~~SECRET~~ FOR MIKE O'NEIL DRAFT

November 16, 1995

ACTION

MEMORANDUM FOR TONY LAKE

THROUGH: MORTON H. HALPERIN AND RANDY BEERS

FROM: MATTHEW LORIN

SUBJECT: TOR of IWG on Support for the War Crimes Tribunals.

Attached at Tab I is a Memorandum from Andrew Sens to his counterparts at DoJ, State, USUN and appropriate agencies within the intelligence community, calling for the creation of an IWG on Support for the War Crimes Tribunal.

The objective of this IWG is to provide a forum for the discussion and resolution of issues related to support for the International War Crimes Tribunal -- both in the FRY and in Rwanda -- that influence, or are influenced by, agencies outside of the intelligence community, including but not limited to:

- Receive periodic reports from intelligence collection agency representatives concerning Community products that are passed to the Tribunal as well those that are determined too sensitive to release. At the same time, when deemed necessary, the DCI may raise these issues directly with the National Security Advisor.

- Coordinate messages communicated to the Tribunal, the public, allies, and international negotiations.

- Review personnel, technical and financial resources devoted by the USG to support the Tribunal. (NSC IC)

- Respond to new inter-agency issues as they occur.

The redraft of the CONOPS, establishment of a new Executive Agent and resource allocation issues internal to the intelligence community are being determined by the DCI.

Concurrence by: Sandy Vershbow, Susan Rice

RECOMMENDATION

That you forward the Memorandum at Tab I to Andrew Sens.

~~SECRET~~
Classified by: Matthew Lorin
Reason: 1.5(c)
Declassify On: 1.6 X1

DECLASSIFIED
PER E.O. 13526
2013-0656-M (1.41)
KBH 4/9/2024

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~~SECRET~~

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MEMORANDUM FOR [AGENCY COUNTERPART'S NAME]
[Title]

CIA	DIA
NSA	State
DoD	DoJ

SUBJECT: TOR of IWG on Support for the War Crimes Tribunals.

This Memorandum calls for the creation of an IWG on Support for the War Crimes Tribunal.

The objective of this IWG is to provide a forum for the discussion and resolution of issues related to support for the International War Crimes Tribunal, both in the FRY and in Rwanda, that influence, or are influenced by, agencies outside of the intelligence community, including but not limited to:

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Andrew D. Sens
Executive Secretary

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Classified by: Matthew Lorin
Reason: 1.5 (c)
Declassify On: 1.6 X1

DECLASSIFIED
PER E.O. 13526
2013-0656-M (1.41)
KBH 4/9/2023

~~SECRET~~ 1.4(c) CODEWORD 20015

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

January 13, 1997

MEMORANDUM FOR

MR. LEON FUERTH
Assistant to the Vice President for National Security Affairs

AMB. RICK INDERFURTH
Office of the Representative of the U.S. to the United Nations

MR. WILLIAM J. BURNS
Executive Secretary
Department of State

MR. RICK E. YANNUZZI
Executive Secretary
Central Intelligence Agency

COL. JAMES N. MATTIS
Executive Secretary
Department of Defense

COL. F. C. WILSON, USMC
Secretary, Joint Staff

MR. JAMES G. MCADAMS, III
Counsel for Intelligence Policy
Department of Justice

SUBJECT: Summary of Conclusions, Deputies Committee Meeting on Bosnia War Criminals, January 9, 1997

Please pass to Deputies the Summary of Conclusions attached at Tab A. It should be handled in 1.4(c) channels. ~~(S)~~

Andrew D. Sens
Executive Secretary

Attachment
Tab A Summary of Conclusions

~~SECRET~~ 1.4(c)
Classified by: Andrew D. Sens
Reason: 1.5 (a,c,d)
Declassify On: 1.6 X1,X4

CODEWORD
~~SECRET~~

DECLASSIFIED IN PART
PER E.O. 13526

2013-0656-M [3.46a]
KBH 4/9/2024

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~~SECRET~~ - 1.4(c)

~~SECRET~~
NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504
~~CODEWORD~~

20015

DECLASSIFIED IN PART
PER E. O. 13526

2013-0656-M [3.46a]
KBH 4/9/2024

Summary of Conclusions for
Meeting of the NSC Deputies Committee
DATE: January 9, 1997
LOCATION: Situation Room
TIME: 1:30 - 3:00 p.m.

SUBJECT: Summary of Conclusions of Deputies Committee Meeting on Bosnia War Crimes ~~(S)~~

PARTICIPANTS:

CHAIR
James Steinberg

OVP
Leon Fuerth
Nick Szasz

STATE
Strobe Talbott
John Kornblum
John Shattuck
Robert Gelbard

DEFENSE
John White
Jan Lodal

USUN
David Scheffer

JUSTICE
Merrick Garland
Dan Seikaly

CIA
John Gordon
E.O. 13526 6.2(d)

JCS
Joseph Ralston
David Weisman

NSC
Alexander Vershbow
John Feeley
Rob Malley

Summary of Conclusions

Apprehension of War Criminals

1. Deputies endorsed the following assumptions to guide agencies in further planning for a possible operation to support the International Criminal Tribunal for the Former Yugoslavia in apprehending indicted war criminals in Bosnia:

- Active efforts by the international community, including the deployment of arrest teams, will be necessary if additional indictees are to be brought to justice in The Hague; indeed, a credible threat of arrests could induce the parties to surrender some indictees voluntarily.
- While we should act as part of a multinational coalition, U.S. leadership of and participation in apprehension efforts,

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including participation of U.S. personnel in some arrest teams, will be critical to mobilizing a successful apprehension effort.

- The initial target list for apprehension will consist of 12-20 Bosnian Serb and Bosnian Croat indictees, but not Karadzic or Mladic. (There are currently no Bosnian Muslims under indictment who are still at large.)
- Apprehension operations will be confined to Bosnian territory; 3.3(b)(1), 3.3(b)(5), 3.3(b)(6)
- SFOR will provide area security, transportation and communications support to the operation consistent with its current mandate -- no new NAC decision will be required. ~~(S)~~

2. Deputies agreed that there would be some political risks to the Dayton process in an apprehension operation but differed over the type and degree. Deputies agreed that there would be physical risks associated with the operation, the degree of which would depend in part on the number, importance and ethnic mix of the eventual target set and the manner in which the operation were conducted. ~~(S)~~

3. Regarding investigations and apprehension of indictees, Deputies agreed that options for performance of these functions by U.S. civilian law enforcement personnel and U.S. military personnel will remain open. Further planning and consultations with other potential participants, along with a more detailed assessment of conditions on the ground, are needed before Principals can decide on the appropriate mix of personnel **(Action: State/OSD)**. ~~(S)~~

4. Deputies agreed that a more complete concept of political and operational command and control -- at the strategic, operational and tactical levels -- should be developed before Principals could give final approval to the concept of operations and its implementation **(Action: State/OSD)**. ~~(S)~~

3.3(b)(1), 3.3(b)(5), 3.3(b)(6) Deputies agreed that consultations with potential participants would be phased, 3.3(b)(1), 3.3(b)(5), 3.3(b)(6) would be consulted at a later stage, but we would not require their approval to conduct the operation **(Action: State/OSD)**. ~~(S)~~

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6. Deputies agreed that, subject to Principals' concurrence in the above conclusions, the following follow-up steps should be taken: (a) an interagency team should travel within the next two weeks to 3.3(b)(5), 3.3(b)(6) to brief the overall concept of operations to key government officials there and to seek explicit commitment to participate in a combined joint interagency task force (CJIATF) planning effort, including sending key military and law enforcement planners to a CJIATF planning cell; (b) a similar team should also consult with 3.3(b)(5), 3.3(b)(6) agreement to provide office space and administrative support for a 3.3(b)(5), 3.3(b)(6)

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

20015

DECLASSIFIED IN PART
PER E. O. 13526

2013-0656-M [3.50]
KBH 4/9/2024

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E.O. 13526 6.2(d)

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5

~~CONFIDENTIAL~~

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PER E.O. 13526
2013-0656-M (4.27)
KBH 4/9/2024

MEMORANDUM FOR

The Deputy Director of Central Intelligence

ATTENTION
Mr. Leo Hazlewood
Director
NPIC

SUBJECT: Assistance for War Crimes Investigations

On May 25, the U.N. Security Council established an international tribunal to prosecute persons responsible for war crimes and other violations of international humanitarian law in the former Yugoslavia. The U.S. Government strongly supports this U.N. effort. Accordingly, the Deputies Committee approved the establishment of a Sub-group of the Yugoslav IWG to "coordinate, collate, and organize" relevant information available in the U.S. Government, with the aim of helping the U.N. in preparing evidence for prosecutions.

The Departments of Defense, Justice, State, and the intelligence community are contributing to the Subgroup. NPIC's imaging resources and analysis can prove valuable, particularly in tracking military and paramilitary activity. I therefore request that NPIC second one member of its staff to the Balkan Task Force for a period of seven weeks. This person will be responsible for assisting in the Sub-Group's work and serving as liaison to NPIC.

Initially, the person seconded will assist in preparing an analysis of ethnic cleansing operations in Bosnia. To facilitate this initiative, I ask that the person seconded have the clear authority to draw upon the expertise of additional NPIC analysts, with access to both technical and human intelligence, for a period of six weeks. (We now estimate the number of additional analysts required to be three.)

Please contact either David Scheffer (US Mission to the United Nations, Washington Office, 202 - 736-7578) or Jim O'Brien (Legal Adviser's Office, State Department, 202 - 647-7838) with questions and with the name of the individual to be detailed. I appreciate your assistance in this very important effort.

Sandy Berger

Attachment - Mandate of Subgroup

~~CONFIDENTIAL~~

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duplicate

20 August 1999

Non-Paper: Intelligence Support to the ICTY

Background

The United States is committed to providing intelligence support to the International War Crimes Tribunal for Yugoslavia (ICTY), but the process for receiving, transferring, and replying to requests for information and analysis is less than ideal. This memo examines the current situation and makes several recommendations to improve the current process.

The intelligence community (IC), State's office of War Crimes Issues (S/WCI), and the Office of the Prosecutor (OTP) at The Hague are the key parties involved in the intelligence support process. Distribution of authority between the IC and S/WCI is unclear, and communication between the IC and the OTP is logistically cumbersome. In looking into this matter, the situation was discussed separately and at length with representatives from CIA, State/INR, S/WCI, and OTP.

Observations and Understandings.

These discussions produced several conclusions, and the IC, S/WCI, and OTP should consider several points of understanding. First, all parties understand that timely and effective intelligence support to the ICTY is a priority of the President, and each is putting forth good faith efforts to ensure such support. Our efforts then need to be directed toward increasing our effectiveness and understanding of each party's role, needs, and capabilities.

The remaining points fall into two broad categories: 1) policymaker and Tribunal support, and 2) IC - OTP communication.

Policymaker and Tribunal Support:

- The S/WCI is the U.S. government's lead policymaking office for war crimes issues. As such, S/WCI should provide general guidance to the OTP of U.S. policy priorities on the war crimes issue.

This non-paper was prepared by Matthew McLean, Director, Multilateral and Humanitarian Affairs, National Security Council. He can be reached at (202) 456-9141.

[2013-0456-M, 4.36]

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- Because S/WCI is the lead U.S. office for war crimes, the IC should be responsive to S/WCI requests for intelligence support to assist policymaking efforts. S/WCI should expect intelligence products that aid its decision-making process regarding U.S. policy on the war crimes issue, but not prosecution strategy or evidence-building.

- The IC is obligated to produce high-quality, timely intelligence products. Intelligence is not evidence, however, and the IC is not in a position to make its intelligence products "court ready." The IC should focus its attention on its unique role as an intelligence provider. Nevertheless, the IC should take steps to increase its legal savvy, so that its intelligence products are more helpful to S/WCI and OTP.

IC - OTP Communication:

- The Tribunal is being severely handicapped by, A) time lags between tribunal requests for intelligence support and delivery of the response, and B) logistical constraints that limit the level of dialogue with the IC in order to formulate the most effective questions and requests for the IC.

- An improved mutual feedback mechanism between the OTP and the IC would enhance the dialogue between the parties, allowing both sides to understand the "spirit" and context of the requests, rather than merely the "letter" of the requests and responses. Such a regular dialogue would enable the OTP to frame and adjust its questions in a manner that the IC can better determine its approach and capabilities for responding—as well as providing/receiving feedback regarding the utility of the delivered product.

- Improving the bilateral dialogue between the IC and OTP would be best served if communication was as direct as possible.

Recommendations.

- That the Tribunal identify specific points of contact for delivering formal requests for intel support. These requests should be fully vetted through a process in the OTP, guided by U.S. policy priorities as expressed by S/WCI, be in writing, and be submitted to State/INR to be passed to the appropriate

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IC agency. (State/INR should also provide a copy of the OTC request to S/WCI to keep it aware of the dialogue between the IC and OTP.)

- That the IC and the OTP improve its dialogue capabilities by improving: 1) their technical connectivity (such as direct STU-III to the OTP, SVTC teleconferencing at our Embassy at the Hague, secure e-mail, or other methods.) and 2) their personal connectivity (more frequent small-group, less-formal exchanges between OTP and the IC, both at The Hague and in Washington.) In this dialogue, both sides should be more forthcoming in their strategies and capabilities so that the OTP can better frame their requests and the IC can better address the intent of the requests.

- That the IC increase its capabilities on legal and prosecutorial matters for sifting through the large amounts of data. (For example, the IC could consider contracting an appropriate number of law clerks, paralegals, and/or law school grad fellows with clearances to assist in finding information that is most relevant to the cases in queue.)

Cable

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PER E. O. 13526

2013-0656-M [4.56]
KBH 4/9/2024

PREC: IMMEDIATE
CLASS: ~~TOP SECRET~~
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LINE3: ZKZK OO AAA ZSL DE
LINE4: O P 141005Z JUL 95 ZYS ZYH
OSRI: 3.3(b)(1)
DTG: 141005Z JUL 95
ORIG: STATE RCI
TO: WHITE HOUSE//MR LAKE//
DIRNSA//VADM MCCONNELL//
US REP UN//AMB ALBRIGHT//
SSO DIA//LTGCLAPPER//
INFO: STATE RCI//IS//
SUBJ: SECRETARY'S MORNING SUMMARY FOR 07/14/95

TEXT:
~~T O P S E C R E T~~ 1.4(c)
QQQQ
SECTION 01 OF 10 STATE RCI 067

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WHITE HOUSE FOR NATIONAL SECURITY ADVISER
NSA FOR VADM MCCONNELL
USUN FOR AMBASSADOR ALBRIGHT
SSO DIA EXCLUSIVE FOR LTGCLAPPER

SUBJECT: SECRETARY'S MORNING SUMMARY FOR 07/14/95

1.4(c)

BUREAU OF INTELLIGENCE AND RESEARCH

MORNING SUMMARY

14 JULY 1995

CURRENT REPORTS

1. FORMER YUGOSLAVIA: UPDATE

2. HAITI: LAVALAS LANDSLIDE BUILDING

3. ISRAEL: SETTLEMENT EXPANSION

4. IRAN/FRANCE: CONOCO REPLACEMENT

5. LIBYA: ISLAMISM ON THE RISE

6. CHINA/TAIWAN: SEEKING ASSURANCES

7. GERMANY/CHINA: CLOSING DEALS

8. MALAYSIA: PUSHING ON GSP

9. SOUTH PACIFIC: HAPPY BASTILLE DAY

10. RUSSIA: YELTSIN HEALTH REPORT

11. RUSSIA: KOZYREV UNDER FIRE

12. RUSSIA/CHECHNYA: UPDATE

13. VENEZUELA: CALDERA WON'T CHANGE

ANALYSIS

1. IRAN: RAFSANJANI BELEAGUERED

2. RUSSIA: SUCCESSION POLITICS

3. JAPAN: PRE-ELECTION TIME

CURRENT REPORTS

1. FORMER YUGOSLAVIA: UPDATE

THE PICTURE EMERGING FROM SREBRENICA MATCHES THE "ETHNIC CLEANSING" OF THE WAR'S EARLY DAYS, CONTRIBUTING TO CONCERN AND SHARP LANGUAGE BY THE DUTCH, FRENCH, BOSNIANS, AND ISLAMIC COUNTRIES. ZAGREB, EVER LEERY OF BEING OVERLOOKED, IS WARNING THAT BIHAC COULD BE THE NEXT SREBRENICA, ONLY WORSE.

SREBRENICA "CLEANSED." BOSNIAN SERBS HAVE ALMOST COMPLETELY EMPTIED THE SREBRENICA ENCLAVE OF MUSLIMS, ACCORDING TO PRESS REPORTS. UN OFFICIALS YESTERDAY SAID ONLY 400 DISPLACED REMAINED IN THE DUTCH COMPOUND IN POTOCARI.

