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Director of Central Intelligence

NATIONAL INTELLIGENCE DAILY

Tuesday, 2 October 1996

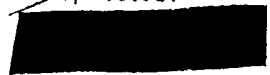


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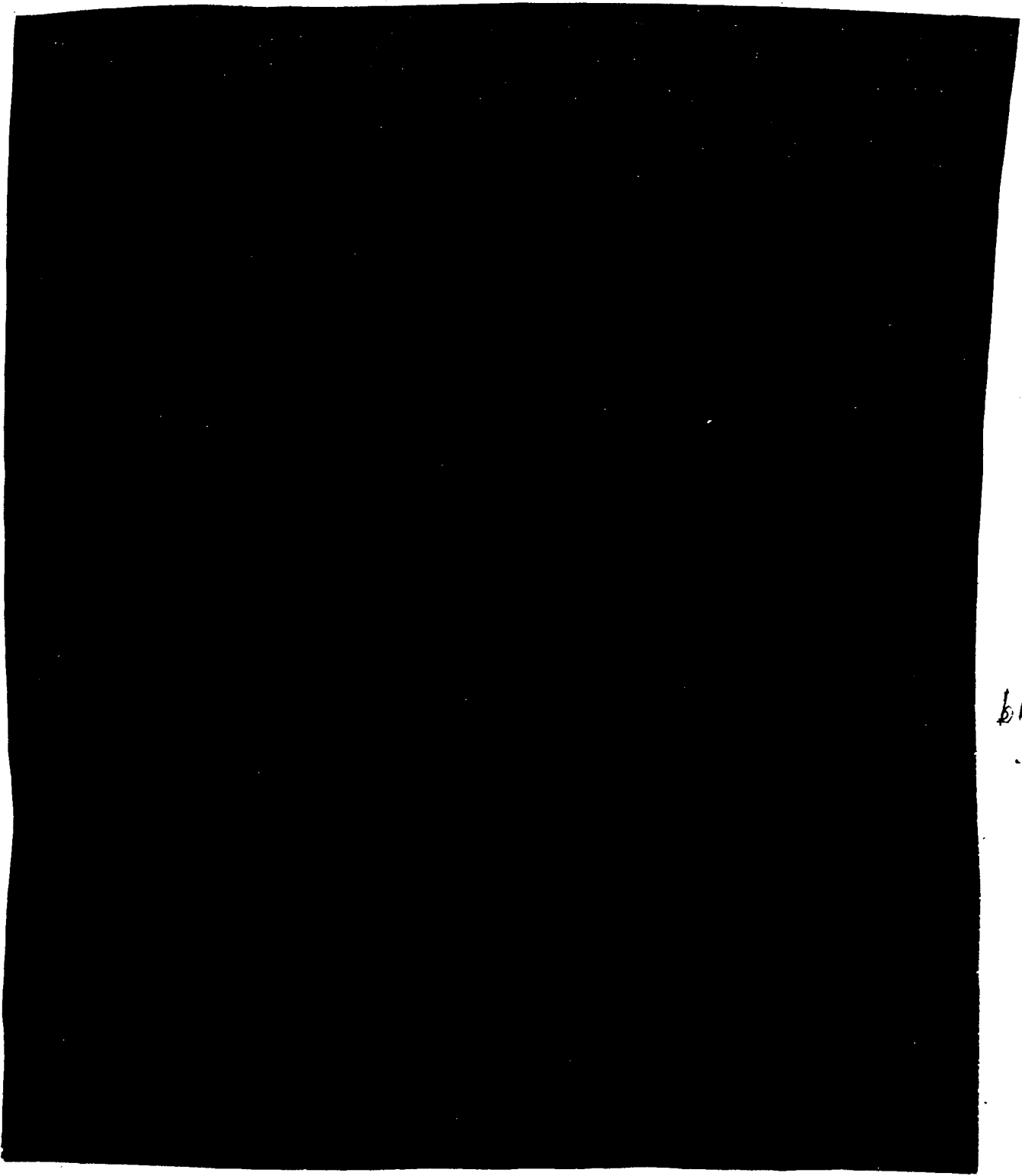
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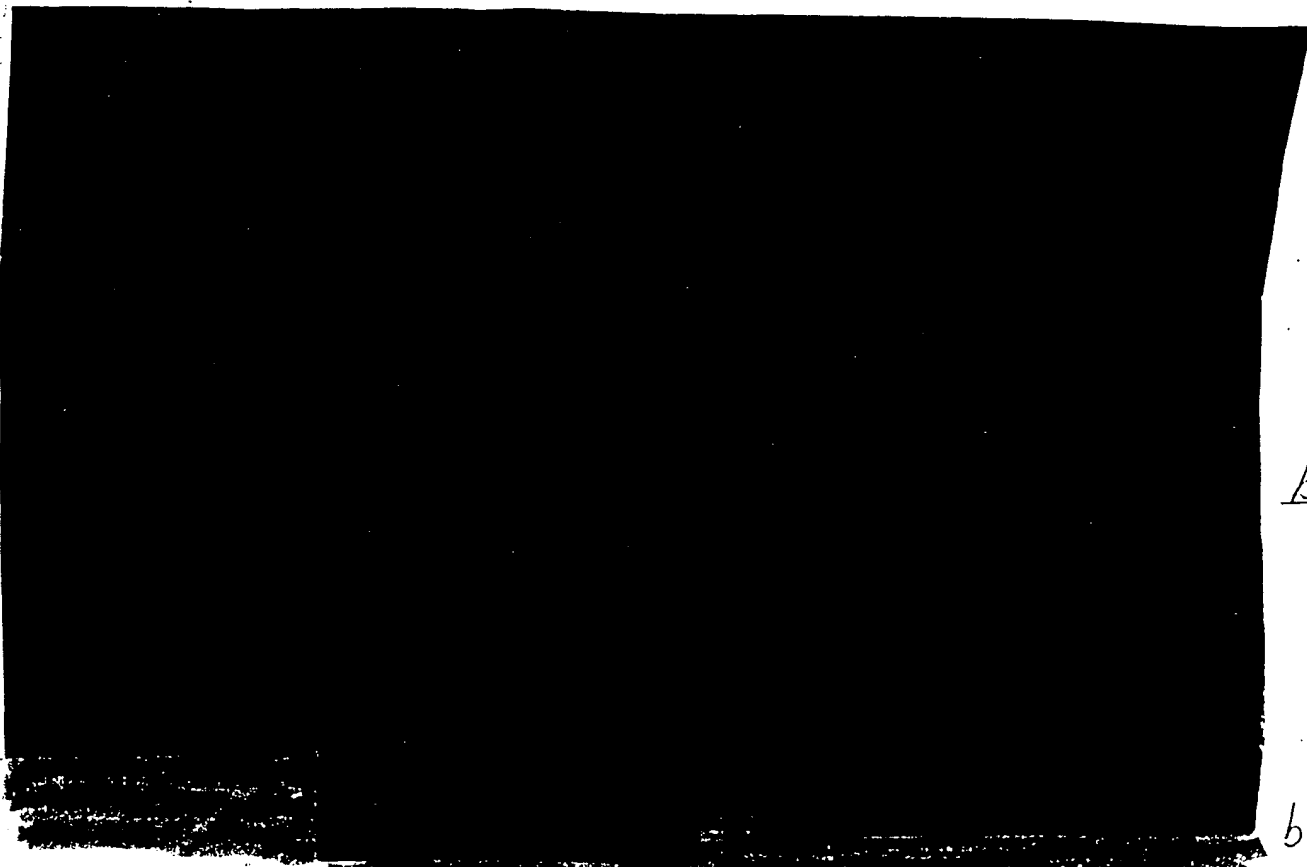
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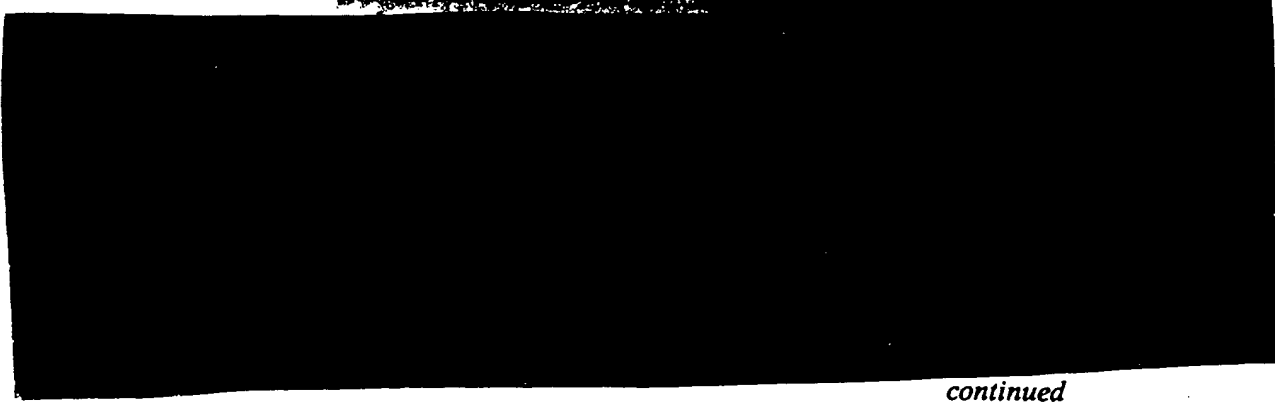
IRAQ-KUWAIT: Situation Report



