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CONTROLS:

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BODY.

SUBJ: DYNAMICS OF CHANGE IN EURASIA, NO. 29, DI-2680-348C,92(N)  
(U)

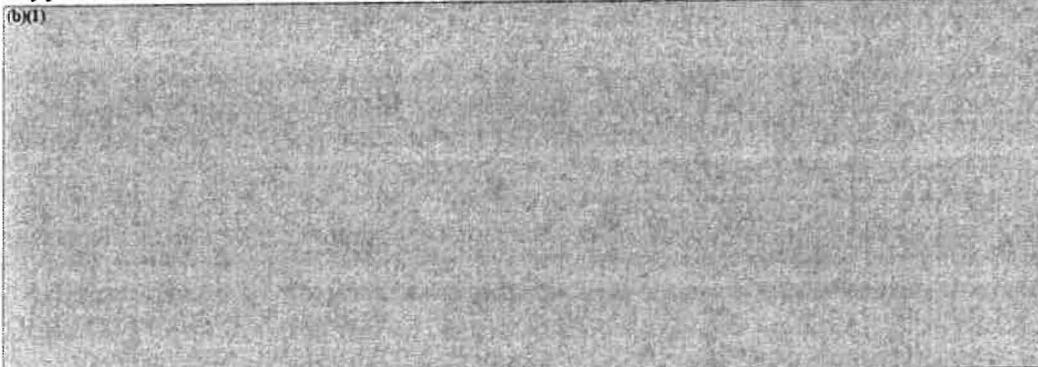
1. (U) THE FOLLOWING INFORMATION IS AUTHORIZED FOR RELEASE TO NATO MEMBER NATIONS AS NATO SECRET.
2. (U) THIS EDITION OF DYNAMICS OF CHANGE IN EURASIA IS THE 29TH IN A MONTHLY SERIES. THIS PUBLICATION FOCUSES ON THE EVENTS UNFOLDING IN THE SUCCESSOR STATES TO THE FORMER U.S.S.R. AND EASTERN EUROPE. HOWEVER, ARTICLES ALSO WEIGH THE IMPACT OF THESE EVENTS ON OTHER PARTS OF THE WORLD AND ATTEMPT TO PLACE THEM INTO A GLOBAL CONTEXT.
3. (U) ARTICLES IN THIS ISSUE INCLUDE INFORMATION AS OF 15 APRIL 1992.
4. (U) MILITARY ISSUES
  - A. (U) (STRATEGIC MODERNIZATION) - RHETORIC VERSUS REALITY
    - (1) (S) ALTHOUGH COMMONWEALTH OF INDEPENDENT STATES (CIS) OFFICIALS HAVE STATED THAT STRATEGIC MODERNIZATION PROGRAMS HAVE CEASED, THE CIS CONTINUES TO MODERNIZE PORTIONS OF ITS STRATEGIC BALLISTIC MISSILE FORCE. THIS DISPARITY BETWEEN WORDS AND DEEDS MAY REFLECT CONFLICTS IN THE CIS LEADERSHIP OVER STRATEGIC MODERNIZATION.

(b)(2),(b)(3):10 USC 424

(2) ~~(S)~~ NEWLY APPOINTED CIS JOINT FORCES CHIEF OF STAFF SAMSONOV REPORTEDLY STATED THAT ICBM FORCE MODERNIZATION HAS CEASED AND THAT PRODUCTION OF THE SS-18 AND SS-25 ICBMS HAD ENDED.

(3) ~~(S)~~ MOST PRODUCTION AND DEVELOPMENT EFFORTS IDENTIFIED TO DATE ARE CONSISTENT WITH NEGOTIATED START FORCE LEVELS. HOWEVER, THE ONGOING MODERNIZATION OF STRATEGIC SYSTEMS, SOME OF WHICH ARE LIKELY TO BE REDUCED UNDER NEWER ARMS CONTROL INITIATIVES, PROBABLY REFLECTS THE MILITARY'S VIEW THAT UNLESS MINIMAL NUCLEAR FORCE MODERNIZATION CONTINUES, FORCE EFFECTIVENESS COULD DETERIORATE. IT DOES NOT NECESSARILY INDICATE AN INTENTION TO RETAIN ALL THOSE FORCES. WITH A SIGNIFICANTLY REDUCED FORCE SIZE, HOWEVER, MODERNIZATION COULD BE SCALED BACK TO ONLY ONE OR TWO SYSTEMS TO REMAIN EFFECTIVE. ANY CONFLICT BETWEEN THE CIS LEADERSHIP'S WORDS AND DEEDS MAY BE INDICATIVE OF THE PROBLEMS IN TERMINATING LONG, TERM MODERNIZATION PROGRAMS RATHER THAN AN INDICATOR OF THE INTENT TO RETAIN ALL THE PROGRAMS. HOWEVER, IT COULD ALSO REPRESENT AN EFFORT TO DOWNPLAY EVEN MINIMAL FORCE MODERNIZATION ENDEAVORS WHEN SUPPORT FROM THE WEST MAY DEPEND ON THE APPEARANCE OF REDUCED MILITARY EMPHASIS.