SOME 14-16,000 MUSLIMS -- MOSTLY WOMEN, CHILDREN, AND ELDERLY -- HAVE BEEN BUSED TO GOVERNMENT TERRITORY; ABOUT 8,000 WERE AT THE

UN AIRBASE AT TUZLA BECAUSE THE BOSNIAN GOVERNMENT SO FAR HAS REFUSED TO OPEN PUBLIC BUILDINGS TO HOUSE THEM, CLAIMING THE UN WAS RESPONSIBLE BECAUSE IT HAD ALLOWED THE "SAFE AREA" TO FALL. #0818

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~~T O P S E C R E T~~ 1.4(c)
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SECTION 02 OF 10 STATE RCI 067
A FURTHER 6,000 SREBRENICANS WERE IN KLADANJ, PLUS A "CONSIDERABLE NUMBER" IN DESERTED HOMES AND APARTMENTS IN VARES. SERBS KEPT MEN OF MILITARY AGE [16-55] AT A FOOTBALL FIELD IN BRATUNAC TO SCREEN THEM FOR "WAR CRIMES."

REFUGEES SAID SERBS HAD RAPED AND KIDNAPPED WOMEN AND SHOT YOUNG MEN IN THE ENCLAVE BEFORE EXPELLING ITS INHABITANTS, ACCORDING TO EMBASSY LONDON AND PRESS REPORTS. BOSNIAN SERB TROOPS REPORTEDLY STARTED COMMITTING THE ATROCITIES ONCE MEDIA REPRESENTATIVES DISAPPEARED.

COMMENT: THE EXPULSIONS AND REPORTS OF ATROCITIES REPRESENT A RETURN TO THE "ETHNIC CLEANSING" SEEN IN THE EARLY DAYS OF THE WAR IN BOSNIA. INTERNATIONAL MONITORS WILL NOW BE CONCERNED OVER THE POSSIBILITY OF DRAFT AGE MALES BEING FORCED INTO LABOR ON THE FRONT LINES, TORTURED, OR KILLED. THE BOSNIAN GOVERNMENT'S REFUSAL TO ACCOMMODATE THE DISPLACED ALSO STEMS FROM ITS INABILITY POLITICALLY TO APPEAR TO ACCEPT THE SITUATION. THE UN WILL DO ITS BEST, AND SARAJEVO WILL COOPERATE.

FIGHTING. BOSNIAN SERB FORCES YESTERDAY TOOK CONTROL OF TWO MORE DUTCH OBSERVATION POSTS IN THE SREBRENICA ENCLAVE, BRINGING THE NUMBER OF UN HOSTAGES THEY HOLD IN BRATUNAC TO 51, ACCORDING TO DAO THE HAGUE. DUTCH TROOPS STILL IN POTOCARI NONETHELESS ARE INTENT ON REMAINING IN THE ENCLAVE UNTIL THE LAST MUSLIM REFUGEES HAVE DEPARTED, ACCORDING TO EMBASSY THE HAGUE.

BOSNIAN SERB MILITARY SOURCES YESTERDAY SAID GOVERNMENT TROOPS WERE STILL CLASHING WITH SERB FORCES IN THE HILLS NORTH AND WEST OF SREBRENICA, ACCORDING TO PRESS REPORTS. THEY EXPECTED THE BOSNIAN RESISTANCE TO END SOON. UN MILITARY OBSERVERS [UNMOS] IN SREBRENICA ON JULY 12 LEARNED THEY WERE TO REMAIN IN THE ENCLAVE AND THAT FOUR UN CIVIL AFFAIRS OFFICERS WOULD BE COMING TO ESTABLISH RELATIONS WITH THE NEW LOCAL AUTHORITIES, 1.4(c)

UKRAINIAN UNPROFOR SOLDIERS YESTERDAY OBSERVED SERB TANK FIRE ON RIBIOC, ABOUT THREE KILOMETERS SOUTHEAST OF ZEPA. UN OFFICIALS SAID THE ENCLAVE WAS CALM AFTER THE ATTACK, ACCORDING TO PRESS REPORTS. UNPROFOR HEADQUARTERS NONETHELESS STILL FEARED ZEPA COULD FALL WITHIN THE NEXT FEW DAYS IF NO ACTIONS WERE TAKEN,

1.4(c)

BOSNIAN PRIME MINISTER SILAJDZIC YESTERDAY ALSO FEARED THAT THE SERBS WOULD TURN ON ZEPA NEXT, ACCORDING TO EMBASSY SARAJEVO. BOSNIAN UN AFFAIRS MINISTER MURATOVIC ADDED THAT IF THE SERBS WENT FOR GORAZDE, THE GOVERNMENT WOULD NEVER GIVE IT UP BECAUSE GORAZDE WAS A VITAL INTEREST TO THE BOSNIANS. HE ADDED THAT IF GORAZDE FELL, GOVERNMENT RESISTANCE IN THE FORM OF TERRORISM WOULD PERSIST FOR "HUNDREDS OF YEARS." GOVERNMENT SOURCES YESTERDAY SAID SERB FORCES HAD LAUNCHED A FIERCE ARTILLERY ATTACK ON THE GORAZDE REGION, KILLING ONE PERSON AND WOUNDING FOUR.

UNPROFOR ON JULY 12 SAID PREPARATIONS WERE UNDER WAY FOR A GOVERNMENT OFFENSIVE IN THE VISOKO AREA, ABOUT 25 KILOMETERS NORTHWEST OF SARAJEVO, 1.4(c) SIGNIFICANT MOVEMENTS OF TROOPS, EQUIPMENT, AND ARTILLERY PIECES WERE NOTED. BOSNIAN CROAT FORCES STILL APPEARED TO BE PROVIDING ARTILLERY SUPPORT FOR THE GOVERNMENT OFFENSIVE, THOUGH THEY DID NOT AGREE WITH THE WAY THE BOSNIANS WERE CONDUCTING OPERATIONS. SEVENTEEN CANADIAN SOLDIERS IN TWO OBSERVATION POSTS IN THE VISOKO AREA YESTERDAY REPORTED BEING CUT OFF BY THE GOVERNMENT

PREPARATIONS.
MURATOVIC YESTERDAY NOTED THE FRENCH AND BOSNIANS HAD AGREED TO THE DEPLOYMENT TODAY OF 1,900 FRENCH RRF TROOPS TO THE SARAJEVO AREA, ACCORDING TO EMBASSY SARAJEVO. THE FRENCH ARE TO CREATE GUN EMPLACEMENTS TO DEFEND EXPOSED STRETCHES OF THE MT. IGMAN ROAD. EVENTUALLY, UNPROFOR AND A PRIVATE BOSNIAN COMPANY WILL BEGIN WORK ON ROAD IMPROVEMENTS.

FRENCH CANARDS OUTRAGE DUTCH. DUTCH FOREIGN MINISTER VAN MIERLO YESTERDAY CALLED IN FRANCE'S AMBASSADOR FOR AN EXPLANATION OF FRENCH FOREIGN MINISTER DE CHARETTE'S PUBLIC STATEMENT THAT DUTCH UN SOLDIERS WHO "ALLOWED" SREBRENICA TO BE OVERRUN HAD BECOME "ACCOMPLICES TO WHAT WE HAVE ALWAYS REJECTED" -- "ETHNIC CLEANSING," ACCORDING TO PRESS REPORTS.

COMMENT: DE CHARETTE'S COMMENTS REFLECT FRENCH FRUSTRATION AT PERCEIVED UN INACTION AFTER THE SREBRENICA DEBACLE. THE DUTCH WERE ESPECIALLY OUTRAGED BECAUSE THEY HAD STAYED IN SREBRENICA, AFTER HAVING FUTILELY SOUGHT TO BE RELIEVED, SO AS NOT TO TRIGGER A WHOLESALE UNPROFOR WITHDRAWAL. THE DUTCH APPEAR ANGRY ENOUGH NOW TO DISREGARD THE SOLIDARITY THEY HAVE HERETOFORE HONORED EVEN WHEN MIFFED AT THEIR EXCLUSION FROM THE CONTACT GROUP.

NO UNPROFOR TO THE RESCUE. UN SECRETARY-GENERAL BOUTROS-GHALI YESTERDAY SAID THE UN WAS PREPARING A MILITARY STUDY ON THE POSSIBILITIES FOR A SREBRENICA OPERATION, ADDING THAT HE HAD NOT DECIDED WHETHER TO TRY TO RECAPTURE THE ENCLAVE, ACCORDING TO PRESS REPORTS" FRENCH PRESIDENT CHIRAC IMPLIED THAT WITHOUT A
#0819

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~~T O P S E C R E T~~ 1.4(c)

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SECTION 03 OF 10 STATE RCI 067

LIMITED INTERNATIONAL MILITARY ACTION TO HALT SERB ATTACKS ON THE ENCLAVES, FRANCE WOULD CONSIDER WITHDRAWING ITS TROOPS FROM BOSNIA.

COMMENT: UNPROFOR LACKS THE MANDATE, FORCES, AND WILL TO TAKE ON THE SERBS IN A PITCHED BATTLE FOR THE ENCLAVES, BRAVE TALK NOTWITHSTANDING. IF SERB FORCES CONTINUE TO PRESS THE ENCLAVES, UNPROFOR WILL PROBABLY REGROUP IN MORE DEFENSIBLE POSITIONS CENTERED AROUND SARAJEVO.

CROAT MARKERS ON BIHAC. FOREIGN MINISTER GRANIC YESTERDAY TOLD ZAGREB-BASED DIPLOMATS THAT NEITHER BOSNIAN SERB COMMANDER MLADIC NOR BOSNIAN SERB LEADER KARADZIC COULD HAVE ORDERED THE SREBRENICA OFFENSIVE WITHOUT SERBIAN PRESIDENT MILOSEVIC'S APPROVAL, ACCORDING TO EMBASSY ZAGREB. GRANIC ADDED THAT CROATIA WAS NOW CONCERNED BY SERBS MASSING AROUND BIHAC; ANY ATTEMPT TO GRAB THE POCKET WOULD, HE SAID, BE TAKEN "EXTREMELY SERIOUSLY" AND CERTAINLY WIDEN THE WAR. CROATIAN UN PERMREP NOBILO YESTERDAY ECHOED THESE CONCERNS, CITING THE POTENTIAL MOVEMENT OF 60-70,000 BIHAC REFUGEES INTO CROATIA AS A THREAT TO INTERNAL SECURITY, ACCORDING TO PRESS REPORTS.

COMMENT: IT WOULD BE SURPRISING IF MILOSEVIC AND THE YUGOSLAV MILITARY WERE NOT CONSULTED ABOUT THE SREBRENICA OFFENSIVE: IT RISKED SERIOUS NATO INVOLVEMENT AND THE BATTLEFIELD IS VERY CLOSE TO THE "FRY" BORDER. ZEPA, MLADIC'S PROBABLE NEXT TARGET, TOUCHES THE BORDER.

CROAT DEFENSE CHIEF CHANGES PREDICTED. PRESIDENT TUDJMAN PLANS TO REPLACE CROATIAN ARMY [HV] CHIEF OF STAFF GENERAL BOBETKO WITH COLONEL GENERAL CERVENKO EARLY NEXT WEEK, 3.3(b)(1) 3.3(b)(1) THIS SHAKEUP WAS REPORTEDLY TRIGGERED BY BOBETKO'S UNILATERALLY REMOVING INFANTRY-LIKE SPECIAL POLICE FORCES FROM THE SECTOR SOUTH CONFRONTATION LINE, FORCING POSTPONEMENT OF THE EARLIEST POSSIBLE DATE FOR AN ATTACK ON KNIN.

COMMENT: BOBETKO'S REPLACEMENT HAD BEEN DISCUSSED BEFORE, ON GROUNDS OF AGE [76] AND HEALTH; HIS ACTION WITH THE SPECIAL POLICE UNITS MAY BE ONLY A PRETEXT, THOUGH TUDJMAN MAY BE GENUINELY ANGRY ABOUT BOBETKO'S ALLEGED HIGH-HANDEDNESS. THE DATE OF ANY ATTACK ON KNIN REMAINS HIGHLY SPECULATIVE AND SUBJECT TO CONTINUOUS RETHINKING.

ISLAMIC VIEWS. EGYPTIAN FOREIGN MINISTER MOUSSA YESTERDAY EXPRESSED FEARS OF A "NEW MASSACRE" IN BOSNIA, SAYING THE "SERBS

KNOW THE EUROPEANS AND NATO WILL DO NOTHING," ACCORDING TO PRESS REPORTS. MUSLIM COUNTRIES DO NOT SEE THE CONFLICT SOLELY IN RELIGIOUS TERMS, HE SAID, BUT BELIEVE IT INFLUENCES THE "SECURITY AND EXPECTATIONS" OF THE MEDITERRANEAN COUNTRIES.

TURKISH PRESIDENT DEMIREL, SPEAKING IN ALBANIA, YESTERDAY OPPOSED SENDING MUSLIM VOLUNTEER FIGHTERS IN THE EVENT UNPROFOR WITHDREW. HE WARNED SUCH A MOVE WOULD LEAD TO A "CRUSADE IN THE HEART OF EUROPE, THE MUSLIMS ON ONE SIDE AND THE CHRISTIANS ON THE OTHER."

IRANIAN FOREIGN MINISTER VELAYATI OFFERED TO HOST AN EMERGENCY MEETING OF THE OIC CONTACT GROUP TO DEAL WITH THE DETERIORATING SITUATION IN BOSNIA. HE CALLED FOR IMMEDIATE ACTION TO MOBILIZE RELIEF AND HELP THE BOSNIANS ARM THEMSELVES.

COMMENT: INCREASINGLY, MUSLIM STATES VIEW THE CRISIS AS A SIGN OF INTERNATIONAL INSTABILITY THAT COULD AFFECT THEM; POPULAR PRESSURE WILL MOUNT ON OIC STATES TO TAKE ADDITIONAL ACTION. ANKARA'S CONCERN IS EVIDENT IN DEMIREL'S EFFORTS TO COUNTER POPULAR CALLS FOR GREATER INVOLVEMENT. IRAN, GEOGRAPHICALLY DISTANT FROM THE BALKANS, SEEKS A PROPAGANDA WINDFALL BY DEMANDING MORE AGGRESSIVE ACTION.

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2. HAITI: LAVALAS LANDSLIDE BUILDING

PARTIAL ELECTION RESULTS INDICATE THAT BY THE TIME PARLIAMENTARY RUNOFF RACES ARE COMPLETED, THE PRO-ARISTIDE LAVALAS COALITION STANDS A GOOD CHANCE OF CLAIMING A TWO-THIRDS MAJORITY IN BOTH THE CHAMBER OF DEPUTIES AND THE SENATE. LEADERS OF ALMOST ALL THE OTHER MAJOR PARTIES, INCLUDING THE LARGEST -- THE FNCD, KONAKOM, AND PANPRA -- CONTINUE TO REJECT THE RESULTS' LEGITIMACY AND MAY ANNOUNCE NONPARTICIPATION IN THE REST OF THE PROCESS. THEIR ABSENCE MIGHT DETRACT FROM THE INTERNATIONAL CREDIBILITY OF THE VOTING EXERCISE, BUT WOULD ALSO REDUCE THE PROBABILITY OF VIOLENCE DURING THE RERUNS AND RUNOFF VOTING.

CHAMBER OF DEPUTIES. ALL 16 ANNOUNCED WINNERS COME FROM LAVALAS, WHOSE CANDIDATES HAVE MADE IT INTO 43 OF THE 47 RUNOFF RACES THUS FAR ANNOUNCED [RESULTS FROM 20 RACES REMAIN UNPUBLISHED], ACCORDING TO EMBASSY PORT-AU-PRINCE AND PRESS REPORTS. THE FNCD MADE IT INTO 18 RUNOFFS, KONAKOM AND PANPRA INTO NO MORE THAN SIX EACH; LAVALAS WAS TOP VOTE-GETTER IN 31 OF THE 43 DEPUTY RACES #0820

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THAT MUST GO TO A SECOND ROUND.

LAVALAS WILL FALL SHORT OF A FIRST-ROUND MAJORITY IN THE 83-MEMBER BODY EVEN IF IT WINS ALL 20 UNANNOUNCED RACES OUTRIGHT; NONETHELESS, IF CURRENT TRENDS HOLD, LAVALAS HAS A GOOD CHANCE OF

WINNING THE TWO-THIRDS MAJORITY [MINIMUM 56 SEATS] NEEDED TO AMEND THE CONSTITUTION. TO DO SO IT WOULD NEED TO WIN HALF THE UNANNOUNCED RACES AND 30 OF THE 43 SCHEDULED RUNOFFS.