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2 October 1990

[Redacted]

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**French Hostages
May Be Freed**

b3 Saddam Husayn ordered the release of nine French hostages today, [Redacted] The hostages are to be allowed to leave Iraq at the end of a visit to Baghdad by the president of a Franco-Iraqi friendship association. [Redacted] b3

b3 [Redacted] This order follows Saddam's announcement that he will seek an early dialogue with France on the Persian Gulf crisis and is probably an attempt to separate Paris from the other EC countries and the US. Saddam's offer probably will not change the hard French line against Iraq; Mitterrand told the UN General Assembly that useful discussions could take place only if Iraq removed its troops from Kuwait and released all hostages. [Redacted] b3

**Jordan Bans
Truck Traffic to
Saudi Arabia**

Jordanian authorities have banned all truck traffic to Saudi Arabia and other Gulf states via Jordan in response to Riyadh's ban against Jordanian trucks entering Saudi territory. [Redacted] b3
The action is in retaliation for restrictions on Jordanian trucks by the Saudis, who on Sunday turned back 25 trucks loaded with Jordanian goods at a border point 140 km southeast of Amman. [Redacted] b3

**PLO May Be
Smuggling Goods
to Iraq**

[Large Redacted Block]

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[REDACTED]

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YUGOSLAVIA:

Back to the Brink

The Slovene Republic's decision to take control of the armed forces on its territory and rising ethnic tension in Croatia are again building pressure for the military to intervene to preserve the Yugoslav federation.

[REDACTED]

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President Jovic cut short his UN visit to convene the federal presidency today to consider options in the crises in Slovenia and Croatia. Slovenia over the weekend replaced the federally appointed territorial defense commander and took command of the national guard. Tension remains high in Croatia, where authorities are trying to restore calm in Serb-populated areas of the republic. A move late last week by Croat police to secure arsenals in Serb towns sparked three days of unrest. Croatia used armed security forces to control Serb demonstrations for the first time this weekend.

[REDACTED]

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Officials of both the federal military and the Serbian government are calling for a tough response. The Federal Ministry of Defense warned Slovenia last week that the Yugoslav Army will not allow formation of republic armed forces. The military said it would advise the federal government to take urgent measures to protect the integrity of the Army and the Constitution. The Serbian presidency yesterday called on the federal government to end persecution of the Serb minority in Croatia and to use force if necessary. Serbian political parties, led by strongman Slobodan Milosevic's Socialists, are calling on the federal government to send police to Croatia to safeguard Serbs.

[REDACTED]

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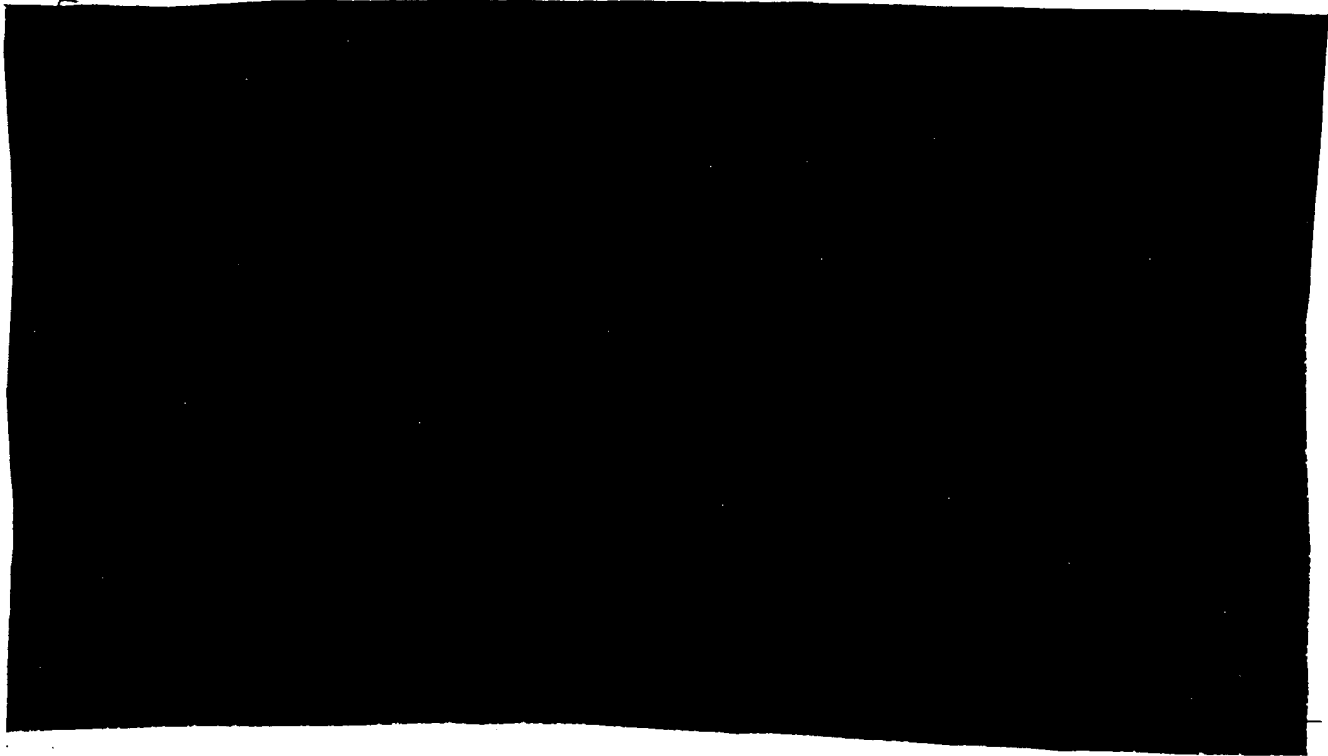
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Angola



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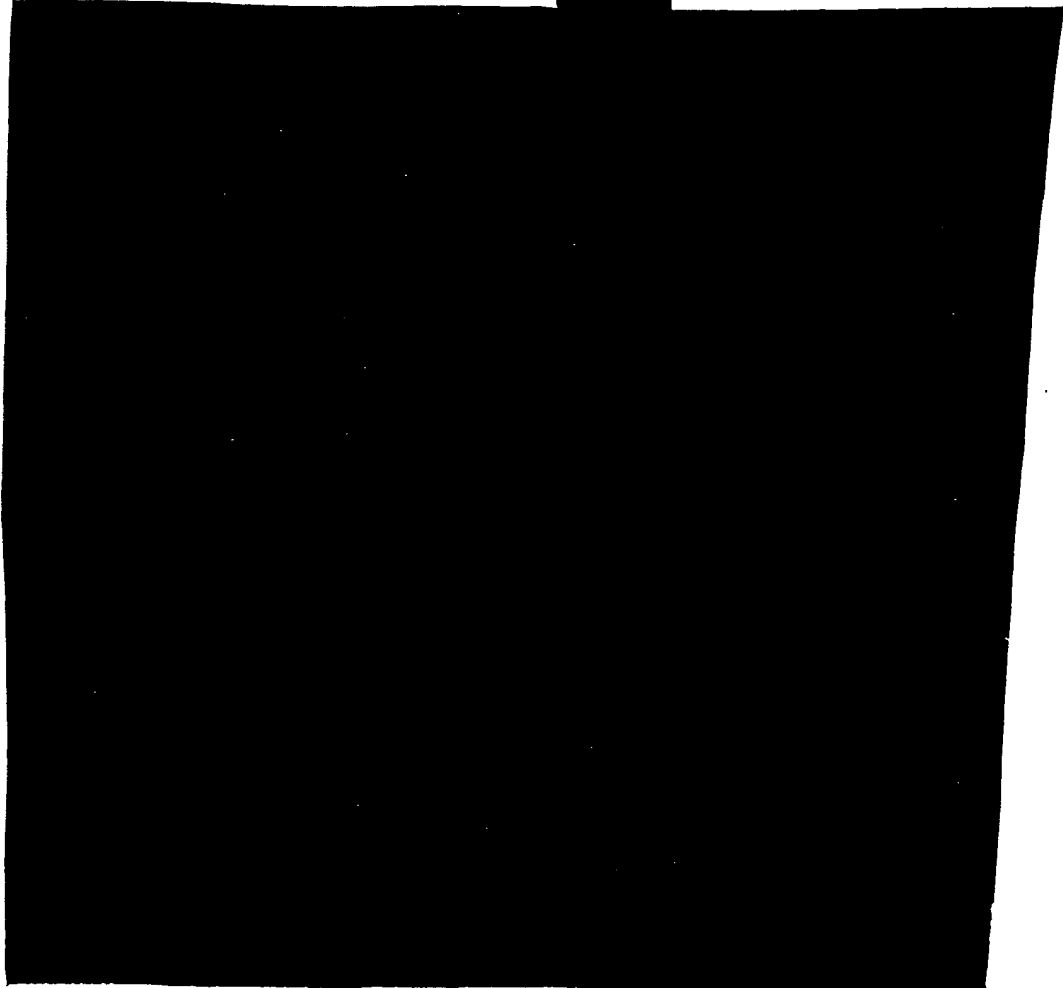
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ANGOLA:

Peace Talks Show Signs of Progress

The fourth round of Portuguese-sponsored peace talks ended late last week on a generally optimistic note, although Luanda remains reluctant to extend political recognition to UNITA.