(4) ~~(S)~~ STRATEGIC BALLISTIC MISSILE MODERNIZATION FOR THE 1990S:



(6) ~~(S)~~ MAINTAINING PROGRAMS IN AN R&D STATUS REPRESENTS A VIABLE HEDGE AGAINST UNEXPECTED CONTINGENCIES. IT PROVIDES FLEXIBILITY IN NEGOTIATION WITHOUT INCURRING SIGNIFICANT TECHNOLOGICAL AND INDUSTRIAL COSTS BY PREMATURE DEVELOPMENT CESSATION AND MAY EXPLAIN CONTINUED ACTIVITY WITH SOME SYSTEMS.

B. (U) RUSSIA VERSUS UKRAINE ,, THE MILITARY EQUATION

(1) ~~(S)~~ DESPITE NUMERICAL SUPERIORITY, RUSSIA IS UNABLE TO POSE A CREDIBLE NEAR-TERM MILITARY THREAT TO UKRAINE.

(2) ~~(S)~~ DIA DOES NOT BELIEVE THAT RUSSIA IS CONSIDERING A MILITARY SOLUTION TO ITS DISPUTES WITH UKRAINE. NEVERTHELESS, AS RUSSIA MOVES TO CREATE ITS OWN MILITARY FORCES FROM UNITS AND EQUIPMENT STATIONED ON ITS TERRITORY AND ABROAD, THE NUMERICAL SUPERIORITY OF ITS FORCES APPEARS TO PROVIDE MOSCOW A POTENTIAL MILITARY OPTION AGAINST UKRAINE. HOWEVER, KIEV HAS MOVED AGGRESSIVELY TO ASSERT CONTROL OF FORCES ON ITS TERRITORY. FURTHER, MALDEPLOYMENT, READINESS CONSTRAINTS, AND UNCERTAIN AVAILABILITY OF FORCES NOT ON RUSSIAN TERRITORY WILL SERVE TO TEMPER ANY RUSSIAN TEMPTATION TO USE CONVENTIONAL FORCES TO SETTLE DIFFERENCES WITH UKRAINE. RUSSIA WOULD REQUIRE SEVERAL MONTHS TO

THE AZERI DEFENSE ESTABLISHMENT. A POSSIBLE PREVIEW OF THIS WAS THE NAMING OF FORMER NKAO INTERNAL SECURITY CHIEF AND APF MEMBER RAHIM GAZIYEV TO THE POST OF DEFENSE MINISTER.

(4) ~~(S)~~ IMPLICATIONS OF RESUBORDINATING THE TRANSCAUCASUS MILITARY DISTRICT TO RUSSIA:

- THIS MID-MARCH DECISION -- ALBEIT TEMPORARY -- IS LARGELY INTENDED TO PROTECT SOLDIERS IN THESE UNITS FROM FURTHER ANTI-COMMONWEALTH OF INDEPENDENT STATES (CIS) VIOLENCE.
- RESUBORDINATION COULD BE A PRECURSOR TO A FULL-SCALE WITHDRAWAL.
- AZERBAIJAN DOES NOT PARTICIPATE IN CIS JOINT FORCES AND WILL CONTINUE TO HARBOR SUSPICIONS OF RUSSIAN INTENTIONS. HOWEVER, IT WILL PROBABLY ALLOW RUSSIAN FORCES TO STAY ON ITS TERRITORY AS LONG AS RUSSIAN TROOPS REMAIN IN ARMENIA.
- ARMENIA HAS SIGNED ALL AGREEMENTS ON JOINT CIS FORCES AND PROBABLY WOULD WELCOME THE CONTINUED PRESENCE OF RUSSIAN TROOPS AS A HEDGE AGAINST OUTSIDE AGGRESSION.