SENATE. IN THE 27-MEMBER BODY, LAVALAS HAS BEEN DECLARED OUTRIGHT WINNER IN ALL-FIVE RACES THUS FAR ANNOUNCED; IT WAS ALSO THE TOP VOTE-GETTER IN ALL EIGHT RACES WHERE RUNOFFS THUS FAR HAVE BEEN ORDERED, ACCORDING TO EMBASSY PORT-AU-PRINCE AND PRESS REPORTS. RESULTS IN FIVE RACES -- IN THE NORTH, NORTHWEST, AND GRANDE ANSE -- HAVE YET TO BE ANNOUNCED; IT IS BELIEVED THAT BETWEEN FOUR AND SEVEN OF THE NINE INCUMBENT SENATORS REMAIN LOYAL TO ARISTIDE. TO HAVE A RELIABLE TWO-THIRDS MAJORITY, LAVALAS WILL NEED A TOTAL OF NINE MORE SEATS OF THE 13 RACES REMAINING TO BE DECIDED.

LOCAL RACES. LAVALAS AND ALLIED CANDIDATES HAVE WON THE MAYORALTY IN ALL NINE DEPARTMENTAL CAPITALS, INCLUDING PORT-AU-PRINCE, WHERE INCUMBENT FNCD MAYOR EVANS PAUL RECEIVED ONLY 18 PERCENT OF THE VOTE; PRO-ARISTIDE POP SINGER MANNO CHARLEMAGNE WON THE MAYORALTY WITH A 45 PERCENT PLURALITY. AMONG MUNICIPAL RACES FROM SEVEN OF THE NINE DEPARTMENTS THUS FAR RELEASED, LAVALAS HAS WON 64, THE FNCD NINE, KONAKOM AND PANPRA ONE EACH, AND INDEPENDENTS OR SMALLER PARTIES SEVEN.

RERUNS AND RUNOFFS. PROVISIONAL ELECTORAL COUNCIL HEAD REMY HAS INCREASED FROM 17 TO 23 THE NUMBER OF LOCATIONS IN WHICH RACES WILL BE RERUN ON OR ABOUT JULY 22, BUT CONTINUES TO REJECT DEMANDS BY NON-LAVALAS PARTY LEADERS THAT NEW VOTES BE TAKEN IN AREAS WHERE SOME OF THEIR APPROVED CANDIDATES FAILED TO APPEAR ON

THE BALLOT.
IT IS UNCLEAR WHETHER LOCAL FNCD AND KONAKOM PARLIAMENTARY CANDIDATES SLATED TO APPEAR ON THE AUGUST 13 RUNOFF BALLOT PLAN TO PURSUE THEIR RACES. BUT THE RESULTS INDICATE THOSE PARTIES, NOW THAT ARISTIDE HAS BROKEN WITH THEM, HAVE LITTLE APPEAL TO THE VOTERS. THEY ALSO STRONGLY SUGGEST THAT WHOEVER HAS ARISTIDE'S ENDORSEMENT FOR PRESIDENT THIS FALL WILL BE A VIRTUAL SHOO-IN.

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3. ISRAEL: SETTLEMENT EXPANSION

PRIME MINISTER RABIN YESTERDAY SAID THE GOVERNMENT WOULD APPROVE A REQUEST BY RESIDENTS OF THE EFRAT SETTLEMENT, ABOUT SEVEN MILES SOUTHWEST OF JERUSALEM, TO SET UP MOBILE HOMES AT HAYAZIT HILL, ADJACENT TO EFRAT, ACCORDING TO PRESS REPORTS. RABIN SAID THE AREA HAD BEEN ZONED FOR SETTLEMENT CONSTRUCTION FOR MORE THAN ONE YEAR. RABIN'S ANNOUNCEMENT FOLLOWED CONFRONTATIONS AT THE SITE ON JULY 11 WHEN POLICE ATTEMPTED TO STOP SETTLERS FROM DEPLOYING A MOBILE HOME. ABOUT 400 SETTLERS THE NEXT DAY RETURNED TO HAYAZIT HILL,.WHERE CEMENT TRUCKS POURED THE FOUNDATION FOR A

BUILDING.
COMMENT: EFRAT IS PART OF THE ETZION BLOC OF SETTLEMENTS THAT ISRAEL IS LIKELY TO ANNEX UNDER THE TERMS OF A FINAL ARRANGEMENT WITH THE PALESTINIANS. LAST JANUARY, AFTER INTENSE PALESTINIAN PROTESTS, THE CABINET APPROVED CONSTRUCTION IN PRINCIPLE AT

HAYAZIT HILL ON CONDITION THAT UNAUTHORIZED SETTLER BUILDING CEASE AT ANOTHER, MORE CONTROVERSIAL SITE LOCATED FARTHER FROM EFRAT. SETTLERS HAVE SINCE BEEN WAITING FOR GOVERNMENT APPROVAL TO START CONSTRUCTION AT HAYAZIT.

RABIN'S REMARKS, INTENDED TO MOLLIFY SETTLERS AND KEEP THE LIKUD-LED OPPOSITION AT BAY, INDICATE CABINET APPROVAL -- PRESUMABLY FOR PERMANENT STRUCTURES AS WELL AS MOBILE HOMES -- WILL NOW BE FORTHCOMING. MERETZ REPRESENTATIVES ARE LIKELY TO CARP -- ENVIRONMENT MINISTER SARID LAST JANUARY ALL BUT THREATENED TO QUIT THE GOVERNMENT AFTER THE CABINET DECISION -- BUT AT THIS STAGE OF THE ISRAELI-PALESTINIAN NEGOTIATIONS WILL BE RELUCTANT TO TRIGGER A COALITION CRISIS. PALESTINIAN AUTHORITY REACTION TO JANUARY'S CABINET DECISION WAS LOW-KEY AND IS LIKELY TO BE SO THIS TIME AROUND AS WELL.

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4. IRAN/FRANCE: CONOCO REPLACEMENT

IRAN AND THE FRENCH OIL COMPANY TOTAL YESTERDAY REACHED AGREEMENT ON DEVELOPING THE OFFSHORE SIRRI A AND E OIL AND GAS FIELDS, ACCORDING TO PRESS REPORTS. THE PROJECT WILL LAST FIVE YEARS, WITH PRODUCTION BEGINNING IN THREE; THE TERMS RESEMBLE THOSE NEGOTIATED BY CONOCO. 1.4(c) US SANCTIONS AGAINST IRAN !NCREASED THE PROJECT'S COSTS BY 10 PERCENT, 1.4(c)
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COMMENT: THE MASSIVE SIZE OF THE IRANIAN FIELDS MAKES THEIR DEVELOPMENT INEVITABLE. THE PROJECT WILL EASE TEHRAN'S FINANCES AT A TIME WHEN INCREASING DEBT SERVICE IS WEIGHING HEAVILY ON IRAN'S BALANCE OF PAYMENTS. THOUGH SANCTIONS ARE CAUSING AN UPTICK IN THE COST OF OIL FIELD EQUIPMENT AND PARTS, THE 10 PERCENT FIGURE IS HYPERBOLE.

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5. LIBYA: ISLAMISM ON THE RISE

SECURITY SERVICES RECENTLY REPORTED A RISE IN ISLAMIC ACTIVISM, 3.3(b)(1) SECURITY OFFICIALS HAVE TAKEN MEASURES TO COMBAT ISLAMIC EXTREMISM, INCLUDING THE CREATION OF A SPECIAL DEPARTMENT IN THE INTERNAL SECURITY ORGANIZATION; POLICE HAVE ALSO STAGED RAIDS ON MOSQUES AND CLOSELY MONITORED STUDENT ORGANIZATIONS. SECURITY FORCES LAST MONTH CLASHED WITH MUSLIM

MILITANTS IN EASTERN LIBYA, ACCORDING TO PRESS REPORTS.

COMMENT: THE WEAK AND FRAGMENTED ISLAMIC OPPOSITION DOES NOT CONSTITUTE A SIGNIFICANT THREAT TO QADHAFI'S RULE IN THE NEAR TERM; HE WILL CONTINUE TO RELY ON REPRESSIVE MEASURES TO QUASH SUSPECTED ISLAMISTS. THOUGH THERE PROBABLY HAS BEEN SOME SPILLOVER FROM THE ALGERIAN CONFLICT, TRIPOLI HAS TIGHTENED SECURITY ON ALL LIBYAN BORDERS. LIBYA -- IN DIRECT RESPONSE TO THIS PERCEIVED THREAT -- HAS ALSO ENHANCED BILATERAL COOPERATION WITH BOTH EGYPT AND ALGERIA ON SECURITY ISSUES.

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6. CHINA/TAIWAN: SEEKING ASSURANCES

CHINA WANTS PRESIDENT CLINTON PERSONALLY TO ISSUE A STATEMENT REJECTING INDEPENDENCE FOR TAIWAN AND TIBET AND AFFIRMING THAT NO ADDITIONAL VISITS BY LEE TENG-HUI WILL BE PERMITTED, ACCORDING TO A HONG KONG NEWSPAPER CITING "SOURCES CLOSE TO THE CHINESE EMBASSY IN WASHINGTON." THESE ASSURANCES ARE NEEDED BEFORE BEIJING WILL RETURN ITS AMBASSADOR TO THE UNITED STATES.

A FORMER DIPLOMAT WITH CONTINUING LINKS TO THE CHINESE FOREIGN MINISTRY ON JULY 10 TOLD DLO HONG KONG HE BELIEVED A US AFFIRMATION OF CHINESE SOVEREIGNTY OVER TAIWAN AND ASSURANCE THAT THE LEE VISIT WAS A ONE-TIME OCCURRENCE WERE NECESSARY TO AVOID FURTHER EROSION OF RELATIONS. A CHINESE FOREIGN MINISTRY OFFICIAL INVOLVED IN US RELATIONS ON JULY 12 CALLED, LESS SPECIFICALLY, FOR "CLARIFICATION OF US INTENTIONS" REGARDING FUTURE VISITS BY TAIWAN LEADERS, ACCORDING TO EMBASSY BEIJING.

COMMENT: OPERATIONALLY, CHINA HAS FOCUSED ON LEE'S INVITATION TO VISIT ANCHORAGE IN SEPTEMBER; BEIJING WOULD INTERPRET A US DECISION TO REBUFF LEE AS ONE OF THE "CONCRETE STEPS" IT HAS DEMANDED TO IMPROVE RELATIONS. CHINA'S REAL GOAL, HOWEVER, IS A FORMAL STATEMENT CAPPING US-TAIWAN RELATIONS AND PRECLUDING FUTURE VISITS BY TOP LEADERS. ANCHORAGE COULD BECOME A MOOT ISSUE IN ANY CASE: TAIWAN MAY NOT PUSH FOR A VISA BECAUSE OF THE PRESS OF ELECTION POLITICS AT HOME AS WELL AS TO AVOID A POTENTIALLY EMBARRASSING REBUFF, WHILE PRESERVING OPTIONS FOR A FUTURE TRIP OF HIGHER VALUE AND VISIBILITY.

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7. GERMANY/CHINA: CLOSING DEALS

DURING THE FIRST VISIT OF A CHINESE HEAD OF STATE TO GERMANY SINCE 1989, PRESIDENT JIANG ZEMIN, WHO ARRIVED ON JULY 11, EMPHASIZED BUSINESS OVER POLITICS, REACHING LENDING AND JOINT VENTURE AGREEMENTS WORTH BILLIONS OF DOLLARS, ACCORDING TO PRESS

REPORTS.
TO EXPAND THE ACTIVITIES OF MEDIUM-SIZED GERMAN FIRMS IN CHINA AND TO ADDRESS GERMANY'S TRADE DEFICIT WITH CHINA -- VALUED AT SOME USD 3.6 BILLION LAST YEAR -- DRESDNER BANK HAMMERED OUT A CREDIT FACILITY WITH THE BANK OF CHINA FOR SOME USD 700 MILLION TO FINANCE GERMAN EXPORTS TO CHINA. FOREIGN MINISTERS KINKEL AND QIAN QICHEN ALSO SIGNED A BILATERAL FINANCIAL COOPERATION

AGREEMEN VALUED AT USD 128 MILLION AND AGREED TO OPEN CONSULATES IN CANTON AND MUNICH.

IN HIS MEETING YESTERDAY WITH JIANG, CHANCELLOR KOHL EMPHASIZED HIS DESIRE FOR A "LONG-TERM POLITICAL AND ECONOMIC PARTNERSHIP OF A NEW QUALITATIVE KIND" WITH CHINA, URGED BEIJING TO CONTINUE ITS REFORM POLICIES, AND CONFIRMED HIS INTENTION TO VISIT CHINA THIS FALL. PRESIDENT HERZOG, KOHL, AND KINKEL ALL RAISED GERMANY'S CONCERN ABOUT CHINA'S HUMAN RIGHTS PERFORMANCE, BUT UNDERSCORED THE LONG-TERM NEED TO INTEGRATE CHINA AND THE MERITS OF QUIET DIPLOMACY OVER PUBLIC CONDEMNATION.

COMMENT: CHINA IS THE LINCHPIN FOR GERMANY'S [AND THE EU'S] EXPORT-ORIENTED ASIA POLICY. GERMANY'S APPROACH TO CHINA, LIKE ITS APPROACH TO IRAN, FOCUSES ON MUTUALLY BENEFICIAL ECONOMIC COOPERATION AND PREFERS DELICATE PERSUASION OVER THREATS OR #0822

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COERCION TO HELP CHINA MOVE SLOWLY TOWARD THE WEST ON SUCH SENSITIVE ISSUES AS HUMAN RIGHTS. BEIJING VIEWS ITS GROWING RELATIONSHIP WITH GERMANY AS AN IMPORTANT COUNTERBALANCE TO STRAINED SINO-US TIES.

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8. MALAYSIA: PUSHING ON GSP

TRADE MINISTER RAFIDAH WILL TRY TO EKE OUT CONCESSIONS ON MALAYSIA'S GRADUATION FROM THE GSP AND GAUGE DIFFERENCES BETWEEN DEPARTMENT AND USTR POSITIONS IF THE OPPORTUNITY ARISES DURING HER PROPOSED EARLY-AUGUST MEETING WITH YOU, 3.3(b)(1) SHE HAS BEEN ADVISED AGAINST RAISING EAEC OR PRIME MINISTER MAHATHIR'S PLANS TO ATTEND THE OSAKA SUMMIT AND TO FOCUS INSTEAD ON POSITIVE ASPECTS OF THE BILATERAL RELATIONSHIP.

COMMENT: KUALA LUMPUR IS RESIGNED TO IMMINENT GSP GRADUATION. BUT EVEN IF THE DECISION IS MADE BEFORE YOUR ARRIVAL, RAFIDAH MAY STILL PRESS FOR A BETTER PHASE-IN SCENARIO. THE INDEPENDENT AND OPINIONATED RAFIDAH MAY ALSO ARGUE THAT WASHINGTON'S DECISION ON GSP IS LINKED TO OTHER CONTENTIOUS ISSUES, SUCH AS LABOR RIGHTS

OR EAEC.

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9. SOUTH PACIFIC: HAPPY BASTILLE DAY

AUSTRALIAN TRANSPORT WORKERS YESTERDAY ANNOUNCED THAT FRENCH FLIGHTS WOULD NOT BE HANDLED FOR 24 HOURS STARTING AT MIDNIGHT; POSTAL AND TELECOMMUNICATION WORKERS PLAN AN INDEFINITE BAN ON SERVICES TO FRENCH MISSIONS IN AUSTRALIA BEGINNING TODAY, ACCORDING TO PRESS REPORTS. REGIONAL LABOR UNION LEADERS WILL MEET ON JULY 16 TO CONSIDER FURTHER BOYCOTT MEASURES.

AUSTRALIA'S ACTING FOREIGN MINISTER YESTERDAY SAID CANBERRA WOULD SEND A DELEGATION TO FIVE NUCLEAR POWER CAPITALS TO PRESS FOR COMPLETION OF THE CTBT. NEW ZEALAND PRIME MINISTER BOLGER DECLARED THAT WELLINGTON WOULD CONSIDER DISPATCHING A NAVAL VESSEL CARRYING PARLIAMENT DEPUTIES AS PART OF A FLOTILLA TO MURUROA ATOLL. HE IS ALSO SENDING A LETTER TO 100 WORLD LEADERS EXPRESSING GRAVE CONCERN OVER FRANCE'S DECISION TO RESUME TESTING.
PARIS HAS REVERSED ITS SYDNEY-BASED CONSULATE'S DECISION TO CANCEL BASTILLE DAY CELEBRATIONS. VANUATU HAS REFUSED PERMISSION FOR A PROTEST TODAY IN PORT VILA.