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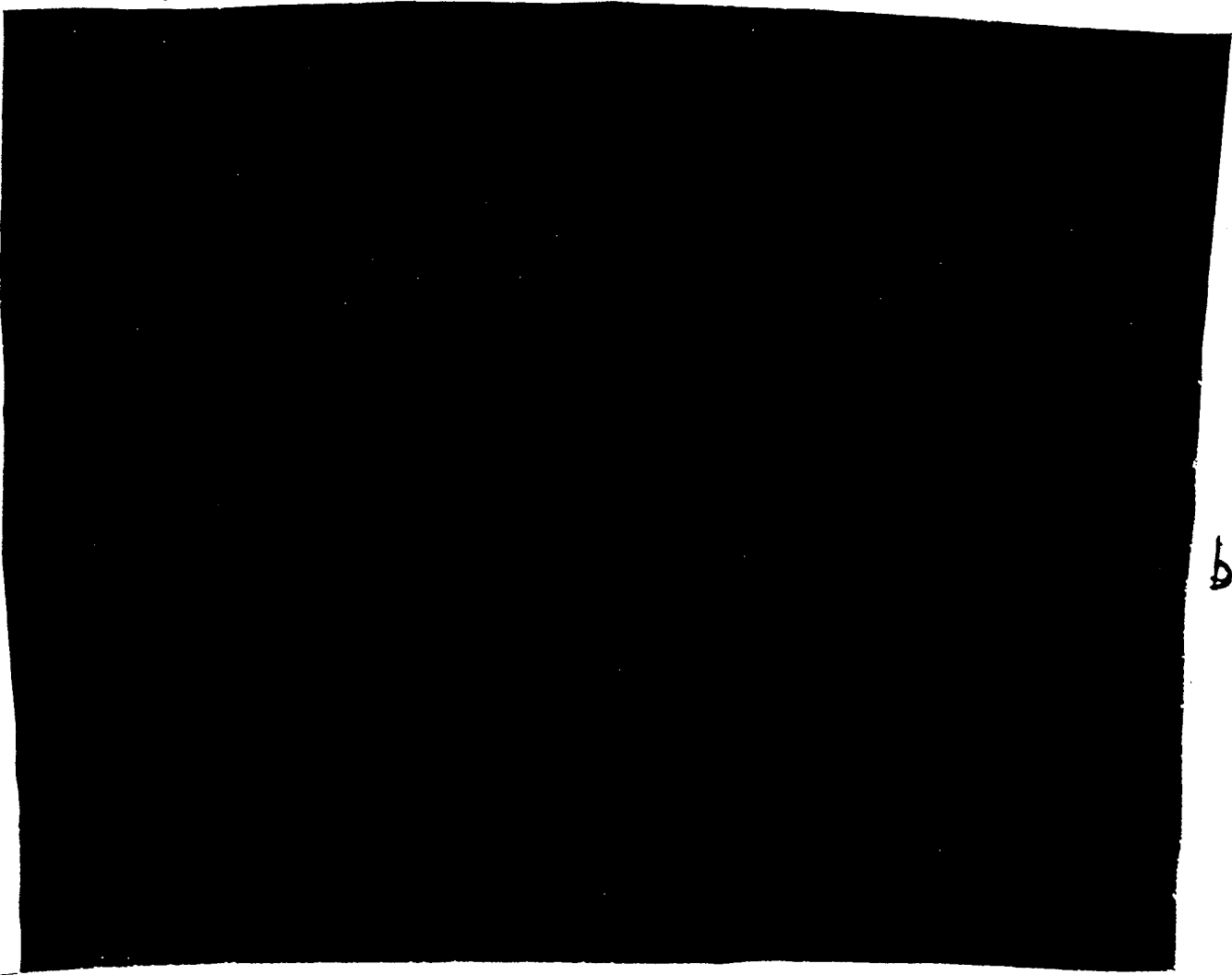


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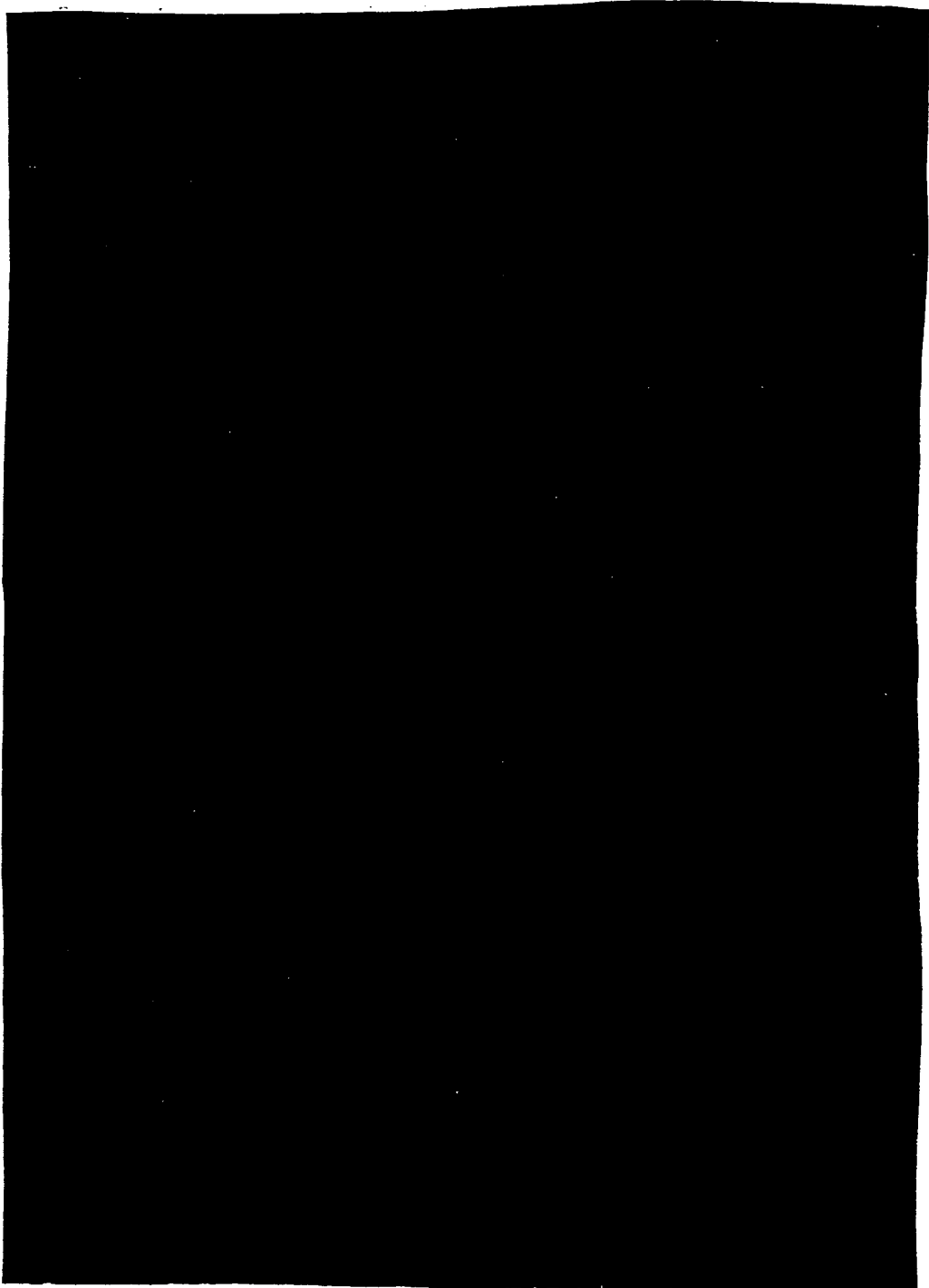
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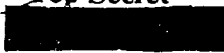
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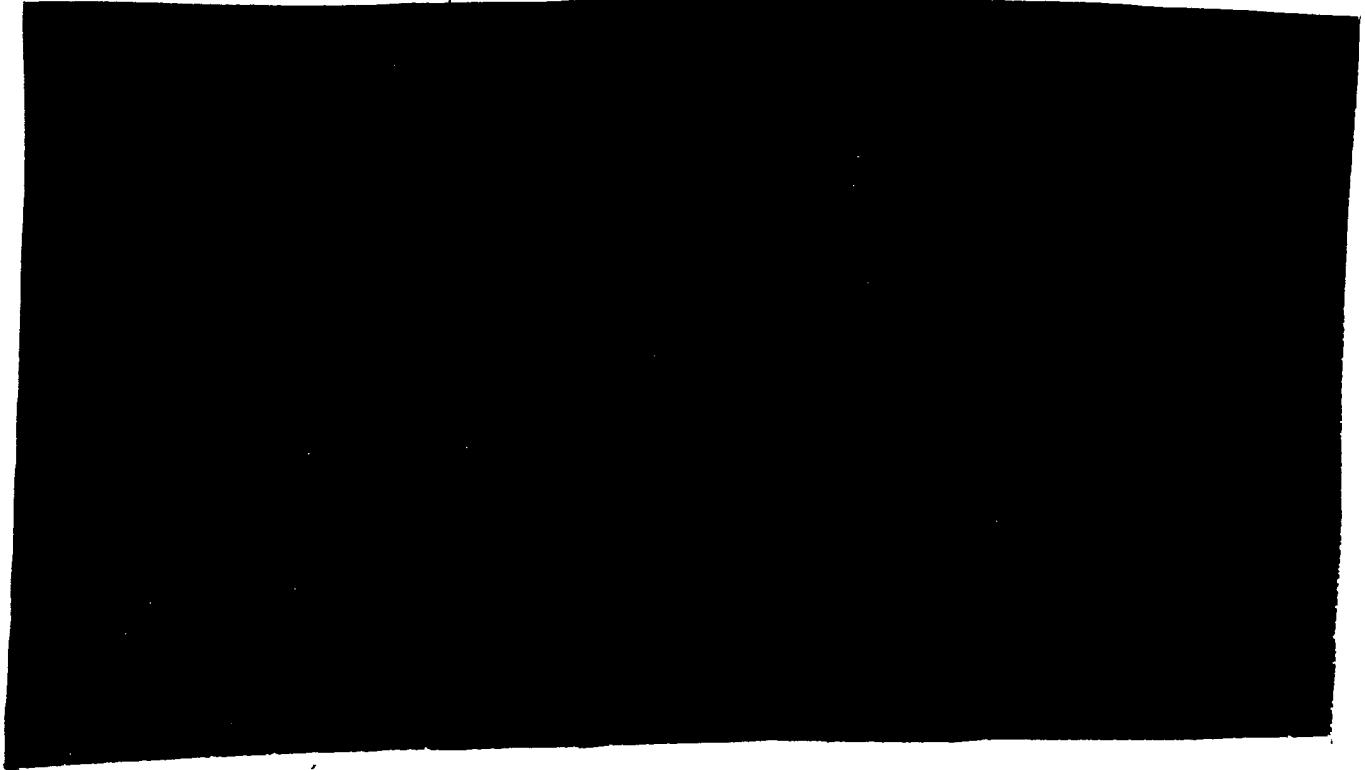
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[REDACTED] b3