(5) ~~(S)~~ ARMENIAN OFFICERS NOW IN THE COMMONWEALTH OF INDEPENDENT STATES ARMED FORCES WILL MOST LIKELY FORM THE NUCLEUS OF THE ARMENIAN MILITARY LEADERSHIP. IN FEBRUARY, THE ARMENIAN GOVERNMENT CALLED ON THESE INDIVIDUALS TO RETURN TO ARMENIA AND "TAKE PART IN THE CREATION OF THE FATHERLAND'S ARMY." WHILE ARMENIAN SELF-DEFENSE FORCES OPERATE IN THE NKAO, IT WILL BE DIFFICULT TO COMPLETELY INTEGRATE THESE FORCES INTO AN ARMENIAN ARMY. IN THE SHORT TERM, IF FACED WITH THE PROSPECT OF A DIRECT CONFLICT WITH AZERBAIJAN, ARMENIA WOULD ATTEMPT TO COMBINE THESE FORCES INTO AN ARMENIAN ARMY. IT IS DOUBTFUL, HOWEVER, THAT THEY COULD BE MAINTAINED IN THE LONG TERM EITHER LOGISTICALLY OR POLITICALLY GIVEN THEIR GEOGRAPHIC ISOLATION FROM THE REMAINDER OF THE ARMENIAN FORCES.

D. (U) BYELARUS DEFINES ITS MILITARY POLICY

(1) ~~(S)~~ BYELARUS' DEFENSE LAWS REAFFIRM MINSK'S RESOLVE TO EVENTUALLY BECOME A NUCLEAR-FREE, NEUTRAL STATE. MINSK WILL CREATE A 90,000- TO 100,000-MAN CONVENTIONAL ARMED FORCE IN 2 YEARS, WHICH EVENTUALLY WILL BE REDUCED TO 50,000 TO 60,000. BY SIGNING 8 OF 10 COMMONWEALTH DEFENSE AGREEMENTS AT KIEV ON 20 MARCH, MINSK SHOWED ITS WILLINGNESS TO PARTICIPATE IN COMMONWEALTH ARRANGEMENTS TO RESOLVE OUTSTANDING MILITARY ISSUES AS LONG AS THEY DO NOT CONFLICT WITH BYELARUSSIAN NATIONAL INTERESTS.

(2) ~~(S)~~ IN MARCH, BYELARUS' SUPREME SOVIET APPROVED SIX DEFENSE LAWS THAT DEFINE BYELARUS' MILITARY DOCTRINE AND SECURITY POLICY, THE STRUCTURE AND SIZE OF ITS ARMED FORCES, THE STATUS OF SERVICEMEN AND DEPENDENTS, THE MILITARY SERVICE, THE STATE BORDERS, AND THE STATUS OF BORDER TROOPS. THIS LEGISLATION, PART OF MINSK'S GRADUAL APPROACH TO ASSUMING GREATER RESPONSIBILITY OVER ITS DEFENSE, MARKS AN IMPORTANT STEP ON THE ROAD TO ASSERTING FULL SOVEREIGNTY.

(3) ~~(S)~~ BYELARUS INTENDS TO BECOME NUCLEAR, FREE AND ACCEDE TO THE NUCLEAR NONPROLIFERATION TREATY, WHILE ACKNOWLEDGING THAT THIS WILL TAKE TIME AND WILL REQUIRE RUSSIA'S COOPERATION TO ENSURE JOINT VERIFICATION OF WEAPONS DESTRUCTION AND ECONOMIC SUPPORT. REGARDLESS OF UKRAINE'S DECISION TO SUSPEND WITHDRAWALS,

MINSK IS COMMITTED TO WITHDRAWING ALL TACTICAL NUCLEAR WEAPONS ON OR BEFORE 1 JULY. MINSK UNEQUIVOCALLY SUPPORTS UNIFIED COMMONWEALTH OF INDEPENDENT STATES (CIS) CONTROL OVER STRATEGIC NUCLEAR WEAPONS AND BELIEVES THAT RUSSIA ALONE OF THE FORMER SOVIET REPUBLICS SHOULD BE A NUCLEAR POWER.