COMMENT: FRANCE'S HEAVY-HANDED TREATMENT OF THE GREENPEACE VESSEL RAINBOW WARRIOR II ON JULY 10 HAS FANNED REGIONAL OUTRAGE OVER NUCLEAR TESTS. CANBERRA AND WELLINGTON HAVE RAISED THEIR RHETORIC IN RESPONSE TO CONTINUED PALPABLE PUBLIC ANGER, BUT ARE CAREFULLY ATTEMPTING TO LIMIT FURTHER OFFICIAL SANCTIONS AGAINST

PARIS.
VANUATU'S EFFORTS TO DAMPEN PROTEST ACTIVITY REFLECT FEARS OF A POSSIBLE FRENCH AID CUTOFF AS WELL AS FRANCOPHONE SOLIDARITY. PARIS IS MIFFED THAT THE INTERNATIONAL RESPONSE HAS IGNORED ITS PLEDGE TO SIGN A CTBT IN 1996.

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10. RUSSIA: YELTSIN HEALTH REPORT

THE KREMLIN YESTERDAY SAID YELTSIN WAS IN AN "OPTIMISTIC" MOOD, HAD RESTED WELL DURING THE PREVIOUS NIGHT, AND WAS SCHEDULED TO BE RELEASED ON JULY 17, ACCORDING TO PRESS REPORTS. PRIME MINISTER CHERNOMYRDIN HAD A TELEPHONE CONVERSATION WITH YELTSIN IN WHICH THEY DISCUSSED ISSUES ARISING FROM THE REGULAR GOVERNMENT MEETING HELD THAT DAY.

DUMA SPEAKER RYBKIN TOLD REPORTERS YELTSIN PLANS TO MEET WITH PARLIAMENTARY COMMITTEE HEADS ON JULY 18; YELTSIN IS STILL PLANNING TO MAKE A STATE VISIT TO NORWAY ON JULY 19. EMBASSY MOSCOW SOURCES DISAGREE ON THE CAUSES OF YELTSIN'S HOSPITALIZATION, BUT APPARENTLY SEE NO IMMINENT DANGER THAT HIS CONDITION WILL WORSEN.

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[FOR RELATED INFORMATION, SEE ANALYSIS NO. 2.]

11. RUSSIA: KOZYREV UNDER FIRE

IN A RECENT CONVERSATION WITH A MID-LEVEL FOREIGN MINISTRY OFFICIAL ON NATO EXPANSION, YELTSIN FOREIGN POLICY ADVISER

RYURIKOV COMPLAINED ABOUT THE STRONG PRO-US LOBBY IN THE FOREIGN MINISTRY AND NOTED THAT YELTSIN'S STAFF WAS VERY DISSATISFIED WITH FOREIGN MINISTER KOZYREV, [redacted] RYURIKOV SAID A SPECIAL DIVISION WOULD BE CREATED WITHIN THE PRESIDENTIAL APPARATUS TO DEVELOP POLICY ON EUROPEAN SECURITY AND #0823

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NATO ISSUES.
COMMENT: THOUGH KOZYREV HIMSELF HAS CALLED FOR GREATER POLICY COORDINATION, THE ESTABLISHMENT OF SUCH A DIVISION WOULD COMPLICATE HIS JOB AND POTENTIALLY UNDERCUT HIS INFLUENCE. RYURIKOV'S REMARKS ECHO THE RECENTLY PUBLISHED CRITIQUE OF RUSSIA'S POLICY TOWARD NATO EXPANSION COORDINATED BY SERGEY KARAGANOV, A MEMBER OF THE PRESIDENTIAL ADVISORY COUNCIL. RYURIKOV AND S.V. KORTUNOV, A KEY AIDE TO SECURITY ADVISER BATURIN, REPORTEDLY HELPED DRAFT THE ANALYSIS AND, LIKE KARAGANOV, HAVE LONG CRITICIZED KOZYREV FOR HIS "PRO-WESTERN

ROMANTICISM."
THAT OFFICIALS AS PROMINENT AS RYURIKOV AND KORTUNOV FEEL FREE TO ASSOCIATE THEMSELVES PUBLICLY WITH KARAGANOV'S "THESES" INDICATES THEY ARE NOT PARTICULARLY WORRIED ABOUT REPRISALS FROM ABOVE; SOME OF THESE OFFICIALS COVET KOZYREV'S JOB. YELTSIN HIMSELF REPORTEDLY PRAISED THE KARAGANOV REPORT IN MAY; THIS WOULD NOT BE THE FIRST TIME HE HAS PITTED ONE SET OF ADVISERS AGAINST ANOTHER.

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12. RUSSIA/CHECHNYA: UPDATE

NEGOTIATORS IN GROZNYY YESTERDAY TOOK A BREAK TO ALLOW THE CHECHEN SIDE TO CONSULT FIELD COMMANDERS, BUT PANELS WORKED ON CLAUSES IN A DRAFT FINAL DOCUMENT, ACCORDING TO PRESS REPORTS. MOSCOW-BACKED CHECHEN PREMIER KHADZHIYEV SAID THE DRAFT PUTS OFF RESOLVING THE ISSUE OF CHECHNYA'S STATUS UNTIL AFTER ELECTIONS AND APPROVAL OF A NEW CONSTITUTION. HE SAID MOSCOW REFUSED TO RECOGNIZE THE DUDAYEV CONSTITUTION, WHICH PROCLAIMS CHECHNYA'S INDEPENDENCE, BUT WAS READY TO RECOGNIZE "THE FACT THAT A GOVERNMENT HAS EXISTED IN CHECHNYA SINCE 1991 THAT DOES NOT RECOGNIZE RUSSIA'S SOVEREIGNTY OVER CHECHNYA."
YELTSIN AND PRIME MINISTER CHERNOMYRDIN DISCUSSED BY TELEPHONE THE PROSPECTS OF THE GROZNYY TALKS AND WAYS TO SPEED RENOVATION IN CHECHNYA; RUSSIAN NEGOTIATOR VOLSKIY SAID THE TALKS COULD END IN ONE OR TWO DAYS. INTERIOR MINISTER KULIKOV WARNED THAT IF THE CHECHENS REJECTED THE DRAFT FINAL DOCUMENT RUSSIA WOULD RESORT ONCE AGAIN TO "FORCIBLE" MEASURES. BUT CHECHEN DELEGATE AND

MILITARY COMMANDER MASKHADOV WAS SCORNFUL OF UNSPECIFIED RUSSIAN TERMS.

GROZNYY MAYOR GANTEMIROV ACCUSED RUSSIA OF SIDING WITH THE REBELS AND EVEN SEEKING "REANIMATION OF DUDAYEV'S REGIME." HE SAID HE WOULD NOT ACCEPT THE RESULTS OF TALKS BETWEEN MOSCOW AND THE REBELS. RIVAL CHECHEN GROUPS SCUFFLED NEAR THE OSCE MISSION IN GROZNYY.

COMMENT: THE SIDES APPEAR TO HAVE AGREED ON THE RUSSIAN "ZERO OPTION" PROPOSAL FOR AN INTERIM COALITION GOVERNMENT, WHICH OSCE OFFICIALS HAVE APPROVED. KULIKOVES THREAT MAY BE BLUFF, BUT IT COULD REPRESENT THE DETERMINATION OF THOSE SKEPTICAL OF THE TALKS FROM THE START NOT TO BECOME BOGGED DOWN IN ENDLESS HAGGLING WITH DUDAYEV. THE ANTI-DUDAYEV CHECHENS SLATED TO ENTER SUCH A GOVERNMENT ARE CLEARLY WARY OF A RUSSIAN BETRAYAL.

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13. VENEZUELA: CALDERA WON'T CHANGE

PRESIDENT CALDERA, IGNORING THE ADVICE OF MANY ECONOMISTS AND SOME MEMBERS OF HIS OWN CABINET, HAS REFUSED TO DEVALUE THE BOLIVAR AND RAISE GASOLINE PRICES AS PART OF HIS LATEST PLAN TO REVIVE VENEZUELA'S STAGFLATING ECONOMY, ACCORDING TO EMBASSY CARACAS. FINANCE MINISTER MATOS HAS ARGUED THAT GAS HIKES WILL NOT ADD MUCH TO GOVERNMENT REVENUES AND DEVALUATION WILL FUEL INFLATION, WHILE ENRICHING WEALTHY VENEZUELANS HOLDING DOLLAR

ACCOUNTS OFFSHORE.
COMMENT: MATOS WANTS TO CONVINCE MULTILATERAL LENDERS THAT RESUMED TRADING IN BRADY BONDS AND PLANS TO OPEN THE OIL SECTOR AND PRIVATIZE BANKS WARRANT AN UPGRADE OF VENEZUELA'S CURRENT RATING. CALDERA IS NOT PREPARED TO FOLLOW A CONVENTIONAL IMF PROGRAM -- HE FEARS DESTABILIZING SOCIAL UNREST IF HE TAKES ORTHODOX ECONOMIC MEASURES, BUT HIS CURRENT POLICIES ONLY DELAY AND INTENSIFY THE ADJUSTMENT VENEZUELA INEVITABLY WILL HAVE TO

ENDURE.
THE GOVERNMENT HOPES TO USE EXCESS LIQUIDITY IN THE FINANCIAL SECTOR TO FINANCE ITS GROWING FISCAL DEFICIT, NOW NEARING 8 PERCENT OF GDP. CARACAS CLAIMS EXCHANGE CONTROLS HAVE CREATED A CURRENT ACCOUNT SURPLUS, BUT THE OVERVALUED BOLIVAR IS DANGEROUS: IMPORTS HAVE RISEN DRAMATICALLY -- 16.5 PERCENT BETWEEN JANUARY AND MAY -- AND THERE ARE SIGNS THAT SOME EXPORTS ARE BEING PRICED OUT OF EXTERNAL MARKETS. PRICE CONTROLS HAVE FAILED TO STEM INFLATION WHILE CREATING SERIOUS MARKET DISTORTIONS.

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1. IRAN: RAFSANJANI BELEAGUERED

PRES DENT RAFSANJANI AND HIS PRAGMATIST ALLIES CONTINUE TO LOSE INFLUENCE TO AYATOLLAH KHAMENEI, LEADER OF THE ISLAMIC REVOLUTIOS, AND THE IDEOLOGUES WHO SUPPORT HIM. THIS MAY EXPLAIN TEHRAN'S RECENT CONFRONTATIONAL APPROACH ON ISSUES SUCH AS SALMAN RUSHDIE AS WELL AS AN APPARENT UPSURGE IN TERRORISM PLANNING.

RAFSANJANI'S POPULARITY HAS BEEN DECLINING OVER THE PAST THREE YEARS, IN STEP WITH IRAN'S WORSENING ECONOMIC CONDITIONS; HIS INABILITY TO EFFECT MUCH-NEEDED REFORMS POINTS TO A LOSS OF POLITICAL CLOUT. AT THE SAME TIME KHAMENEI, INITIALLY ONLY THE SYMBOLIC INHERITOR OF THE LATE KHOMEINI'S MANTLE, HAS BEEN STRENGTHENED BY SKILLFUL APPEALS TO IDEOLOGUES AND HARD-LINERS WHO SEEK TO PRESERVE KHOMEINI'S LEGACY. IN RECENT WEEKS THESE TRENDS MAY HAVE BEEN EXACERBATED BY US ECONOMIC SANCTIONS, WHICH HAVE MADE IT MORE DIFFICULT FOR RAFSANJANI TO MARKET MORE MODERATE POLICIES AT HOME.

HOLDING THE RUSHDIE LINE

IT WAS KHAMENEI WHO TORPEDOED A MUCH-ANTICIPATED EFFORT BY RAFSANJANI'S CAMP LAST MONTH TO SATISFY THE EU'S DEMAND FOR A WRITTEN STATEMENT, SIGNED BY RAFSANJANI OR FOREIGN MINISTER VELAYATI, THAT TEHRAN WOULD DO NOTHING TO CARRY OUT THE LATE KHOMEINI'S DEATH SENTENCE AGAINST RUSHDIE. SENIOR FOREIGN MINISTRY OFFICIALS, WHO HAD HINTED OF AN IMMINENT POLICY CHANGE ON RUSHDIE, MADE A LAST-MINUTE APPEAL TO RAFSANJANI TO CONVINCE KHAMENEI, [redacted] 1.4(c) [redacted] WHETHER OR NOT RAFSANJANI TRIED TO INTERVENE, KHAMENEI PREVAILED OVER THOSE HOPING TO GAIN EUROPEAN GOODWILL AGAINST US SANCTIONS.

THE IDEOLOGUES ARE ALSO LASHING OUT AT THE OPEN PRESS, WHICH IN RECENT WEEKS HAS ADVANCED TENTATIVE CRITICISMS OF THEIR POSITIONS. A JUNE 26 COMMENTARY IN A TEHRAN DAILY STATING THAT IMAM KHOMEINI HAD NEVER ORDERED THE GOVERNMENT TO CARRY OUT THE RUSHDIE FATWA, AND THAT TEHRAN MUST HONOR INTERNATIONAL LAW, WAS FIERCELY DENOUNCED IN A HARD-LINE PAPER. A COMMENTARY ON EGYPT THAT FAILED TO POINT OUT THAT THE MUBARAK ASSASSINATION ATTEMPT WAS JUSTIFIABLE AND THAT SAID TEHRAN LOOKS FORWARD TO NORMAL TIES WITH CAIRO WAS ALSO ROUNDLY CONDEMNED.

KEEPING THE DOOR SHUT

APPARENTLY TRYING TO MAKE TEHRAN SEEM THE REASONABLE PARTY IN ITS DISPUTE WITH WASHINGTON, RAFSANJANI WAS CHARMING AND DIPLOMATIC IN HIS JULY 2 CNN INTERVIEW. HE SAID THE DOOR WAS OPEN TO AT LEAST ECONOMIC AND CULTURAL RELATIONS WITH THE UNITED STATES, AND HE MADE NO MENTION OF TEHRAN'S TRADITIONAL PRECONDITION THAT WASHINGTON RETURN IRAN'S "FROZEN ASSETS," A POINT ALSO OMITTED BY

TWO PRO-RAFSANJANI DAILIES THAT WEEK. BUT SINCE THEN HE SEEMS TO HAVE HAD SECOND THOUGHTS. HE TOLD TWO US MAGAZINES THAT RETURN OF THE ASSETS IS NECESSARY FOR A RESTORATION OF RELATIONS; APPARENTLY HE HAS SENSED THAT THE CURRENT POLITICAL CLIMATE HAS NO ROOM FOR CONCILIATION.

A BOLDER MOIS

KHAMENEI'S GREATER SWAY NOW MAY HELP EXPLAIN AN APPARENT UPSURGE IN RISKIER UNDERTAKINGS BY IRAN'S MINISTRY OF INTELLIGENCE AND SECURITY [MOIS]. THE MOIS HAS BEEN A NATURAL NICHE FOR TRUE BELIEVERS COMMITTED TO ELIMINATING THE REGIME'S ENEMIES AND TO EXPORTING THE REVOLUTION, AND THEY LOOK TO KHAMENEI FOR LEADERSHIP. THOUGH WE HAVE A SERIOUS INTELLIGENCE GAP IN UNDERSTANDING TEHRAN DECISION-MAKING, THE LEADERS APPEAR TO BE DISPLAYING A GREATER WILLINGNESS TO CONDONE MOIS CONTINGENCY PLANNING FOR TERRORISM.

KHAMENEI HIMSELF HAS APPROVED THE MOIS'S MORE ACTIVE ASSISTANCE, INCLUDING WEAPONS SUPPLY, TO THE ISLAMIC RESISTANCE IN TAJIKISTAN, 1.4(c) IN OTHER RECENT CASES OF TERRORISM PLANNING, KHAMENEI'S PERSONAL ROLE IS NOT CLEAR, 1.4(c) SUCH PLANNING, ALONG WITH ATTACKS EARLIER THIS WEEK AGAINST THE IRANIAN MOJAHEDIN-E KHALQ OPPOSITION GROUP BASED IN IRAQ, SUGGESTS A BETTER-BEHAVED IRAN WILL NOT EMERGE ANY TIME SOON.