USSR: Military Brass Not High on Gulf Intervention

The military leadership may see the Persian Gulf crisis as weakening Moscow's long-term geopolitical interests and are reluctant to become directly involved there. General Staff Chief Moiseyev told journalists last week that he would not discuss joint military actions during meetings with US leaders. He cautioned that a Gulf war would exact a very high toll and restated Soviet support for a peaceful solution. Last month, Defense Minister Yazov told an Italian newspaper that he ruled out Soviet military involvement in the crisis.

[REDACTED]

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Yazov and Moiseyev have faithfully supported official policy on the Gulf crisis, although it is unclear if they privately opposed Gorbachev's decision to side with the West. Discontent in the military over Gorbachev's Gulf actions does not threaten his control over policy. Military leaders probably are reluctant to become militarily involved in a situation that does not now directly threaten traditional Soviet security interests and that could become a protracted and expanded Middle East war. Nevertheless, they would go along with a political decision to commit Soviet forces under the command of the UN Military Staff Committee. Yazov has not repeated his remarks on using Soviet forces since Shevardnadze raised this possibility at the UN.

[REDACTED] b3

[REDACTED]

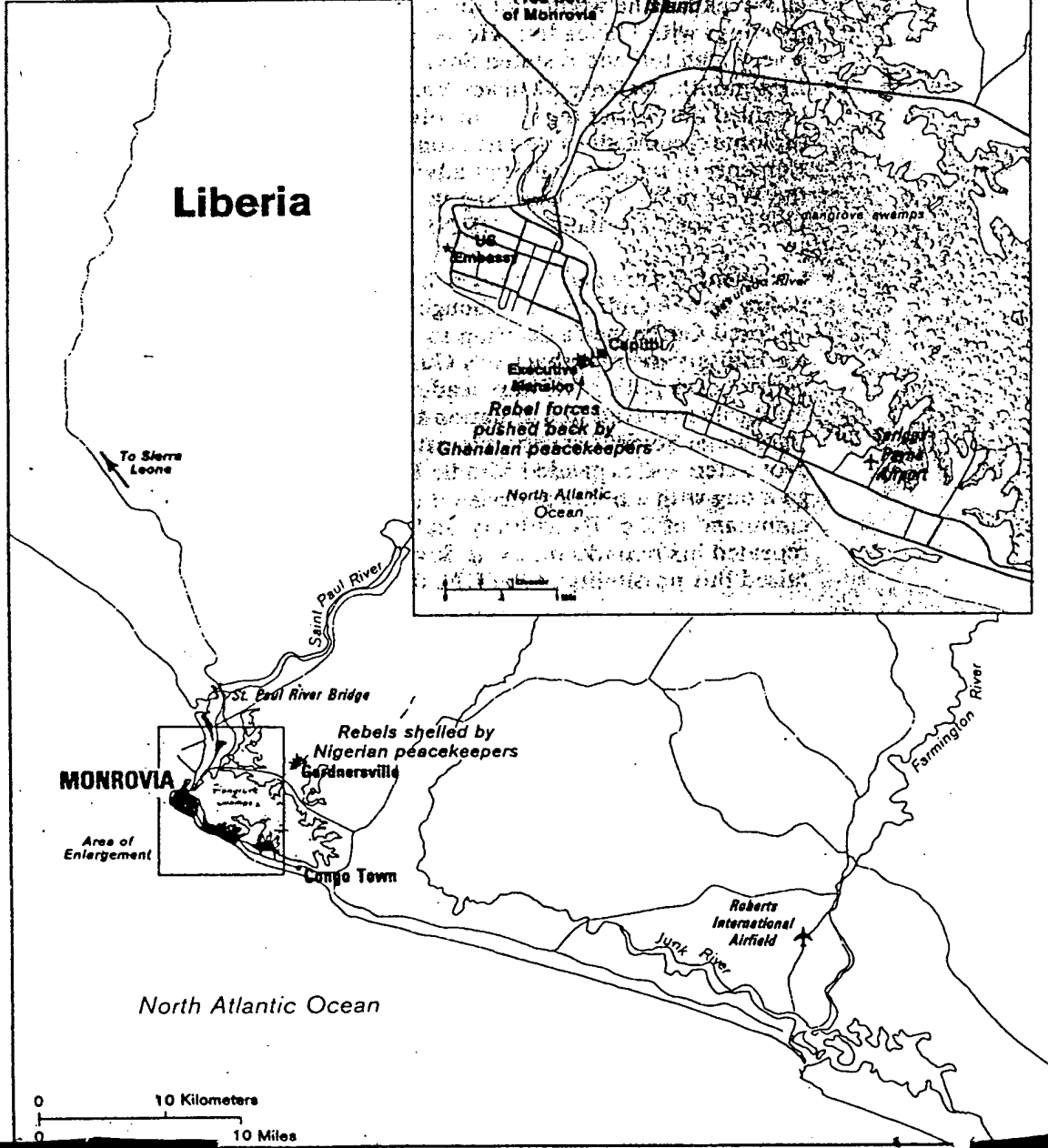
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**Military Developments,
1 October 1990**



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LIBERIA: Peacekeeping Force on the Offensive

The West African peacekeeping force attacked positions held by Charles Taylor's rebels yesterday, [redacted] attache. A Nigerian contingent [redacted] mounted an artillery attack on Taylor's troops in Gardnersville in retaliation for rebel shelling of Bushrod Island. Ghanaian soldiers failed to secure Spriggs-Payne Airport but succeeded in pushing Taylor's rebels back from the Executive Mansion, which they had attacked this past weekend. Armed supporters of rival rebel leader Prince Johnson still roam throughout downtown Monrovia despite the peacekeeping force's attempts to establish a buffer zone between the warring groups.

