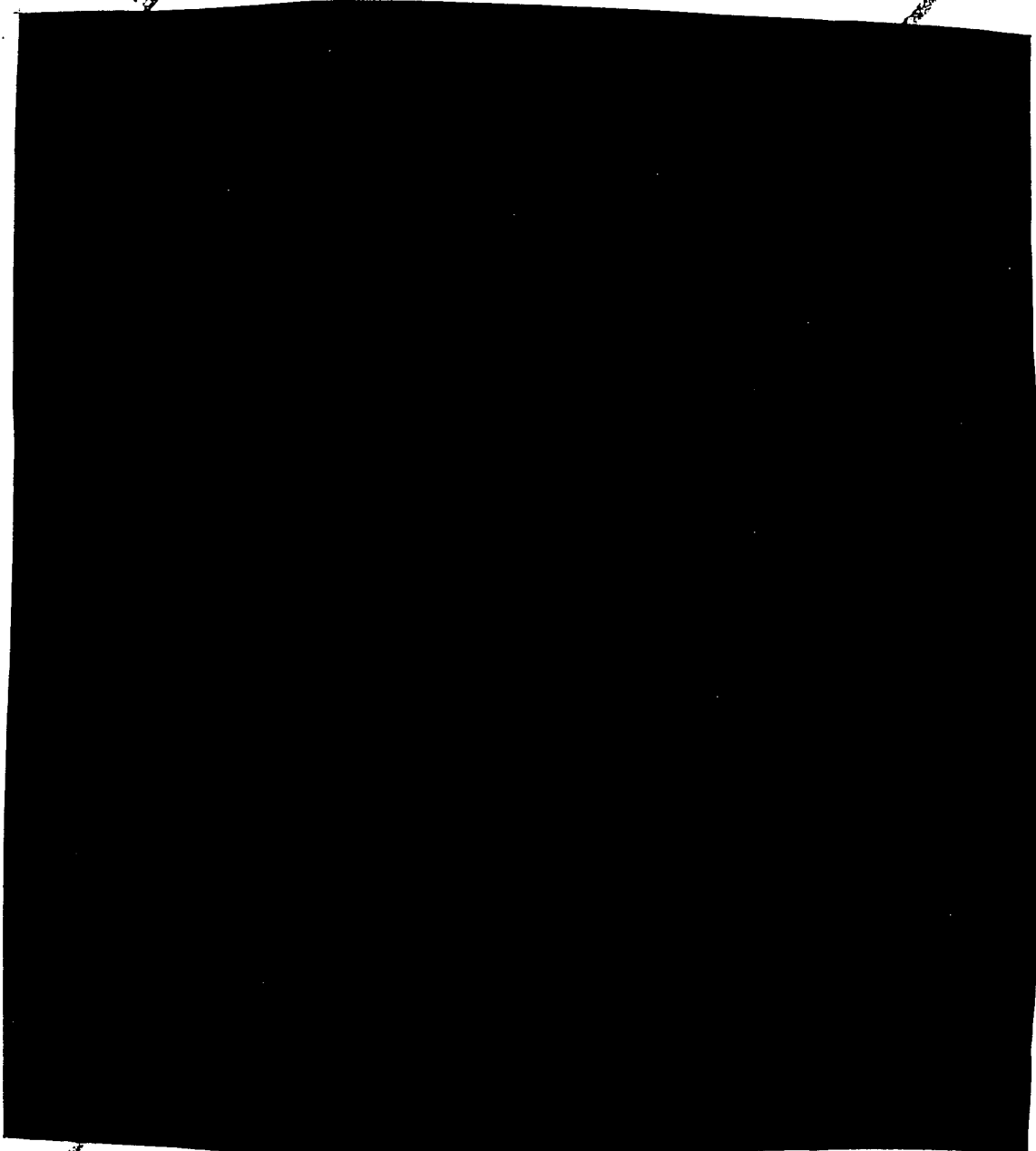
As economic conditions deteriorate and civilian rule approaches, however, the military may be more reluctant to give up lucrative economic opportunities and political perquisites by returning to the barracks. The return of partisan political activity early next year and subsequent transition steps may spark increasing violence. Unrest over austerity measures or over controversial features of the transition—such as a census—almost certainly would provoke a sharp military response and might even prompt a coup by disaffected Army officers. [REDACTED] b3

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Special Analysis



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