[~~TOP SECRET~~ 1.4(c)

2. RUSSIA: SUCCESSION POLITICS

WITH PRESIDENT YELTSIN'S ILLNESS INTENSIFYING ATTENTION ON THE SUCCESSION, PREMIER CHERNOMYRDIN IS FOR NOW THE LOGICAL SUCCESSOR, BUT HE MUST MANEUVER CAUTIOUSLY AND AVOID CHALLENGING

YELTSIN DIRECTLY.
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DESPITE THE EFFORTS OF YELTSIN'S SPOKESMAN TO ASSURE RUSSIANS HE IS ABLE TO CARRY OUT PRESIDENTIAL DUTIES, THE ILLNESS HAS HIGHLIGHTED YELTSIN'S GROWING DEBILITY AND THE INCREASED LIKELIHOOD THAT HE WILL NOT BE ABLE TO STAND FOR OFFICE IN

ELECTIONS NEXT YEAR. THOUGH NO ONE CAN PREDICT THE COURSE OF YELTSIN'S HEALTH OR COUNT HIM OUT YET, RUSSIAN POLITICS ALREADY SEEMS TO BE PREPARING FOR A FUTURE WITHOUT YELTSIN -- AND IN THE PROCESS DEFINING HOW SUCCESS WILL BE MEASURED FOR HIS POTENTIAL

SUCCESSORS.

A WEAK STATE
MOSCOW POLITICS NOW IS A GAME PLAYED WITH GREAT INTENSITY BY A SMALL NUMBER OF PLAYERS TO WHOM THE REST OF THE COUNTRY PAYS LIMITED ATTENTION. PUBLIC OPINION POLLS HAVE CONSISTENTLY ACCORDED LOW RATINGS TO YELTSIN AND ALL OTHER RUSSIAN POLITICIANS. MANY OF THE REGIONS APPEAR TO HAVE DECIDED THAT THEIR FUTURE CAN NO LONGER BE ASSURED BY HELP FROM MOSCOW AND THAT THEY MUST. FEND LARGELY FOR THEMSELVES. THE POWER OF THE CENTER TO DELIVER FAVORS OR TO PUNISH IS WEAK, FAR LESS THAN WHAT RUSSIANS ARE ACCUSTOMED TO HISTORICALLY.
BECAUSE OF THE STATE'S WEAKNESS, YELTSIN HAS NOT BEEN ABLE CONSISTENTLY TO IMPOSE HIS WILL EITHER ON THE COUNTRY OR ON THE PLAY OF POLITICS AT THE CENTER. A SOCIAL ACCORD SIGNED ON THE SPRING OF 1994 BY MANY OF RUSSIA'S MAIN POLITICAL FORCES HAS REMAINED FOR THE MOST PART AN EMPTY GESTURE. FLARE-US SUCH AS THE COLLAPSE OF THE RUBLE LAST AUTUMN AND THE RECENT SQUABBLES OVER THE QUESTION OF NO CONFIDENCE IN THE GOVERNMENT UNDERSCORE BOTH THE INTENSITY AND THE FRAGILITY OF POLITICS AT THE CENTER.

PURPOSEFUL ACTIVITY
WITH MOSCOW MIRED IN INEFFECTUAL SQUABBLING, THE INTERACTION OF MONEY AND LOCAL INTERESTS HAS CREATED A NEW FRAMEWORK FOR RUSSIAN POLITICS. LOCAL ADMINISTRATORS HAVE TAKEN A VARIETY OF STEPS TO PRESERVE, AND IN SOME CASES STIMULATE, ECONOMIC ACTIVITY IN THEIR BAILIWICKS. BANKS AND INDUSTRIAL ENTERPRISES ARE FORMING LINKS TO PROMOTE MUTUAL INTERESTS AND ARE LOOKING FOR POLITICAL ALLIES TO PROTECT THESE INTERESTS. THOUGH RUSSIA'S ECONOMIC REVIVAL IS STILL ONLY A PROMISE, A LARGE NUMBER OF ENTREPRENEURS, BANKERS, AND POLITICIANS ARE SHAPING ALLIANCES TO PROFIT FROM AND INFLUENCE THE COURSE OF ECONOMIC CHANGE.

BUILDING ON STRENGTH
VICTOR CHERNOMYRDIN HAS POSITIONED HIMSELF TO GAIN MOST DIRECTLY FROM THESE DEVELOPMENTS, OPERATING FROM HIS BASE AS CHAIRMAN OF THE ELECTORAL BLOC "RUSSIA IS OUR HOME." WHAT GIVES THE BLOC PARTICULAR SALIENCE AT PRESENT IS ITS AMALGAMATION OF LOCAL POLITICAL BARONS, FINANCIAL GROUPS, AND CHERNOMYRDIN'S OWN PERSONAL FIEFDOM OF RUSSIA'S POWERFUL ENERGY INDUSTRY.

CHERNOMYRDIN HAS BEEN ABLE TO USE THIS BLOC AND THE BUDENNOVSK HOSTAGE CRISIS TO STEP OUT FROM YELTSIN'S SHADOW AND BECOME AN ACTIVE POLITICAL FORCE IN HIS OWN RIGHT. THUS FAR THE BLOC HAS EMPHASIZED ITS CONCERN TO COORDINATE POLICIES AND PROGRAMS WITH REGIONAL LEADERS. IN TRYING TO UNITE RUSSIAN ECONOMIC AND INDUSTRIAL INTERESTS, MOREOVER, IT HAS ALSO EMPHASIZED THE NEED FOR STABILITY. THE CHIEF OF THE BLOC'S EXECUTIVE COMMITTEE RECENTLY TOLD AN INTERVIEWER THAT "THE LIBERAL STAGE OF ECONOMIC REFORM HAS ENDED" AND CALLED FOR A "MORE CONSERVATIVE TURN TOWARD THE STATE'S PARTICIPATION" IN THE ECONOMY.

RISKY VENTURE

CHERNOMYRDIN HAS BEEN SUCCESSFUL THUS FAR IN BUILDING A BROAD. CONSTITUENCY FOR HIS BLOC AND ESTABLISHING THE BEGINNINGS OF AN INDEPENDENT POWER BASE, BUT HE KNOWS THE PITFALLS OF KREMLIN POLITICS AND WILL BE CAREFUL NOT TO CHALLENGE YELTSIN DIRECTLY. CHERNOMYRDIN WILL PLOT HIS COURSE ACCORDING TO THE SPEED OF YELTSIN'S RECOVERY, TRYING TO HOLD TOGETHER HIS CONSTITUENCIES WITH AN EYE TO THE DAY YELTSIN LEAVES THE SCENE.

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3. JAPAN: PRE-ELECTION TIME
UPPER-HOUSE ELECTIONS, ON JULY 23, MAY PRECIPITATE PRIME MINISTER MURAYAMA'S RESIGNATION BUT OTHERWISE WILL NOT BRING ABOUT ANY CHANGE SIGNIFICANT ENOUGH TO STOP THE DRIFT IN JAPANESE POLITICS. SKEPTICAL OF THE CAMPAIGN PROMISES AND DISILLUSIONED WITH THE SEEMINGLY ENDLESS FLUIDITY IN THE POLITICAL SITUATION, MORE THAN HALF THE ELECTORATE REMAINS UNCOMMITTED TEN DAYS BEFORE ELECTION DAY.

MOST ANALYSTS PREDICT THE JAPAN SOCIALIST PARTY [JSP] WILL SUFFER A BIG DEFEAT -- LOSING 75 PERCENT OF ITS SEATS UP FOR RE-ELECTION. IF MURAYAMA'S PARTY TAKES SUCH A DRUBBING, IT WILL BE DIFFICULT FOR HIM TO STAY IN OFFICE.

RESCUE PLAN
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SOME COALITION LEADERS ARE SEEKING TO SALVAGE MURAYAMA AND PRESERVE THE RULING COALITION BY EXPLAINING THAT THE COALITION'S CONSTITUENT PARTIES SHOULD NOT BE JUDGED "INDIVIDUALLY" -- BY THE NUMBER OF SEATS EACH PARTY SECURES. RATHER, THEY SHOULD BE JUDGED "COLLECTIVELY": IF THE COALITION AS A WHOLE GAINS, IT SHOULD BE REGARDED AS VOTER APPROVAL.

BUT THIS ARGUMENT IS DIVORCED FROM THE REALITY OF THE INTENSE COMPETITION FOR VOTES AMONG THE COALITION PARTIES. VOTERS ARE NOT DEALING WITH A UNITED COALITION SEEKING THE ELECTORATE'S MANDATE. INSTEAD THE LDP AND THE JSP ARE FIGHTING A ZERO-SUM GAME IN MOST OF THE 24 SINGLE-MEMBER DISTRICTS AND ARE VYING AS WELL IN 23 MULTI-SEAT DISTRICTS. THE LDP IS EXPECTED TO GAIN A SUBSTANTIAL NUMBER OF SEATS, LARGELY AT THE EXPENSE OF THE JSP.

THE ECONOMY

THE PREDOMINANT ISSUE IN THE CAMPAIGN IS THE ECONOMY. BENEATH A FACADE OF INTER-PARTY AGREEMENT, THE COALITION'S PROPOSALS REVEAL DIFFERENT PRIORITIES. THE LDP'S EMPHASIS IS ON EASING THE LAND-TAX SYSTEM AND REDUCING THE CURRENT ACCOUNT SURPLUS; THE JSP IS CALLING FOR THE DISPOSAL OF BAD LOANS -- SEEDS OF POLICY DISCORD LIKELY TO HAMPER EFFECTIVE ACTION.

THE OPPOSITION NEW FRONTIER PARTY, PROBABLY ENCOURAGED BY THE CRITICISM FROM SOME BUSINESS CIRCLES THAT THE MURAYAMA GOVERNMENT HAS NO ECONOMIC POLICY AND SHOULD BE OUSTED, HOPES TO TRANSLATE THE ELECTIONS INTO A REFERENDUM ON THE COALITION. IT IS SLAMMING THE COALITION'S DO-NOTHING RECORD AND INEFFECTUAL CRISIS MANAGEMENT, AND HAS ANNOUNCED A LARGE EMERGENCY ECONOMIC PACKAGE.

OUTLOOK

MURAYAMA HAS DECLARED HE WOULD CONSIDER IT A JSP VICTORY IF THE PARTY WINS 22 OR MORE SEATS IN THE ELECTIONS, BUT MEDIA PROJECTIONS SHOW THE PARTY RECEIVING FROM 9 TO 15 SEATS. IF MURAYAMA DOES REMAIN IN OFFICE DESPITE A CLEAR DEFEAT FOR HIS PARTY, HE WILL BE REDUCED TO A FIGUREHEAD, A CAPTIVE OF HIS LDP COLLEAGUES. THE COALITION ITSELF WILL BE SUSTAINED ONLY BY THE WILL TO PROLONG ITS EXISTENCE -- A FORMULA FOR AVOIDING RISKY DECISIONS AND PERPETUATING THE BUREAUCRATS' FREE REIN TO RUN THE GOVERNMENT.

MURAYAMA WOULD NOT, HOWEVER, DO JAPANESE POLITICS ANY FAVORS BY RESIGNING. THE DIFFICULTY OF PICKING HIS SUCCESSOR WOULD PUT THE EXISTING COALITION UNDER SEVERE STRAIN. EFFORTS TO FORM A NEW COALITION ARE PROBLEMATIC; IF THEY FAIL, THERE WOULD PROBABLY BE AN LDP MINORITY GOVERNMENT.

THE BEST ONE COULD HOPE FOR FROM EITHER DEVELOPMENT WOULD BE INTENSIFIED PRESSURES FOR EARLY LOWER-HOUSE ELECTIONS, WHICH COULD ACCELERATE THE SLOW REALIGNMENT THAT HAS BEEN UNDER WAY FOR THE PAST SEVERAL YEARS BUT HAS YET TO PRODUCE A STABLE CORE AROUND WHICH JAPANESE POLITICS CAN ORGANIZE-

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ORIG: STATE RCI
TO: WHITE HOUSE//MR LAKE//
DIRNSA//VADM MCCONNELL//
US REP UN//AMB ALBRIGHT//
SSO DIA//LTGCLAPPER//
INFO: STATE RCI//IS//
SUBJ: SECRETARY'S MORNING SUMMARY FOR 08/14/95

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SUBJECT: SECRETARY'S MORNING SUMMARY FOR 08/14/95

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MORNING SUMMARY

14 AUGUST 1995

CURRENT REPORTS

1. FORMER YUGOSLAVIA: UPDATE

2. IRAQ: UPDATE
3. RUSSIA/CHECHNYA: RUSSIANS TALK TOUGH

4. ISRAEL: CABINET VOTES ON TABA

5. DPRK/ROK: RICE IS NICE

6. KASHMIR: AND THEN THERE WERE FOUR

7. FRANCE/UN: STROKING IRAQ

8. TURKMENISTAN: SEEKING NEW EU LOAN

9. TAJIKISTAN/IMF: MORE PROBLEMS

ANALYSIS

1. GERMANY: SPD TROIKA TROUBLES

2. AEGEAN SEA: UNCLOS TENSIONS

CURRENT REPORTS

1. FORMER YUGOSLAVIA: UPDATE

BOSNIAN PRESIDENT IZETBEGOVIC YESTERDAY REJECTED A TRANSFER OF GORAZDE TO THE BOSNIAN SERBS. REFUGEE AND HUMANITARIAN EMERGENCIES ARE BEGINNING TO TAX INTERNATIONAL RELIEF AGENCIES.

IZETBEGOVIC ON US INITIATIVE. SPEAKING AFTER A TELEPHONE CONVERSATION WITH THE VICE PRESIDENT, IZETBEGOVIC YESTERDAY DECLARED "WE WILL NOT GIVE UP GORAZDE IF WE HAVE TO FIGHT FOR THE NEXT 15 YEARS." IZETBEGOVIC INDICATED HE WOULD AWAIT THE ARRIVAL OF US OFFICIALS IN SARAJEVO TOMORROW TO LEARN THE DETAILS OF THE PLAN.

REFUGEE AND HUMANITARIAN ISSUES. AN ICRC TRUCK CONVOY CARRYING 48 TONS OF MEDICAL EQUIPMENT AND EIGHT TONS OF FLOUR YESTERDAY ARRIVED IN BANJA LUKA, ACCORDING TO PRESS REPORTS. A SECOND CONVOY CARRYING 30,000 MRES IS EXPECTED TO ARRIVE TODAY. ICRC PRESIDENT SOMMARUGA YESTERDAY INDICATED THE CROATIAN GOVERNMENT HAD CONFIRMED THERE WERE NO POLITICAL OBSTACLES FOR THE AIRLIFT INTO BANJA LUKA BUT THAT SECURITY CONCERNS STILL DELAYED IT.

UNHCR YESTERDAY SAID THE "FRY" HAD TEMPORARILY CLOSED ITS BORDERS TO SOME 70,000 SERB REFUGEES IN ORDER TO REDIRECT THE FLOW OF DISPLACED PERSONS SOUTHWARD. UNHCR WAS PREPARING TO AIRLIFT FOOD BY HELICOPTER INTO THE BIJELJINA AREA OF EASTERN BOSNIA, ALREADY SO FULL OF REFUGEES THAT THE RELIEF AGENCY WAS RUNNING OUT OF STOCKS. NOTING THAT KRAJINA SERBS WERE BEGINNING TO PROTEST THE AUGUST 12 DECISION BY THE SERBIAN GOVERNMENT TO PROHIBIT "RSK" DRAFTEES FROM CROSSING THE BORDER, UNHCR SAID IT WAS URGING BELGRADE TO ACCEPT ALL THOSE WHO WANT ASYLUM.

SOMMARUGA ON AUGUST 12 PUBLICLY THANKED THE CROATIAN GOVERNMENT FOR ITS "EXCELLENT COOPERATION" AND ACCESS TO POWS. HE SAID ICRC WORKERS SO FAR HAD VISITED 458 SERB DETAINEES AT SEVEN RECEPTION CENTERS IN CROATIA. SOMMARUGA CONTRASTED THIS WITH THE POSITION OF "SRBH" AUTHORITIES, WHO CONTINUED TO DENY ACCESS TO DETAINEES FROM SREBRENICA AND ZEPA. UN SPECIAL ENVOY AKASHI ON AUGUST 12 SAID NO PROGRESS HAD BEEN MADE IN THE UN'S EFFORTS TO INSPECT SUSPECTED MASS GRAVES IN THOSE TOWNS.