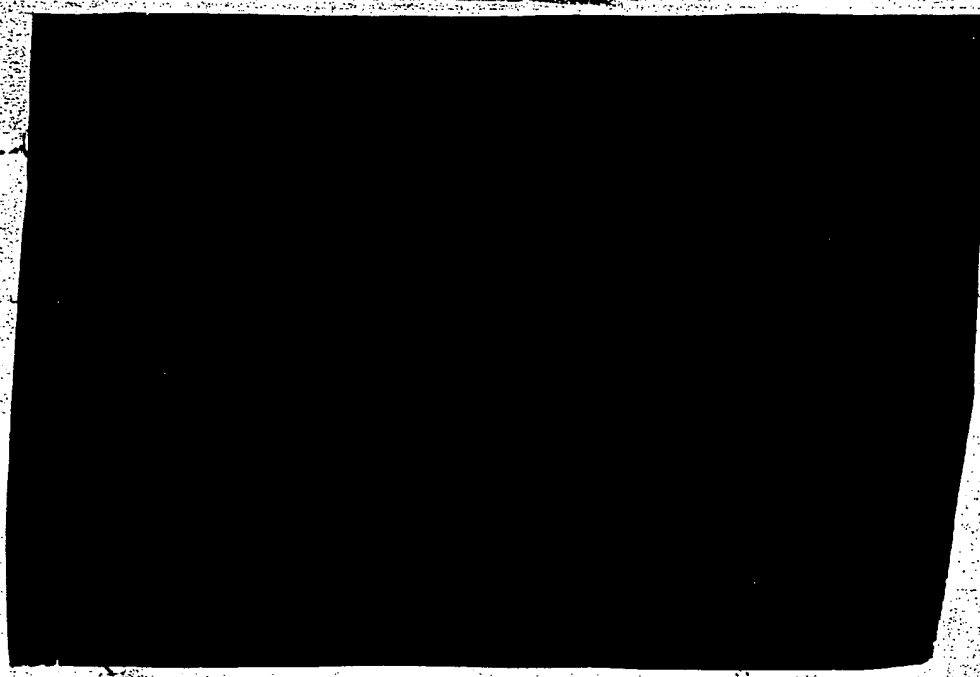
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[redacted] Recent reinforcements and the arrival of a more aggressive Nigerian commander appear to have strengthened the force's resolve to intervene militarily. Taylor's recent attacks probably confirmed its suspicions that he has been using the cease-fire to reinforce his positions. If the regional force drives the rebels from Gardnersville, Taylor could be compelled to withdraw from the vicinity of Spriggs Payne and Congo Town to prevent an attack on his rear. The regional force is having some success pushing back Taylor's troops in Monrovia, but as long as it cannot enforce a buffer zone, the US Embassy will be in danger. [redacted]

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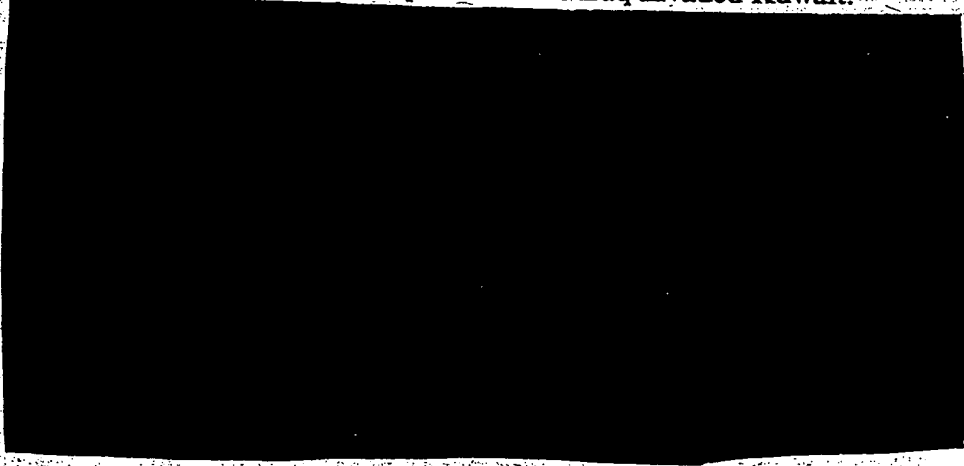
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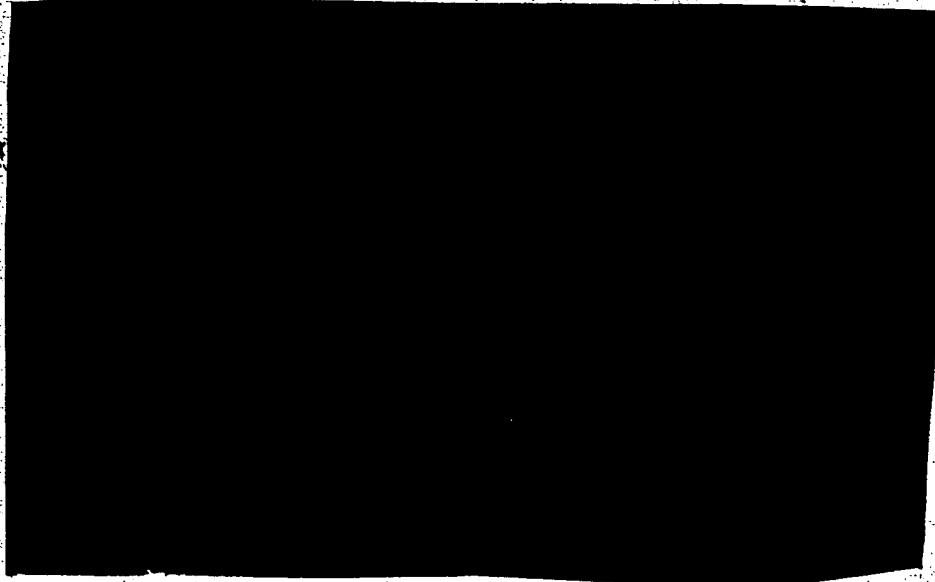
THAILAND: Government Entering a Rough Patch

Although under fire over the consequences of higher oil prices and facing maneuvering within his own party and the military, Thai Prime Minister Chatchai probably is in no immediate danger. Bangkok recently raised retail fuel prices for the second time in two weeks and announced tax cuts and price controls on basic services in an effort to blunt the impact on the public. Inflation is already at 7 percent, an eight-year high, and labor unions are demanding that Bangkok prevent buying power from eroding further. The country's stock market has tumbled 45 percent since Iraq invaded Kuwait.