COMMENT: BY REFUSING TO ACCEPT DRAFTEES BELGRADE MAY HOPE TO

FORCE ENTIRE FAMILIES TO STAY IN BOSNIA. ITS DECISION TO ROUTE REFUGEES INTO SOUTHERN SERBIA RISKS RAISING NEW TENSIONS WITH THE SANDJAK MUSLIM COMMUNITY AND THE ALBANIAN MAJORITY IN KOSOVO. #5133

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CROATIAN DIPLOMATIC SOUNDINGS. CROATIAN FOREIGN MINISTRY OFFICIAL SIMONOVIC, IN LONDON YESTERDAY, APOLOGIZED TO THE THOUSANDS OF KRAJINA SERBS WHO HAD LEFT THEIR HOMES, SAYING "ALL OUR SYMPATHIES ARE WITH THE SERBIAN REFUGEES" AND THERE WAS "NO EXCUSE" FOR ATTACKS ON ETHNIC SERBS LEAVING CROATIA. SIMONOVIC SAID ZAGREB WANTED TO REINTEGRATE EASTERN SLAVONIA INTO CROATIA WITHOUT THE USE OF FORCE; RESPONDING TO A QUESTION ABOUT THE MILITARY OPTION, HE SAID THAT "WHETHER WE CAN OR CANNOT IS QUESTIONABLE; THE POINT IS NOW THAT WE DON'T WANT TO DO IT."

COMMENT: ZAGREB INTENDS IT REASSURE ITS WESTERN AUDIENCE ABOUT ITS WILLINGNESS TO NEGOTIATE AND TO BLUNT THE ALARMIST RHETORIC ABOUT ITS INTENTIONS EMANATING FROM BELGRADE.

KARADZIC, MLADIC RENEW CALLS FOR UNITY. FROM THEIR SEPARATE LOCATIONS INSIDE BOSNIA ON AUGUST 12, BOSNIAN SERB "PRESIDENT" KARADZIC AND BSA COMMANDER MLADIC ISSUED APPEALS FOR UNITY TO ACHIEVE VICTORY OVER THE "ENEMY." KARADZIC NOTED THAT THE "SUPREME COMMAND OF THE SERB REPUBLIC ARMY IS DOING ITS DUTY, JUST AS ALL OTHER COMMANDS ARE DOING, AND THERE ARE NO PROBLEMS IN THAT RESPECT."

COMMENT: THE CONTRAST BETWEEN THE TWO APPEALS IS STRIKING; MLADIC CALLED ON THE ENTIRE SERB NATION THROUGHOUT THE FORMER YUGOSLAVIA TO JOIN FORCES WHILE KARADZIC LIMITED HIS APPEAL TO THE "SRBH." KARADZIC'S PRAISE FOR THE BSA SUGGESTS HIS POLITICAL POSITION REMAINS TENUOUS AT BEST.

UNCRO HOME FOR HOLIDAYS? UNPF COMMANDER GENERAL JANVIER ON AUGUST 12 ORDERED THE PHASED WITHDRAWAL OF ALL 11 UNCRO BATTALIONS FROM SECTORS NORTH, SOUTH, AND EAST, 3.3(b)(1) THE WITHDRAWAL IS TO BEGIN ON AUGUST 16 AND BE COMPLETED BY MID-DECEMBER. ADDITIONAL FORCES WILL BE WITHDRAWN FROM UNPROFOR, INCLUDING THE BANGLADESHI BATTALION IN BIHAC WHICH WILL NOT BE REPLACED AFTER ITS SCHEDULED ROTATION IN OCTOBER 1995.

1.4(c) SERBIAN PRESIDENT MILOSEVIC DID NOT WANT UNCRO MONITORS ALONG THE CROATIA-SERBIA BORDER IN SECTOR EAST, 1.4(c) CURRENT CROATIAN DEPLOYMENTS NEAR SECTOR EAST ARE HIGHLY

DESTABILIZING [redacted 1.4(c)] BELIEVED KRAJINA SERBS IN SECTOR EAST DO NOT WANT UNCRO TO WITHDRAW AND THAT THEY WILL DELAY FURTHER DISCUSSIONS.

"FRY" FOREIGN MINISTER JOVANOVIC YESTERDAY ACCUSED CROATIAN ARMY TROOPS OF FIRING SMALL ARMS AND MORTARS ON SERB POSITIONS IN EASTERN SLAVONIA, ACCORDING TO PRESS REPORTS. JOVANOVIC SAID SUCH CROATIAN ACTIVITIES, "CONTINUE TO DEMONSTRATE A POLICY OF FORCE AND ORIENTATION TO WAR AND AGGRESSION."

COMMENT: THOUGH SECTOR EAST REMAINS RELATIVELY CALM BUT TENSE, UN MILITARY OBSERVERS [UNMOS] CONTINUE TO REPORT THAT KRAJINA SERBS RANDOMLY FIRE ON CROATIAN TARGETS. BOTH CROATIAN AND YUGOSLAV [VJ] UNITS CONTINUE TO REINFORCE POSITIONS TO THE WEST AND EAST OF THE SECTOR. JANVIER'S ORDER WOULD WITHDRAWAL ALL UNCRO FORCES A MONTH EARLIER THAN PREVIOUSLY REPORTED.

EYE ON DUBROVNIK. A CROATIAN OFFICER IN EARLY AUGUST SAID THE CROATIAN ARMY PLANS TO CAPTURE TREBINJE AND ITS SURROUNDINGS TO DESTROY BOSNIAN SERB ARTILLERY AND MISSILE SITES THAT CAN TARGET DUBROVNIK, [redacted 3.3(b)(1)] UN MILITARY OBSERVERS YESTERDAY REPORTED CROATIAN ARMY AND BOSNIAN SERB FORCES CONTINUE TO EXCHANGE ARTILLERY FIRE, AND CROATIAN AND VJ UNITS IN THE REGION REPORTEDLY HAVE BEEN REINFORCED, [redacted 1.4(c)]

[redacted 1.4(c)]

COMMENT: UNMOS ARE UNABLE TO CONFIRM REPORTS OF INFANTRY ATTACKS ALONG THE LINES BETWEEN DUBROVNIK AND TREBINJE.

BOSNIA'S JOINT COMMAND, PLANNING AHEAD. THE SENIOR BOSNIAN CROAT OFFICER OF THE BOSNIAN GOVERNMENT-BOSNIAN CROAT JOINT COMMAND, GENERAL FILIPOVIC, ON AUGUST 8 REPORTED THAT BEFORE YEAR'S END THE BOSNIAN CROAT ARMY [HVO] HOPES TO DRIVE NORTH FROM BOSANSKO GRAHOVO TO LINK UP IN KULEN VAKUF WITH THE BOSNIAN GOVERNMENT V CORPS FROM BIHAC, [redacted (b)(3)] THE GENERAL BELIEVES ZAGREB WILL TRY TO TAKE SECTOR EAST BY FORCE IN 1996 IF NEGOTIATIONS THIS YEAR FAIL.

THE BOSNIAN ARMY VII CORPS REPORTEDLY HAS CAPTURED THE HIGH GROUND NORTHEAST OF DONJI VAKUF IN CENTRAL BOSNIA, ACCORDING TO PRESS REPORTS. HVO FORCES HAVE BEEN REINFORCED NEAR KUPRES, AND UN OFFICIALS REPORT THAT CROATIAN ARTILLERY YESTERDAY CROSSED INTO BOSNIA HEADED NORTH TOWARD DONJI VAKUF, [redacted 1.4(c)] PRESS REPORTS. BOSNIAN SERB ARTILLERY YESTERDAY SHELLED TUZLA; UNPROFOR RAPID REACTION FORCE UNITS ON AUGUST 12 SHELLED A BOSNIAN SERB POSITION TARGETING A UN OBSERVATION POST IN SARAJEVO, ACCORDING TO PRESS REPORTS.
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2. IRAQ: UPDATE

SADDAM'S PLANS. IRAQI DEFECTOR HUSAYN KAMIL AL-MAJID AL-TIKRITI SAID SADDAM HUSSEIN MADE CLEAR HIS INTENTION TO STOP COOPERATING WITH UNSCOM IF IT DID NOT MEET IRAQ'S DEMANDS TO CERTIFY COMPLIANCE ON WEAPONS ISSUES AND LIFT THE SIEGE AGAINST IRAQ, 3.3(b)(1) IN EARLY AUGUST, SADDAM INSTRUCTED HIS MILITARY LEADERS TO PREPARE CONTINGENCY PLANS FOR AN INVASION OF KUWAIT AND/OR SAUDI ARABIA, STRESSING THAT IF KUWAIT WAS THE TARGET, ITS ROYAL FAMILY MUST BE PREVENTED FROM FLEEING AS HAPPENED IN 1990. HUSAYN KAMIL ADDED THAT BAGHDAD HAS NO NEAR-TERM INTENTION OF ATTACKING THE KURDS, BUT WILL ATTEMPT TO RETAKE THE NORTH ONCE SANCTIONS ARE LIFTED. HE BELIEVES MILITARY ACTION AGAINST KUWAIT OR SAUDI ARABIA IS A DEFINITE POSSIBILITY IN COMING MONTHS AND INEVITABLE IN THE LONG TERM. HE STRESSED THAT SADDAM ACTED, AND WOULD ACT IN THE FUTURE, WITHOUT REGARD TO OBJECTIVE REALITIES, INCLUDING THE LIKELIHOOD OF ACTION BY US AND COALITION FORCES.

COMMENT: HUSAYN KAMIL CLEARLY SEEKS TO PORTRAY SADDAM AS ACTING IRRATIONALLY AND AGAINST IRAQ'S INTERESTS. HIS COMMENTS ON THE IRAQI LEADER'S PLANS SHOULD BE VIEWED IN THAT LIGHT. NEVERTHELESS, HIS STATEMENTS ARE PROBABLY AN ACCURATE ASSESSMENT OF BAGHDAD'S RECENT MILITARY PLANNING.

BLAMING HUSAYN KAMIL. TARIQ AZIZ YESTERDAY SAID IRAQ WOULD REVEAL VITAL INFORMATION ON ITS WEAPONS PROGRAMS THAT HUSAYN KAMIL HAD BEEN HOLDING BACK FROM THE UN, ACCORDING TO PRESS REPORTS. AZIZ SAID GENERAL AMER RASHID, REAPPOINTED AS HEAD OF IRAQI'S MILITARY INDUSTRIAL ORGANIZATION [MIO] TO REPLACE HUSAYN KAMIL, SENT LETTERS INVITING UNSCOM CHIEF EKEUS AND IAEA DIRECTOR BLIX TO BAGHDAD TO COLLECT NEW DATA. AZIZ CLAIMED MIO SPECIALISTS HAD COME FORWARD AFTER THE DEFECTIONS SAYING KAMIL HAD ORDERED THEM TO WITHHOLD INFORMATION FROM THE UN. 1.4(c) EKEUS IS EXCITED ABOUT THE PROSPECT OF VISITING IRAQ AND LEARNING NEW INFORMATION ABOUT ITS WEAPONS PROGRAMS, 1.4(c)

COMMENT: THIS IS A CLEAR CASE OF THE POT CALLING THE KETTLE BLACK. HUSAYN KAMIL DID PARTICIPATE IN IRAQ'S EFFORTS TO WITHHOLD WEAPONS INFORMATION FROM UNSCOM AND THE IAEA; THE POLICY OF OBSTRUCTIONISM, DELAY, AND CONCEALMENT WAS DICTATED FROM THE TOP. BAGHDAD'S EFFORTS TO BLAME THE ENTIRE COVERUP ON HIM WILL LIKELY BRING INTERNATIONAL DERISION DOWN UPON THE REGIME.

WATBAN WOUNDED? FORMER IRAQI INTERIOR MINISTER WATBAN IBRAHIM AL-TIKRITI ON AUGUST 10 UNDERWENT AN OPERATION FOR BULLET WOUNDS TO HIS LEG, 1.4(c) WATBAN'S CONDITION WAS STABLE, BUT HIS LEG WAS NOT IN GOOD SHAPE. 1.4(c) INJURY WAS NOT SUSTAINED ACCIDENTALLY

DURING A "CELEBRATION" AS HAD BEEN REPORTED EARLIER IN THE NEWSPAPER BABIL. 1.4(c) A CUBAN PHYSICIAN WHO HAS TREATED SADDAM IN THE PAST IS TRAVELING TO IRAQ TO TREAT A WOUNDED PERSON, POSSIBLY WATBAN.

COMMENT: IRAQI OPPOSITION SOURCES EARLIER REPORTED THAT THE BABIL REPORT WAS FALSE AND CLAIMED THAT SHOTS WERE DELIBERATELY FIRED AT WATBAN AND ONE OF HIS BODYGUARDS. SOME OPPOSITIONISTS BELIEVE SADDAM'S SON, UDAY, WAS BEHIND THIS ATTEMPT AGAINST WATBAN. IF THESE REPORTS ARE TRUE, THE ATTEMPT MAY HAVE SPURRED HUSAYN KAMIL AND HIS BROTHER TO SEEK REFUGE IN JORDAN.

ASSASSINATION THREAT. IRAQI TELEVISION ON AUGUST 12 BROADCAST A MESSAGE ON BEHALF OF THE AL-TIKRITI FAMILY FROM FORMER DEFENSE MINISTER ALI HASSAN AL-MAJID -- WHO ACCOMPANIED UDAY TO AMMAN TO DEMAND THE RETURN OF THE DEFECTORS -- DENOUNCING HUSAYN KAMIL'S "TREASON" AND STATING THAT "THE FAMILY HAS UNANIMOUSLY DECIDED TO PERMIT WITH IMPUNITY THE SPILLING OF BLOOD."

MILITARY ACTIVITY NORMAL. THERE HAS BEEN NO DISCERNIBLE RESPONSE TO THE DEFECTIONS BY IRAQI GROUND, AIR OR AIR DEFENSE ELEMENTS AND NO CHANGE IN THE MILITARY'S ALERT POSTURE, 1.4(c) KUWAIT'S ARMED FORCES ARE ON ALERT AND SAUDI ARABIA HAS ASSIGNED EXTRA PATROLS NEAR THE JORDANIAN BORDER. JORDANIAN INTELLIGENCE OFFICIALS REPORT BAGHDAD IS QUIET, BUT THERE IS GENERAL NERVOUSNESS, 3.3(b)(1) UNSCOM OFFICIALS AND JOURNALISTS IN BAGHDAD ALSO REPORT THE SECURITY SITUATION IS NORMAL.

SADDAM ON AUGUST 10 REMOVED 20 REPUBLICAN GUARD OFFICERS AND REPLACED LIEUTENANT GENERAL IBRAHIM ABD AL-SATTAR, CHIEF OF STAFF OF THE REPUBLICAN GUARD. MAJOR GENERAL KAMAL MUSTAFA AL-TIKRITI, A RELATIVE OF HUSAYN KAMIL, WAS REMOVED FROM HIS POSITION AS COMMANDER OF THE FIRST CORPS OF THE REPUBLICAN GUARD AND PLACED UNDER HOUSE ARREST, 3.3(b)(1) AND PRESS REPORTS. ON AUGUST 11, SADDAM ORDERED SPECIAL REPUBLICAN GUARD #5135

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UNITS TO FOLLOW ORDERS ONLY FROM HIMSELF OR HIS YOUNGER SON, QUSAY. THE DIRECTIVE SPECIFICALLY NOTED THAT UNITS SHOULD NOT TAKE ORDERS FROM UDAY, SADDAM'S ELDER SON.

JUMPING SHIP? AN AUGUST 12 3.3(b)(1) IRAQI OPPOSITION RADIO BROADCAST CLAIMED THAT BARZAN AL-TIKRITI IS IN CONTACT WITH US DIPLOMATS IN GENEVA IN AN ATTEMPT TO DISTANCE HIMSELF FROM SADDAM

HUSSEIN, ACCORDING TO PRESS REPORTS.

REACTIONS. KUWAIT VIEWS THE IRAQI DEFECTIONS AS A POSITIVE DEVELOPMENT AND A SURE SIGN OF INTERNAL WEAKNESS IN BAGHDAD, BUT WORRIES THAT ONE TIKRITI THUG MIGHT REPLACE ANOTHER, ACCORDING TO EMBASSY KUWAIT. SOME KUWAITIS REMAIN SKEPTICAL OF KING HUSSEIN'S MOTIVES, SEEING HIS MOVE AS AN ATTEMPT TO POSITION HIMSELF AND JORDAN FOR THE FUTURE.

IRAN'S OFFICIAL PRESS AGENCY YESTERDAY SAID IT IS CLEAR THAT SADDAM IS LOSING HIS GRIP ON POWER AND OBVIOUS THAT HIS DOWNFALL IS IMMINENT.

EGYPTIAN PRESIDENT MUBARAK SHARES THE US ASSESSMENT OF THE IMPORTANCE OF THE IRAQI DEFECTIONS, IS STRONGLY SUPPORTIVE OF JORDAN, AND DISCOUNTS THE POSSIBILITY OF IRAQI MILITARY ACTION, ACCORDING TO EMBASSY CAIRO.

ISRAEL'S FOREIGN MINISTRY SAID SADDAM HAS SUFFERED A SHOCK BUT NOT A DEATH BLOW, ACCORDING TO PRESS REPORTS. UNIDENTIFIED SOURCES IN THE ISRAELI DEFENSE ESTABLISHMENT DESCRIBED HUSAYN KAMIL AS "A SERIOUS MAN WITH INCREDIBLE ORGANIZATIONAL POWERS"; RABIN REPORTEDLY PROMISED KING HUSSEIN MAXIMUM SUPPORT.

TURKEY RESPONDED CAUTIOUSLY. DEPUTY PRIME MINISTER CETIN SAID TURKEY'S PRIMARY CONCERN WAS THE AUTHORITY VACUUM IN NORTHERN IRAQ AND AGAIN CALLED ON THE KURDS TO ESTABLISH A DIALOGUE WITH BAGHDAD.

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3. RUSSIA/CHECHNYA: RUSSIANS TALK TOUGH

SENIOR OFFICIALS MEETING IN GROZNYY YESTERDAY WARNED THAT RUSSIA IS PREPARED TO IMPLEMENT "UNILATERALLY" THE JULY 30 MILITARY AGREEMENT, ACCORDING TO PRESS REPORTS. INTERIOR MINISTER GENERAL KULIKOV AND NATIONALITIES MINISTER MIKHAYLOV STATED IN NEARLY IDENTICAL TERMS THAT IF THE CHECHEN SIDE REFUSES TO DISARM IN ACCORDANCE WITH THE AGREEMENT, THE RUSSIAN SIDE WILL DISARM THE "ILLEGAL ARMED FORMATIONS" BY FORCE. RUSSIAN NEGOTIATORS REJECTED CHECHEN CLAIMS THAT THE MILITARY ACCORDS DO NOT REQUIRE PRO-DUDAYEV UNITS TO GIVE UP THEIR WEAPONS, AND GENERAL ROMANOV SAID HE HAD PRESENTED A PLAN FOR THE DISARMAMENT OF CHECHEN FORMATION TO CHECHEN CHIEF OF STAFF MASKHADOV. AN OFFICIAL RUSSIAN COMMAND STATEMENT ON AUGUST 12 REJECTED CHECHEN CHARGES OF RUSSIAN CEASE-FIRE VIOLATIONS AND CHARGED CHECHEN GUERRILLAS WITH OVER 200 ATTACKS THAT KILLED 10 AND WOUNDED 37 RUSSIAN TROOPS IN THE TWO WEEKS SINCE THE ACCORDS WERE SIGNED.

COMMENT: RUSSIAN OFFICIALS INCREASINGLY ARE EXASPERATED BY CHECHEN REFUSAL TO IMPLEMENT THE DISARMAMENT PROVISIONS OF THE MILITARY AGREEMENT AND STALLING ON ITS OTHER PROVISIONS, INCLUDING EXCHANGE OF PRISONERS OF WAR AND DETAINEES. CHECHEN REBELS, WHO ARE UNDER NO CLEAR CHAIN OF COMMAND, ARE ALMOST CERTAIN TO RESIST RUSSIAN EFFORTS TO DISARM THEM. THEY HAVE RETURNED TO POPULATED AREAS IN LARGE NUMBERS AND THEIR RESISTANCE COULD SPARK RENEWED URBAN FIGHTING.

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4. ISRAEL: CABINET VOTES ON TABA

THE CABINET YESTERDAY APPROVED THE ISRAELI-PALESTINIAN ACCORD INITIALLED IN TABA LAST WEEK, ACCORDING TO PRESS REPORTS. PRIOR TO THE VOTE, PRIME MINSTER RABIN TOLD THE CABINET THE TALKS WITH THE PALESTINIANS WILL GO ON FOR "MANY MORE WEEKS" AND STRESSED THAT LITTLE WOULD CHANGE AS FAR AS ISRAELI SECURITY PRESENCE WAS CONCERNED. ENERGY MINISTER SEGEV OF THE YI'UD PARTY VOTED AGAINST THE ACCORD; INTERIOR MINISTER BARAK AND RELIGIOUS AFFAIRS MINISTER SHETREET [LABOR] ABSTAINED. BARAK TOLD ISRAEL RADIO THAT THE AGREEMENT'S REDEPLOYMENT TIMETABLE COULD COMPLICATE ISRAEL'S NEGOTIATING POSITION ON FINAL STATUS ISSUES. ISRAEL RADIO REPORTED THAT AGRICULTURE MINISTER TZUR [LABOR] WITHDREW HIS RESERVATION TO THE ACCORD AFTER HE LEARNED THAT US OFFICIALS WOULD NOT BE PART OF THE COMMITTEE DEALING WITH WATER ISSUES AND WOULD PARTICIPATE ONLY IN A COMMITTEE ON ECONOMIC PROJECTS. AFTER THE SESSION, RABIN WARNED THAT ANY MINISTER PLANNING TO CONTEST THE CABINET VOTE PUBLICLY SHOULD RESIGN FROM THE GOVERNMENT. SEGEV, BARAK, AND SHETREET ALL INDICATED THEY WOULD SUPPORT THE CABINET'S DECISION. KNESSET MEMBERS QAHALANI AND ZISSMAN, TWO OF THREE LABOR MKS WHO VOTED AGAINST THE GOVERNMENT IN THE JULY 26 DEBATE ON THE GOLAN HEIGHTS SUPERMAJORITY LEGISLATION, YESTERDAY PLEDGED NOT TO SUPPORT THE GOVERNMENT IF THE TABA AGREEMENT IS BROUGHT BEFORE THE KNESSET.
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COMMENT: THOUGH SEGEV, BARAK, AND SHETREET WILL NOT OPPOSE THE GOVERNMENT IN ANY KNESSET VOTE ON TABA, THEIR VARYING SHADES OF OPPOSITION TO THE ACCORD COULD ENCOURAGE OTHERS, ASIDE FROM QAHALANI AND ZISSMAN, TO MORE OPENLY EXPRESS THEIR OWN MISGIVINGS. BARAK, A CLOSE PERSONAL FRIEND OF RABIN'S, ONLY LAST WEEK WAS APPOINTED TO THE INNER CABINET ON DEFENSE AND SECURITY MATTERS; HIS ABSTENTION IN PARTICULAR IS A SIGNAL TO RABIN THAT DOUBTS RUN DEEP ABOUT CHANGES IN THE IDF'S SECURITY ORIENTATION IN THE WEST BANK, MUCH LESS ON THE GOLAN, WHERE BARAK BELIEVES ISRAEL SHOULD RETAIN A MILITARY PRESENCE EVEN IF THERE IS PEACE WITH DAMASCUS.

THE VOTES OF SEGEV, ONCE A MEMBER OF THE RIGHT-WING TZOMET PARTY, AND OF THE CONSERVATIVE SHETREET, ONE OF THE ARCHITECTS OF THE GOLAN SUPERMAJORITY BILL, TOGETHER WITH BARAK'S ABSTENTION WILL ADD TO THE GROWING CONVICTION OF MANY IN LABOR THAT IT IS NOT IN THE PARTY'S INTEREST TO TRY TO NEGOTIATE DEALS WITH THE PALESTINIANS AND THE SYRIANS SIMULTANEOUSLY.

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5. DPRK/ROK: RICE IS NICE

THE DPRK YESTERDAY ANNOUNCED THAT, DESPITE THE "PREMEDITATED PROVOCATION OF THE SOUTH KOREAN AUTHORITIES TO ABUSE THE RICE PROBLEM FOR NATIONAL ANTAGONISM," IT WOULD ACT "LENIENTLY" AND SEND HOME A SOUTH KOREAN SHIP AND ITS CREW, HELD FOR THE PAST SEVERAL DAYS AFTER THE NORTH CAUGHT A CREWMEMBER TAKING PHOTOGRAPHS IN A NORTHERN PORT, ACCORDING TO PRESS REPORTS. THE ISSUE WAS RESOLVED AUGUST 12 IN TALKS IN BEIJING, WHEN THE SOUTH ADMITTED THE CREWMAN HAD TAKEN PHOTOGRAPHS, PROMISED IT WOULD NOT HAPPEN AGAIN, AND AGREED TO RESUME RICE SHIPMENTS. SOON AFTER THE SHIP SAILED FOR HOME YESTERDAY, SEOUL ANNOUNCED THAT ANOTHER SOUTH KOREAN SHIP CARRYING RICE HAD LEFT FOR THE NORTH KOREAN PORT OF NAMPO.

COMMENT: THIS SORT OF ISSUE WOULD NORMALLY TAKE THE TWO SIDES WEEKS TO RESOLVE, IF THEY COULD SOLVE IT AT ALL. THAT THEY REACHED A SETTLEMENT SO QUICKLY UNDERSCORES THAT BOTH PYONGYANG AND SEOUL ARE IN A MOOD TO MOVE AHEAD, NOT SIMPLY ON THE RICE DEAL BUT ALSO ON THE LARGER QUESTION OF RESUMING DIALOGUE. THOUGH IT TENDS NOT TO HAPPEN VERY OFTEN, THE TWO KOREAS DO KNOW HOW TO SURMOUNT OBSTACLES INSTEAD OF TURNING THEM INTO MAJOR TESTS OF WILL.

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6. KASHMIR: AND THEN THERE WERE FOUR

MILITANTS OF THE AL-FARAN GROUP KILLED ONE OF THE FIVE WESTERN HOSTAGES THEY HAVE BEEN HOLDING SINCE EARLY JULY, ACCORDING TO PRESS REPORTS. INDIAN SECURITY FORCES FOUND THE BEHEADED BODY OF NORWEGIAN HANS CHRISTIAN OSTRO WITH A NOTE FROM THE MILITANTS THREATENING THE REMAINING HOSTAGES WITH A SIMILAR FATE UNLESS 15 JAILED MILITANTS WERE RELEASED BY AUGUST 15.

COMMENT: THOUGH THE KIDNAPPERS HAD THREATENED TO KILL THE HOSTAGES BEFORE, MOST OBSERVERS THOUGHT THE AL-FARAN WOULD USE THE HOLIDAYS BETWEEN AUGUST 10-15 [THE PROPHET MUHAMMAD'S BIRTHDAY, THE END OF A LOCAL HINDU PILGRIMAGE, AND PAKISTAN AND INDIAN INDEPENDENCE DAYS] AS OPPORTUNITIES TO RELEASE THE HOSTAGES AND SAVE FACE.

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7. FRANCE/UN: STROKING IRAQ

UN SECRETARY-GENERAL BOUTROS-GHALI REPORTEDLY AGREED TO A REQUEST BY FRENCH PRESIDENT CHIRAC DURING THEIR JULY 5 GENEVA MEETING TO INSTALL A SPECIAL FRENCH NATIONAL ADVISER ON IRAQI SANCTIONS ISSUES, 3.3(b)(1) THE NOMINEE, FRENCH UN MISSION FIRST SECRETARY JOSEPH SILVA, WOULD FUNCTION AS A TEMPORARY SPECIAL ADVISER, BE PAID BY FRANCE, AND REPORT TO BOUTROS-GHALI. UN POLITICAL AFFAIRS CHIEF GOULDING REPORTEDLY OBJECTED TO THIS HEAVY-HANDED AND IRREGULAR PLACEMENT BUT SUGGESTED THE SECRETARY-GENERAL FINESSE THE ISSUE BY PLACING

SILVA IN A CONSULTANT ROLE.

COMMENT: MAK NG SILVA A CONSULTANT MIGHT NOT MEET CHIRAC'S AIM OF HAVING A FRENCHMAN WITH CLOSE ACCESS TO THE SECRETARY-GENERAL FOLLOW IRAQI DEVELOPMENTS FOR FRENCH COMMERCIAL ADVANTAGE. SILVA, OFTEN VISCERALLY ANTI-US, WOULD SEEK TO OBSTRUCT AND DISCREDIT WASHINGTON'S IRAQ POLICY AIMS IN THE UN.

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8. TURKMENISTAN: SEEKING NEW EU LOAN

TURKMENISTAN SAYS IT WILL BE UNABLE TO REPAY A USD 61.2 MILLION EU LOAN DUE ON AUGUST 20 BECAUSE IMPORTERS OF TURKMEN GAS HAVE
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NOT FULLY PAID FOR CURRENT DELIVERIES, 1.4(c) TURKMENISTAN HAS REQUESTED IMF SUPPORT IN OBTAINING A NEW LOAN FROM THE EU TO REPAY THE CURRENT LOAN; IT EVEN SUGGESTED THAT ITS OBLIGATION TO THE EU BE ASSIGNED TO UKRAINE AND GEORGIA.
TURKMENISTAN CLAIMS THAT ARMENIA, AZERBAIJAN, GEORGIA, AND UKRAINE HAVE ACCUMULATED 1995 GAS DEBTS TOTALING USD 227 MILLION. THE DEBTORS DISPUTE THE FIGURES, AND UKRAINE ARGUES THAT NOT ALL OF ITS GAS DEBT IS INTERGOVERNMENTAL. GEORGIA ALSO FAILED TO MAKE A USD 16.4 MILLION INTEREST PAYMENT TO TURKMENISTAN UNDER A JANUARY RESCHEDULING AGREEMENT. 1.4(c) NOTED THAT DESPITE ADEQUATE FOREIGN-EXCHANGE RESERVES, TURKMENISTAN HAD DIFFICULTY MEETING ITS FOREIGN DEBTS DURING JUNE AND JULY [MOST NOTABLY A LATE PAYMENT TO THE US EXIMBANK].

COMMENT: TURKMENISTAN SOUGHT IMF AID LAST JUNE TO RESCHEDULE USD 280 MILLION OF FOREIGN DEBT DUE THIS YEAR. IN PART, TURKMENISTAN WANTS TO DEMONSTRATE IT CANNOT AFFORD TO OFFER FURTHER CONCESSIONS TO ITS OWN DEBTORS. ARMENIA AND TURKMENISTAN ON AUGUST 4 AGREED ON NEW GAS PAYMENT AND DELIVERY TERMS.

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9. TAJIKISTAN/IMF: MORE PROBLEMS

PRIME MINISTER KARIMOV AND FINANCE MINISTER MUZAFFAROV ON AUGUST 9 COMPLAINED THAT AN EXPECTED STANDBY AGREEMENT WITH THE IMF HAD FALLEN THROUGH AT THE LAST MINUTE, ACCORDING TO EMBASSY DUSHANBE. THE FINANCE MINISTER NOTED THAT AN IMF MISSION SCHEDULED TO ARRIVE ON AUGUST 20 HAS BEEN DELAYED UNTIL MID-SEPTEMBER, AND ITS

REPORT WOULD BE TOO LATE FOR CONSIDERATION BY THE IMF EXECUTIVE BOARD IN SEPTEMBER, PRECLUDING ANY CHANCE OF DRAWING ON A STANDBY THIS YEAR. THE FUND ALSO REPORTEDLY POSTPONED UNTIL SEPTEMBER THE DONORS' MEETING THAT HAD BEEN SCHEDULED FOR AUGUST 22 IN WASHINGTON.

COMMENT: FUND STAFF IN FACT HAVE NOT RULED OUT THE POSSIBILITY OF A STANDBY PROGRAM THIS YEAR AND OF DISBURSEMENTS AS EARLY AS NOVEMBER. THE IMF IS PREPARED TO OFFER A "FIRST CREDIT TRANCHE" STANDBY ARRANGEMENT, WHICH HAS WEAKER CONDITIONALITY THAN A STANDARD STANDBY ARRANGEMENT AND ALLOWS FOR DISBURSEMENT UP FRONT. BUT MUCH HINGES ON TAJIKISTAN TAKING STRONG MEASURES TO BOOST REVENUES, CUT EXPENDITURES, AND TIGHTEN MONETARY POLICIES.

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ANALYSIS - 14 AUGUST 1995

1. GERMANY: SPD TROIKA TROUBLES

ARMED WITH AN SPD MAJORITY IN GERMANY'S UPPER HOUSE, THE BUNDESRAT, AGAINST A RAZOR-THIN CDU/CSU-FDP BUNDESTAG MAJORITY, SPD LEADER RUDOLF SCHARPING BOASTED LAST FALL THAT KOHL COULD NOT GOVERN WITHOUT THE SPD; LESS THAN A YEAR LATER THE CLAIM LACKS CREDIBILITY, EVEN THOUGH MOST MAJOR MOVES HAVE BEEN CDU-SPD COMPROMISES. THE CONSERVATIVE COALITION HAS HELD TOGETHER IN PARLIAMENT, BUT THE TACTICAL UNITY OF THREE SPD LEADERS, COBBLED TOGETHER FOR THE OCTOBER 1994 NATIONAL ELECTIONS, HAS FALLEN APART.