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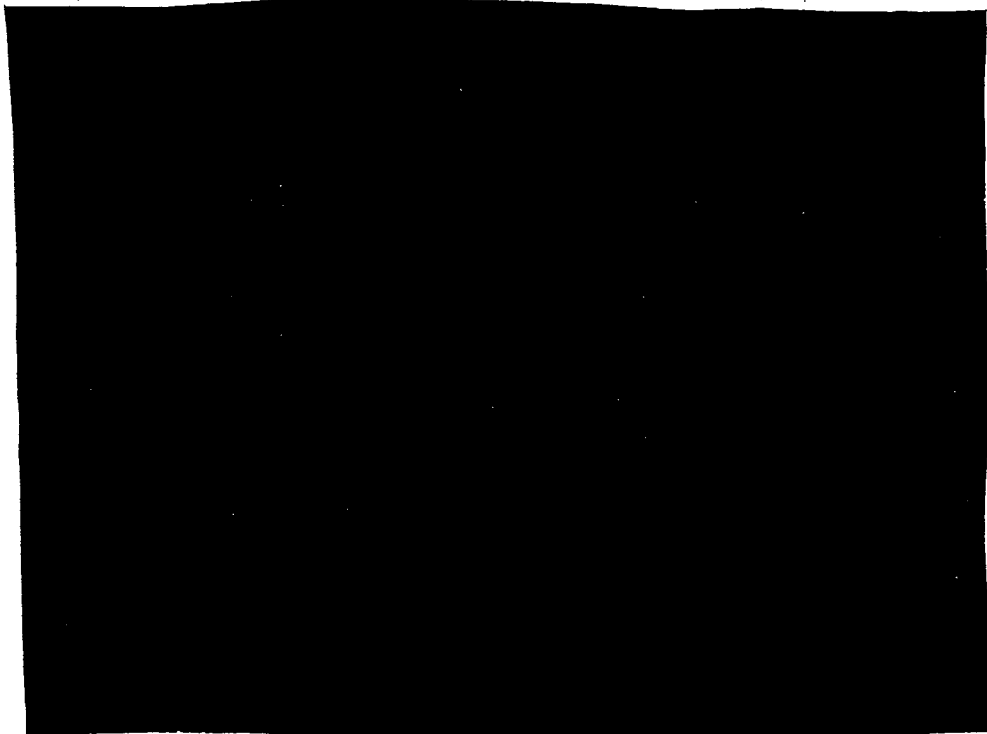
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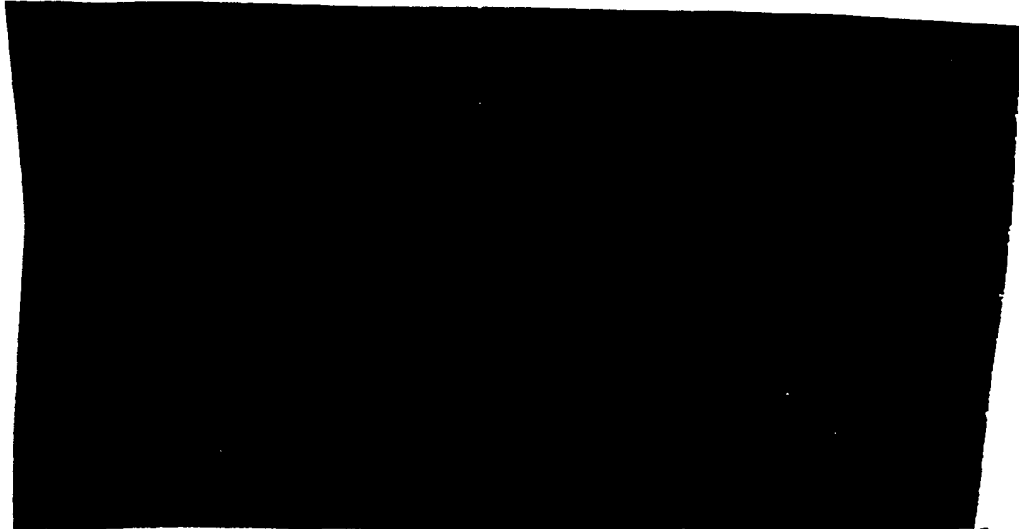
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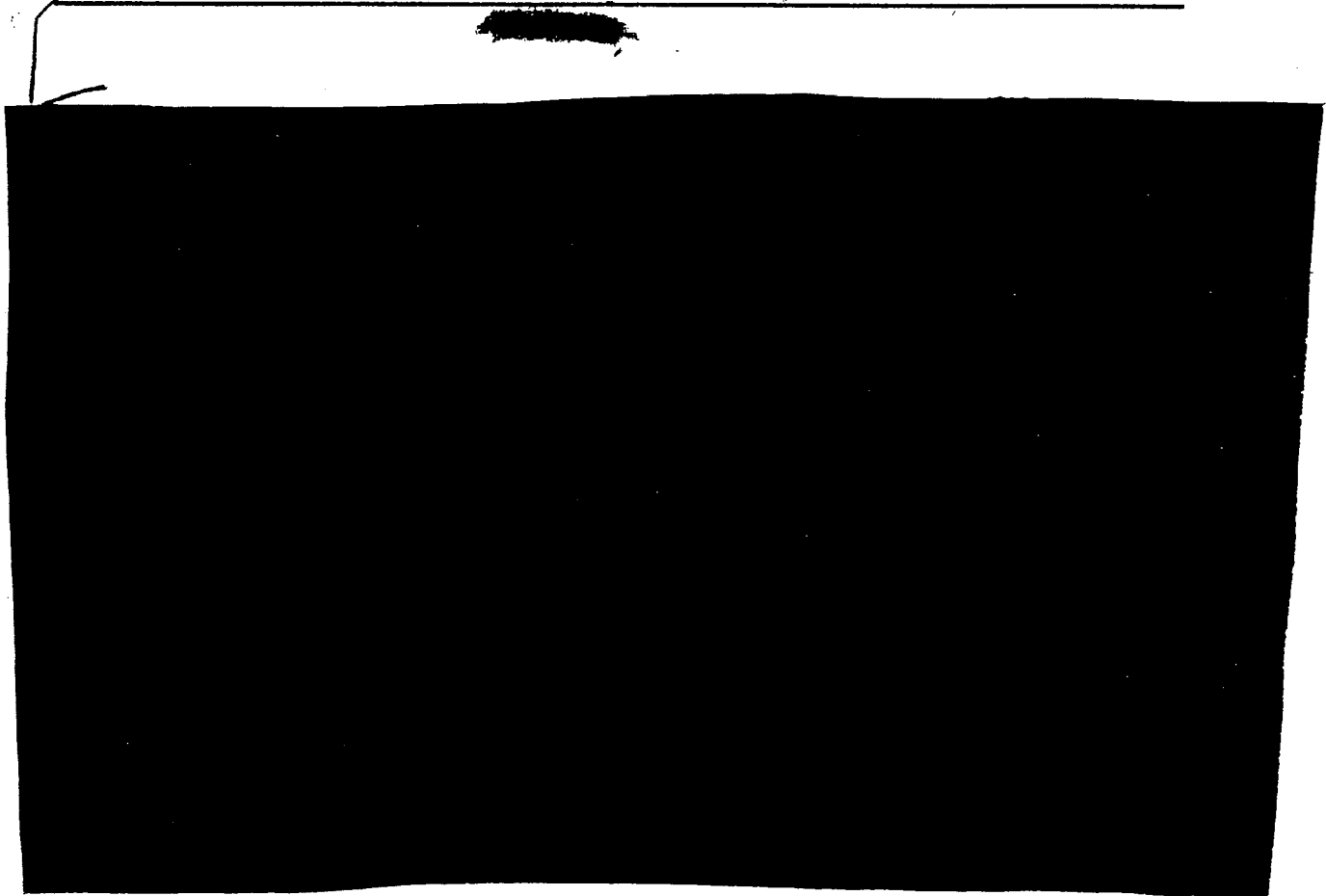
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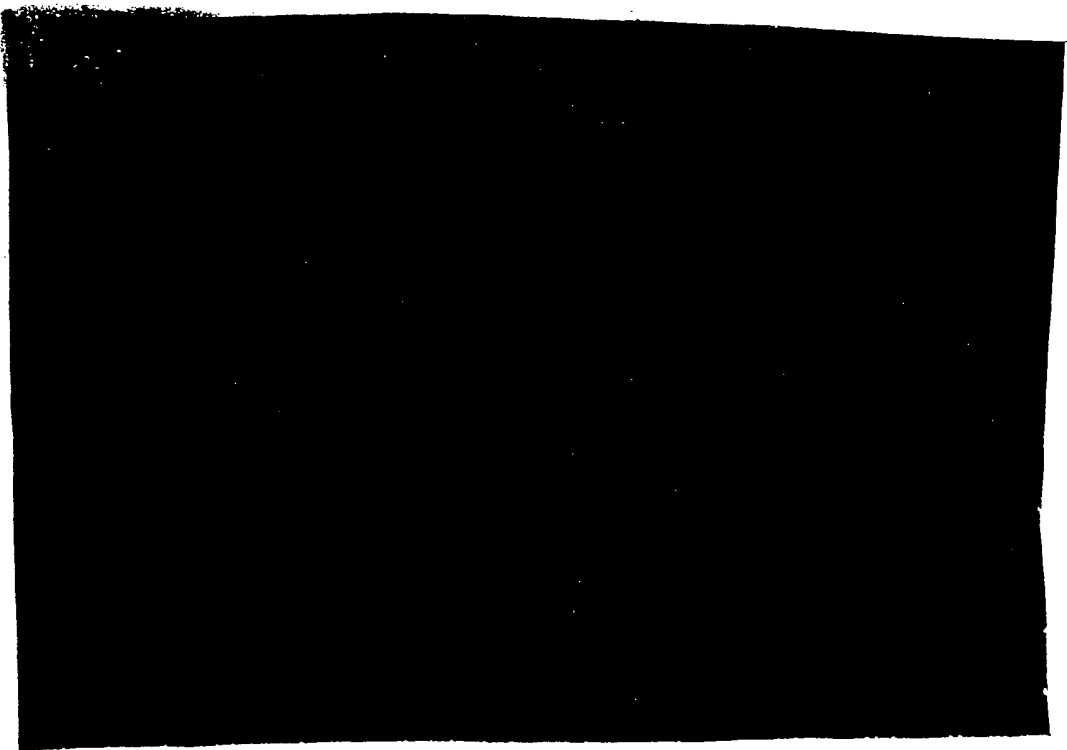
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USSR: Carving Up the Komsomol

The likely breakup of the national Komsomol—the Young Communist League—and the distribution of its property to its republic units might be a dress rehearsal for the apportionment of Communist Party and official national trade union assets. [REDACTED] the All-Union Komsomol Central Committee plenum to be held on 13 and 14 October may focus on the ownership of the organization's considerable assets. Republic Komsomol leaders have been pressing for greater independence from the central organization and demanding their share of national assets. The Russian Republic organization, for example, recently voted to ask the All-Union Komsomol for 50 billion rubles and a proportional share of the profits from the organization's many tourist facilities. [REDACTED]