THE SPD LEADERSHIP CONCOCTED THE 1994 TROIKA -- COMPOSED OF SPD CHAIRMAN AND BUNDESTAG CAUCUS LEADER SCHARPING, LOWER SAXONY MINISTER-PRESIDENT SCHROEDER AND SAARLAND MINISTER-PRESIDENT LAFONTAINE -- TO SUPPORT SCHARPING AS HE TOOK ON THE REDOUBTABLE KOHL FOR THE CHANCELLORSHIP. RECALLING THE HIGHLY SUCCESSFUL SPD TROIKA OF WILLY BRANDT, HERBERT WEHNER, AND HELMUT SCHMIDT OF THE SPD'S HEYDAYS IN THE LATE 1960S AND 1970S, THE PARTY HOPED TO REPLICATE THAT PORTRAIT OF SOLIDARITY AND COMPLEMENTARITY. LAFONTAINE'S POPULARITY AND SCHROEDER'S ECONOMIC EXPERTISE WERE TO MAKE THE PARTY A SERIOUS ALTERNATIVE, FOR A PUBLIC INCREASINGLY SKEPTICAL OF THE SPD. BUT LAFONTAINE AND SCHROEDER, BOTH RESENTFUL OF SCHARPING'S STAR BILLING AND CONVINCED THEY WERE MORE QUALIFIED TO LEAD THE PARTY, UNDERMINED HIM FROM THE OUTSET.

SEARCHING FOR A LEADER

AS SPD POPULARITY HAS PLUMMETED -- TO 32 PERCENT IN A LATE-JULY POLL -- THE SEARCH HAS BEGUN QUITE PUBLICLY FOR A NATIONAL LEADER WHO CAN ALTER THE PERCEPTION THAT THE SPD IS INCAPABLE OF GOVERNING. SCHARPING INSISTS HE WILL CONTINUE AS PARTY CHAIRMAN AT THE NOVEMBER CONVENTION ONLY IF HE IS ALSO THE SPD'S 1998 CHANCELLOR-CANDIDATE. ANOTHER SPD LEADER CHAMPIONING SCHROEDER AS THE SPD'S MOST PROMISING CHANCELLOR-CANDIDATE THREATENS TO CALL FOR POLLING THE RANK AND FILE THERE. SCHROEDER HIMSELF, WHO

SAYS THAT TO DECLARE A 1998 CHANCELLOR-CANDIDATE SO SOON WOULD OPEN HIM TO KOHL'S RELENTLESS PUBLIC ATTACKS, RESERVES THE RIGHT TO CHALLENGE SCHARPING'S CLAIM WITH A MEMBERSHIP POLL AT #5138

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SCHROEDER'S CONVENIENCE.

PERSONALITY CLASHES

SCHARPING IS PRAGMATIC, A STRAIGHT-SHOOTING TEAM PLAYER WHO BOWS TO CONVOLUTED COMPROMISE PARTY DECISIONS EVEN WHEN HE PERSONALLY DISAGREES WITH THEM. HE IS ROUNDLY CRITICIZED AS BEREFT OF STRONG CONVICTIONS AND WITHOUT A VISION OF THE PARTY'S FUTURE DIRECTION. HE BITTERLY RESENTS SCHROEDER'S PUBLIC GRANDSTANDING ON SENSITIVE ISSUES LIKE FINANCING SPD SOCIAL-WELFARE PROPOSALS. SCHROEDER IS A CHARISMATIC OPPORTUNIST WHO SEES FUTURE SPD SUCCESS -- AND HIS OWN -- AS LINKED TO FORGING COMPROMISES WITH GERMANY'S INDUSTRIALISTS TO REINVIGORATE THE ECONOMY AND CREATE NEW JOBS, THE SPD'S TOP PRIORITY. SCHROEDER SEES HIMSELF AS THE SPD'S FOREMOST ECONOMIC POLICY MAKER, WHO ALONE COULD IMPLEMENT ITS VISION OF AN ECOLOGICAL INDUSTRIAL SOCIETY.

LAFONTAINE MAY DETERMINE WHO LANDS AT THE TOP OF THE SPD HEAP. HAVING ALREADY LOST A BID FOR CHANCELLOR, HE IS OUT OF THE RUNNING IN 1998. LESS OPENLY INSUBORDINATE THAN SCHROEDER, LAFONTAINE HAS SADDLED SCHARPING WITH HIS LEFTIST AGENDA -- REJECTING SENDING FIGHTERS TO BOSNIA AND A FUTURE FOR NUCLEAR ENERGY. SCHARPING RELIES HEAVILY ON LAFONTAINE'S SUPPORT AGAINST SCHROEDER BUT WILL NEED TO MIND HIS BACK CAREFULLY. LAFONTAINE AND SCHROEDER ARE POISED TO CONSPIRE AGAINST HIM AND TO DIVIDE THE SPOILS: PARTY CHAIRMANSHIP TO LAFONTAINE; CHANCELLOR-CANDIDACY TO SCHROEDER. WHAT REMAINS -- CHAIRMANSHIP OF THE BUNDESTAG CAUCUS -- WOULD BE SCHARPING'S.

ALL THESE TACTICS WILL BE FOR NAUGHT IF THE SPD CANNOT REVERSE ITS FREE FALL AND BECOME CAPABLE OF FORMING A PARLIAMENTARY MAJORITY WITH OTHER MINORITY PARTIES. COALITION POSSIBILITIES ON THE LEFT ARE COMPLEX AND PROMISING BUT UNPREDICTABLE. AT THE STATE LEVEL, GAINS FROM SPD-GREEN COALITIONS HAVE AIDED THE GREENS, MAKING THEM STRONGER AND MORE DIFFICULT. COALITIONS AT THE FEDERAL LEVEL WITH THE COMMUNIST PDS ARE CURRENTLY TABOO AND POLITICALLY SUICIDAL, BUT THE SPD MAY TARGET PDS VOTERS IN EASTERN GERMANY, PERHAPS EVEN ALLOWING FORMER PDS MEMBERS TO JOIN THE SPD. IT WILL ALSO WOO FDP VOTERS, BUT IS CHALLENGED THERE BY

KOHL'S CDU.

THE MEDIA LARGELY FOCUS ON THE SPD'S LEADERSHIP WRANGLE IN TERMS OF PERSONALITIES, BUT THE REAL CRISIS STEMS FROM PERCEPTIONS THAT IT IS A HAIR-SPLITTING, HIGHLY IDEOLOGICAL DEBATING CLUB SO LONG IN OPPOSITION THAT IT CANNOT GOVERN EFFECTIVELY. TO DISPEL THIS VIEW, THE SPD NEEDS TO FLESH OUT AND PUSH THROUGH PARLIAMENT ITS OWN VISION OF GERMANY'S FUTURE SOCIETY -- LONG ITS VOCATION -- AND TO STRENGTHEN ITS ORGANIZATION, PARTICULARLY IN THE EASTERN STATES, WHERE MANY COMMUNIST VOTERS AND SYMPATHIZERS ARE POTENTIAL SPD SUPPORTERS.

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2. AEGEAN SEA: UNCLOS TENSIONS

ON AUGUST 20, 30 DAYS AFTER ATHENS DEPOSITED ITS INSTRUMENTS OF RATIFICATION, THE UN CONVENTION ON THE LAW OF THE SEA [UNCLOS] WILL ENTER INTO EFFECT FOR GREECE. HIGHLY POLITICIZED ARGUMENTS OVER GREECE'S POTENTIAL IMPLEMENTATION OF UNCLOS PROVISIONS WILL INCREASE TENSIONS WITH TURKEY.

MARITIME DISPUTES CONTINUE TO BEDEVIL GRECO-TURKISH RELATIONS. AFTER THE GREEK PARLIAMENT RATIFIED UNCLOS ON JUNE 1, ATHENS RESTATED ITS POSITION THAT, ALTHOUGH IT WAS NOT GOING TO EXTEND ITS TERRITORIAL SEA FROM SIX TO 12 NAUTICAL MILES [NM] NOW, IT RESERVED THE RIGHT, UNDER UNCLOS PROVISIONS, TO DO SO AT ANY TIME. TURKEY, WHICH IS NOT AN UNCLOS SIGNATORY, MAINTAINS THAT THE AEGEAN SHOULD BE TREATED AS A SPECIAL CASE AND BE RESOLVED

BILATERALLY.
ANKARA CONTINUES TO THREATEN THAT AN EXTENSION OF GREEK TERRITORIAL WATERS IN THE AEGEAN WOULD BE GROUNDS FOR WAR, CLAIMING IT WOULD CUT TURKISH ACCESS TO INTERNATIONAL WATERS AND TURN THE AEGEAN INTO A VIRTUAL GREEK LAKE. THOUGH UNCLOS ESTABLISHES A COMPULSORY PROCESS TO ENSURE PEACEFUL SETTLEMENT OF MOST DISPUTES BETWEEN STATES CONCERNING INTERPRETATION OF THE CONVENTION, IT MIGHT NOT NECESSARILY BE INVOKED, EVEN WERE TURKEY A PARTY TO UNCLOS.

GREECE, HOPING TO EXTEND ITS TERRITORIAL SEA WITHOUT DIRECTLY PROVOKING TURKEY, HAS ATTEMPTED UNSUCCESSFULLY TO GET THE EU TO ADOPT A BLANKET 12-NM TERRITORIAL-SEA LIMIT. THE EU CONSIDERS THE ISSUE A BILATERAL ONE FOR GREECE AND TURKEY AND HAS INFORMED ATHENS INFORMALLY THAT IF GREECE EXTENDS ITS TERRITORIAL LIMIT, IT WILL DO SO WITHOUT EU COVER. THOUGH 12 NM IS THE MAXIMUM TERRITORIAL SEA BREADTH ALLOWED UNDER UNCLOS, IT IS NOT A REQUIREMENT. ALSO, A STATE MAY VARY ITS TERRITORIAL-SEA BREADTH. TURKEY, FOR EXAMPLE, CLAIMS A SIX-NM TERRITORIAL SEA IN THE AEGEAN AND 12 NM IN THE BLACK SEA AND THE MEDITERRANEAN.

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FINAL SECTION OF 08 STATE RCI 499

NAVIGATION RIGHTS

AN EXTENDED GREEK TERRITORIAL SEA WOULD REDUCE THE HIGH-SEAS PORTION OF THE AEGEAN FROM 49 PERCENT TO 20 PERCENT, ACCORDING TO TURKEY, SERIOUSLY HINDERING NOT ONLY TURKEY'S NAVIGATION RIGHTS BUT THOSE OF OTHER MARITIME POWERS. UNDER UNCLOS, ALL VESSELS THOUGH NOT AIRCRAFT, WOULD HAVE THE RIGHT OF INNOCENT PASSAGE ' THROUGH GREECE'S TERRITORIAL SEA, BUT THE PROVISION'S PROHIBITION OF SUBMERGED PASSAGE OR OVERFLIGHT WOULD HAMPER TURKISH NAVAL OPERATIONS. A STATE MAY, HOWEVER, WAIVE THE INNOCENT PASSAGE REQUIREMENT [AS HAS BEEN DONE IN THE NATO CONTEXT] THAT SUBMARINES NAVIGATE ON THE SURFACE AND SHOW THEIR FLAG WHILE IN THE TERRITORIAL SEA.

A 12-NM GREEK TERRITORIAL SEA IN THE AEGEAN WOULD CLOSE OFF FORMERLY HIGH-SEAS CORRIDORS IN "INTERNATIONAL STRAITS" BETWEEN THE AEGEAN AND MEDITERRANEAN, BUT IN THESE STRAITS THE RULES FOR "TRANSIT PASSAGE" WOULD PERMIT OVERFLIGHT AND SUBMERGED NAVIGATION. NONETHELESS, A STATE MAY MAINTAIN OR REDUCE ITS TERRITORIAL-SEA CLAIM IN SPECIFIC AREAS TO ACCOMMODATE PARTICULAR NAVIGATION REQUIREMENTS. FOR EXAMPLE, JAPAN DECLINED TO EXTEND ITS TERRITORIAL SEA IN THREE OF ITS STRAITS TO MAINTAIN A HIGH-SEAS CORRIDOR.

AN EXTENSION OF GREECE'S TERRITORIAL SEA WOULD ALSO INCREASE ITS CLAIMED AIRSPACE FROM 10 TO 12 NM; TURKEY ACKNOWLEDGES ONLY TERRITORIAL A RSPACE ABOVE CLAIMED TERRITORIAL SEAS. TURKISH MARITIME RESEARCH, SURVEYING, AND FISHING ACTIVITIES WOULD ALSO BE MORE RESTRICTED BY AN EXTENSION.

THE CONTINENTAL SHELF
THE CONTINENTAL SHELF, ACCORDING TO UNCLOS, COMPRISES THE SEABED AND SUBSOIL OF THE SUBMARINE AREAS THAT EXTEND BEYOND A STATE'S TERRITORIAL SEA, AND MAY BE EXPLORED AND EXPLOITED EXCLUSIVELY BY THE COASTAL STATE FOR ITS NATURAL RESOURCES. DISPUTES ON THIS PROVISION CENTER ON WHETHER OR NOT THE GREEK ISLANDS EAST OF AN AEGEAN MEDIAN LINE HAVE, AS ATHENS CLAIMS, CONTINENTAL SHELVES. ANKARA MAINTAINS THAT THOSE ISLANDS ARE ON THE NATURAL PROLONGATION OF TURKEY'S CONTINENTAL LANDMASS AND THAT THEIR SHELF BEYOND SIX NM BELONGS TO TURKEY. THIS ISSUE IS HIGHLY SENSITIVE BECAUSE OF THE POSSIBILITY OF SUBSTANTIAL PETROLEUM AND MINERAL RESERVES, AND EXPLORATION ALMOST PROMPTED CONFLICT AS RECENTLY AS 1987. AN EXTENDED GREEK TERRITORIAL SEA WOULD SERIOUSLY CONSTRICT THE EXTENT OF TURKEY'S CLAIMED CONTINENTAL

SHELF.

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DCI Interagency Balkan Task Force

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The Bosnian Army in Srebrenica: What Happened?

The Bosnian Army defense of Srebrenica collapsed because of a combination of material shortcomings, the light infantry composition of the defenders, a lack of effective command and control, and an underlying reliance on UNPROFOR and NATO to deter Bosnian Serb attacks against the enclave. The Bosnian Army (ABiH) forces in the eastern enclaves have not benefited from the influx of weapons into central Bosnia since the Croat-Muslim Federation was established last year, nor have these units seen the improvements in organization, training, and discipline which Bosnian Army Commander Delic has been able to impose on the rest of the Bosnian military 3.5(c)

The Bosnian Army forces in the enclave had very few heavy weapons of any type--field artillery or heavy mortars--and little or no ammunition for those they had. A lack of antitank weapons to counter BSA armor was an especially serious shortcoming, leaving the defenders unable to confront even a very small armored column.

- The Bosnian army apparently did not remove whatever heavy weapons were in UN weapons collections area in town, suggesting that the weapons were non-operational or that the Bosnian forces lacked ammunition, gasoline, or other key components for them. 3.5(c)

The Bosnian forces in the Srebrenica enclave started off as mostly poorly organized bands formed in late 1992, and probably were not mentally or organizationally prepared to conduct a positional defense of the enclave. Government troops elsewhere have become much more "regularized" since Srebrenica was cut off in early 1993, but the forces in Srebrenica retained their guerrilla-type composition and primarily conducted raids against nearby Serb-held towns and BSA rear areas. When confronted by a BSA force with superior organization and firepower, many Bosnian defenders probably opted to fade into the hills and try to get to friendly lines.

- The Bosnian Army around Srebrenica also lacked strong fortifications and/or secondary positions, especially when compared with the extensive defensive preparations seen elsewhere Bosnia. This further undermined the defenders' ability to counter BSA armor or artillery. 3.5(c)

The defenders' fundamentally weak defensive position was aggravated by a lack of effective command and control from the Bosnian Army's 28th Division. The entire divisional staff had been killed in a helicopter shootdown early May--including possibly Naser Oric, the 28th Division commander and military leader in Srebrenica since 1992. The ABiH's evident lack of multi-brigade direction and Naser Oric's apparent absence hindered government attempts to mount a coordinated defense. 3.5(c)

Perhaps most importantly, the government leaders in the enclave probably were counting on the UN or NATO to do something to stop the BSA before it actually overran the entire UN-declared "safe area." When it became obvious that outside intervention was not going to save Srebrenica, there was

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no last-ditch fallback plan and it was too late for the defenders to do anything but try to escape. 3.5(c)

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