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[REDACTED] Republic Komsomol officials probably will succeed in gaining control over most of the assets of the All-Union organization. Their victory, however, may be short lived as rival organizations in the republics begin to press Komsomol organizations for a share of their assets. The dissolution of the Komsomol may also strengthen grassroots demands on the Communist Party and the official trade union to distribute their accumulated assets. [REDACTED]

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[REDACTED]

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USSR: Pressure for Ukrainian Independence Building

Nationalist demonstrations in Kiev, although smaller than organizers anticipated, show growing pressure on the republic legislature to pursue independence. More than 20,000 Ukrainians marched peacefully on Sunday and yesterday to coincide with the legislature's reconvening, but there was minimal support for an accompanying republicwide strike. The demonstrators' demands included the resignation of traditionalist republic leaders, rejection of the new union treaty now being prepared in Moscow, and the return of Ukrainian conscripts to the republic. [REDACTED]

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[REDACTED] The majority of the Ukrainian people and legislators support remaining in a Soviet confederation with considerable autonomy for the republic; the demonstrators represent a vocal minority pushing for outright independence. The gradual rise of nationalist influence is nevertheless likely to make the Ukraine—economically and strategically the most important republic after Russia—an obstacle to a reformed confederation. Nationalists are taking the political lead, as they did in engineering a radical sovereignty declaration in July, while the Communists are declining in power and reacting to events. Several factors, including economic decline, the activist miners of the Donets Basin, and potential moves by traditionalist forces against nationalists or their political objectives, could quickly radicalize the politics of the republic.

[REDACTED]

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USSR: Moldavia Signs Agreement With Romania

Efforts of the Moldavian and Romanian Governments to strengthen cross-border relations culminated in the signing of a treaty of mutual cooperation last Friday. The treaty, which formalizes and expands existing economic, scientific, and cultural ties, is Moldavia's first official agreement with a European state. The republic has also signed agreements with several African countries. [REDACTED]

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[REDACTED] Moldavia is seeking to highlight its self-declared sovereign status within the USSR and to ease its transition to a market economy. As ethnic Romanians, the Moldavians are looking to Bucharest for assistance in resurrecting their long-suppressed national identity. They also hope to lay a foundation for eventual reunification with Romania. Only a few radical Moldavian nationalist groups are now calling for immediate unity, and the Soviets are not likely to oppose increasing contacts between Moldavia and Romania seriously. [REDACTED]

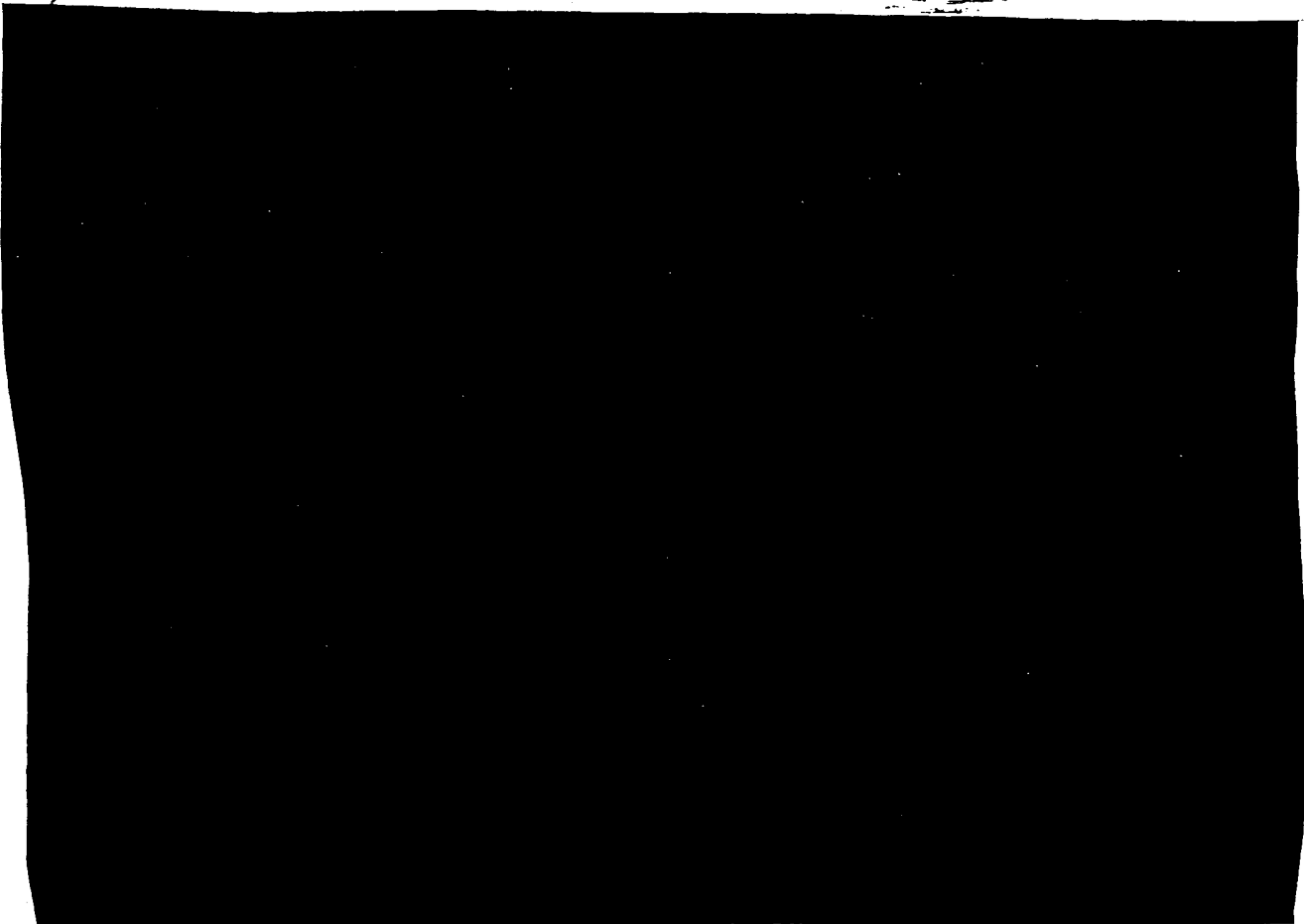
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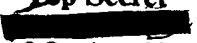


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In Brief

USSR

— Gorbachev proposes appointing Gubenko to Presidential Council ... response to concerns that liberalization has "commercialized" Soviet culture ... Gubenko likely to promote Russian culture without suppressing non-Slavic, Western influences. [redacted] b3

— Presidential Council member Shatalin told [redacted] Gorbachev offered to appoint him Soviet premier ... Gorbachev still defending Ryzhkov in public ... [redacted] b1, b3

[redacted] b1 b3

Europe

— Turnout in Hungary's local elections below 40 percent in many urban areas, necessitating runoff later this month ... independents won most mayoral races ... opposition will exploit strong showing against Democratic Forum in Budapest. [redacted] b3

Africa

[redacted] b1 b3

Americas

East Asia

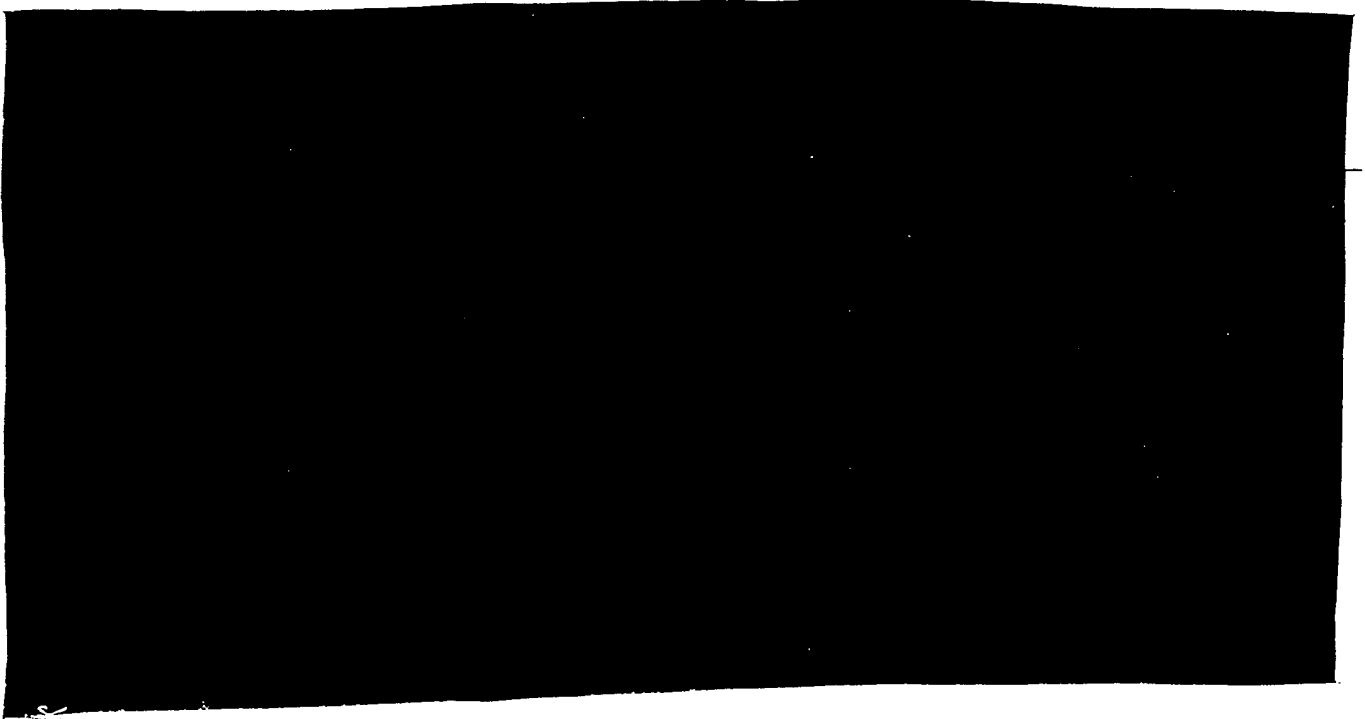
— Transition under way in Singapore, First Deputy Prime Minister Goh to succeed Prime Minister Lee in late November ... Trade Minister Lee, Prime Minister's son, named one of Goh's two deputies ... emphasizing continuity in policies. [redacted] b3

— Communist insurgents may be behind some of the recent bombings of US-affiliated businesses, [redacted] b3
[redacted] b3 . evidence suggests culprits were military rebels ... nine firms attacked since last Tuesday. [redacted] b3

— Mongolian legislature Thursday created new, streamlined cabinet ... Prime Minister Byambasuren heads body of 11 ministries, one state commission ... publicly promised opposition representation when appointments announced in coming weeks. [redacted] b3

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Special Analysis

IRAQ:

Saddam Sends Mixed Signals

Saddam Husayn probably still would most prefer to try to outlast the resolve of the US and other nations that oppose him, to encourage sanctions busting, and to continue efforts to "Iraqify" Kuwait. He probably believes he still has important cards to play to swing the outcome of the crisis in his favor—including improved ties to Iran, manipulation of the hostage and humanitarian aid issues, propaganda, and terrorism. His threatening rhetoric and belligerent actions, however, are consistent with reports that he has concluded military hostilities with the US are all but inevitable. The risk that he will suddenly provoke a conflict may therefore be increasing. [redacted] b3

The regime on 20 and 23 September harshly rejected any compromise and threatened to expand the conflict if war begins or if the blockade strangles Iraq's economy. [redacted]

Moreover, Saddam's statement on 30 September was rife with anti-US rhetoric and calls for a holy war against the US. He repeated his determination not to relinquish Kuwait, rejected any Arab-mediated compromise solutions, and encouraged Iraqis to aspire to martyrdom. The speech gave Mitterrand's recent peace proposal only brief attention and touched on only those portions of Mitterrand's plan Baghdad believes support its call for a dialogue without preconditions. [redacted] b3

Although he probably sees the US as currently determined to force his withdrawal, Saddam apparently hopes his threats will deter the US from taking military action against him and buy time to consolidate his hold on Kuwait. He probably sees little hope of settling the crisis on his terms before the multinational forces are fully mobilized in Saudi Arabia. [redacted]

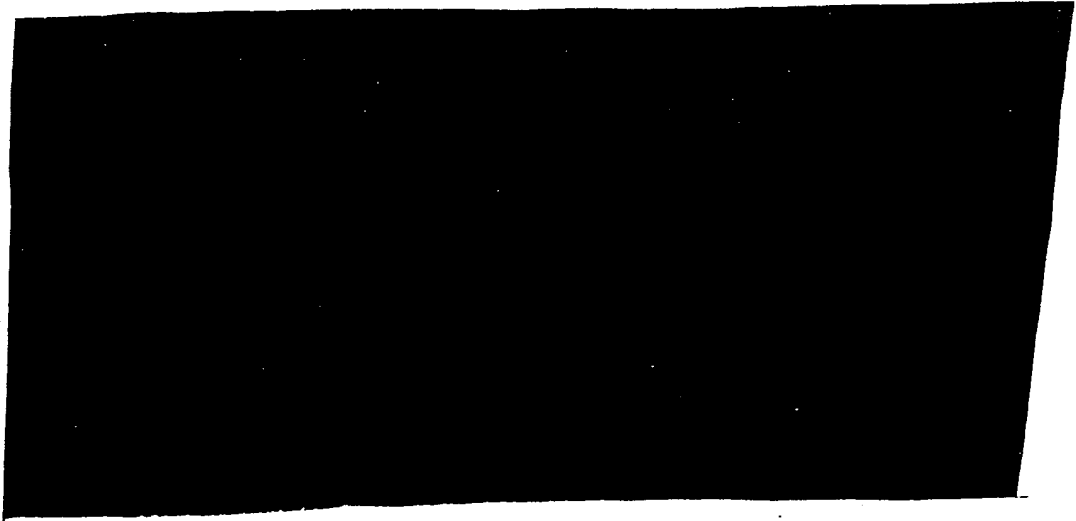
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Still on the Defensive in Kuwait

The Iraqis continue to strengthen their defensive military posture in Kuwait and southern Iraq. Iraq also has the capability to launch air, missile, or terrorist attacks at any time and limited ground operations with little warning. The Iraqi military leadership probably would be reluctant to initiate acts of war in the immediate future, but it has little sway over Saddam.  b3

Saddam's Miscalculations

Despite his strident rhetoric, however, Saddam does not appear desperate; his judgment seems unimpaired. Nonetheless, the mounting tension in the region and Saddam's record of miscalculation and propensity to take chances mean there is a risk he will make a sudden military move to force the hand of the US.  b3

Although Baghdad appears to have carefully planned the invasion, the regime's inability early in the crisis to co-opt disaffected Kuwaitis into a collaborationist government and its serious miscalculation of the strong international reaction demonstrate anew that Saddam sometimes misjudges the political consequences of his actions, as in Iraq's invasion of Iran in 1980. He probably will continue to display a tendency toward bold military moves and flawed political judgment.  b3

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Special Analysis

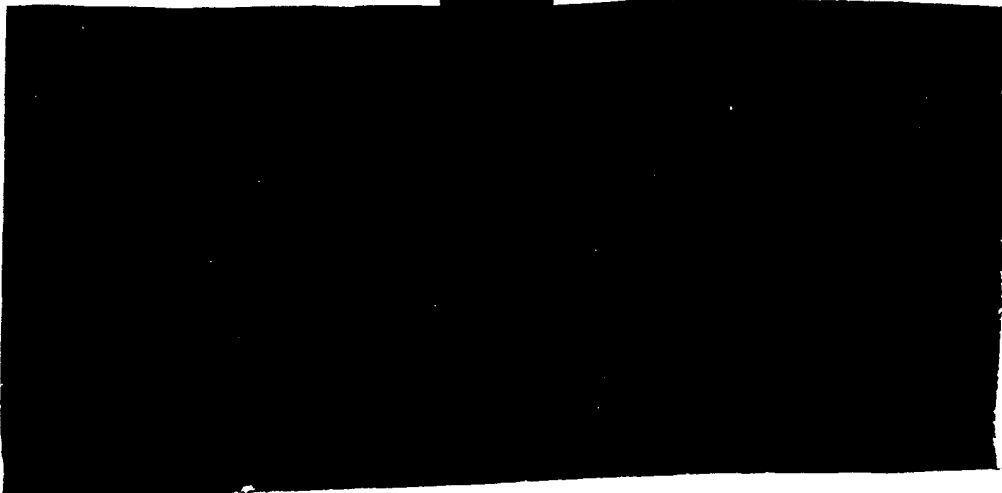
IRAQ:

International Compliance With UN Sanctions

The application of sanctions has slashed the flows of goods to and from Iraq, but potential loopholes remain that might increase the difficulty of enforcement in the weeks ahead.

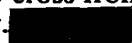


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During the past two months, most nations have supported the UN's request to implement sanctions against Iraq. More than 95 countries adopted UN Security Council Resolution 661, which calls for boycotting shipments to and from Iraq. Among the potential sources of problems, Baghdad will not permit food to enter Iraq under UN auspices but will accept humanitarian shipments on a bilateral basis; this policy may lead some countries to seek ways independent of the UN to ship food to their nationals. The restoration of ties between Iraq and Iran may open a major hole in the embargo. The potential exists for significant supplies of food and other goods to cross from Iran to Iraq should Tehran elect to pursue such a policy.



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