(4) ~~(S)~~ MINSK'S TARGET DATE FOR REMOVING ITS STRATEGIC ARSENAL IS THE END OF 1994; HOWEVER, CALLS FOR AN EXTENDED WITHDRAWAL TIMETABLE SUGGEST BYELARUS IS SEEKING LEVERAGE FOR CONCESSIONS FROM MOSCOW OR THE UNITED STATES. ACTING DEFENSE MINISTER COL GEN PETR CHAUS AND PRIME MINISTER VYACHESLAV KEBICH HAVE WARNED THAT BYELARUS SHOULD NOT BE TOO HASTY IN REMOVING STRATEGIC WEAPONS FROM ITS SOIL. KEBICH HAS, HOWEVER, RETRACTED HIS 13 FEBRUARY STATEMENT THAT "NO ONE IS GOING TO TALK WITH A NONNUCLEAR POWER," WHICH IMPLIED BYELARUS HAD CHANGED ITS NUCLEAR-FREE POLICY. FOREIGN MINISTER KRAVCHENKO HAS ALREADY REQUESTED THAT SOME OF THE U.S. MILITARY ASSISTANCE BE USED TO SUPPORT DISLOCATED MILITARY PERSONNEL. DESPITE THIS HESITANCY, THE IMPACT OF CHERNOBYL ARGUES AGAINST MINSK RETHINKING ITS NUCLEAR, FREE GOAL.

(5) ~~(S)~~ BYELARUS' MILITARY DOCTRINE IS BASED ON DEFENSE OF ITS BDRDERS. IN MINSK'S VIEW, PARTICIPATION IN A MILITARY ALLIANCE WITH RUSSIA AND OTHER CIS STATES IS A TEMPDRARY EXPEDIENT UNTIL BYELARUS IS CAPABLE OF ASSUMING FULL RESPONSIBILITY FOR FORCES ON ITS TERRITORY. ULTIMATELY, MINSK ASPIRES TO BECOME A NEUTRAL STATE AND CLAIMS IT POSES NO THREAT TO ITS NEIGHBORS. BYELARUS RECOGNIZES ITS SECURITY IS CLOSELY LINKED TO THAT OF NEIGHBORING RUSSIA AND UKRAINE. MINSK FEELS THREATENED BY THE POLITICAL INSTABILITY IN RUSSIA, THE POTENTIAL CONFLICT BETWEEN RUSSIA AND UKRAINE, AND THE POSSIBLE EMERGENCE OF A NATIONALIST, MILITARIST RUSSIAN GOVERNMENT. POTENTIAL TERRITORIAL DISPUTES EXIST WITH LITHUANIA AND POLAND. DESPITE CALLS FOR TAKING BACK VILNIUS, MINSK HAS SIGNED A GODD RELATIONS DECLARATION WITH LITHUANIA, RENOUNCING MUTUAL CLAIMS. BYELARUS IS ALSO CONCLUDING A BILATERAL TREATY WITH POLAND.

(6) ~~(S)~~ IN ADDITION, MINSK IS ASSUMING GREATER CONTROL OVER EQUIPMENT AND MANNING. PARTLY IN RESPONSE TO MOSCOW'S DEMAND THAT FORCES OUTSIDE RUSSIA TAKE AN OATH TO THE CIS HIGH COMMAND, ON 11 JANUARY MINSK'S SUPREME SOVIET APPROVED A MILITARY OATH OF ALLEGIANCE TO BYELARUS FOR NEW CONSCRIPTS INDUCTED FROM BYELARUS SINCE LIST NOVEMBER AND FOR GRADUATES OF MILITARY SCHOOLS. NEVERTHELESS, OFFICERS CURRENTLY SERVING IN BYELARUS ARE NOT BEING REQUIRED TO SWEAR THE OATH. WHILE BYELARUS WILL PARTICIPATE IN THE SPRING DRAFT, MILITARY SERVICE OUTSIDE THE STATE IS VOLUNTARY. CONSCRIPTS FROM OTHER STATES MAY BE ASSIGNED TO CIS STRATEGIC UNITS BUT NOT TO THE BYELARUSSIAN GENERAL PURPOSE NATIONAL FORCES. THE SUPREME SOVIET ALSO RECALLED ALL TROOPS SERVING IN THE CAUCASUS AND MOLDOVA BY 20 APRIL. THE MILITARY SERVICE LAW REQUIRES COMPULSORY SERVICE FOR 18 MONTHS; IT ALSO CALLS FOR THE USE OF CONTRACTS, THUS LAYING THE FOUNDATION FOR A PROFESSIONAL ARMY' BYELARUS HAS CLAIMED THE BULK OF MILITARY EQUIPMENT WITHIN ITS BORDERS. WITH REGARD TO CONVENTIONAL ARMED FORCES IN EUROPE TREATY ALLOCATION, BYELARUS, LIKE THE OTHER FORMER REPUBLICS, OPPOSES RUSSIA'S CLAIMS TO TWO-THIRDS OF FORMER SOVIET GROUND TREATY, LIMITED EQUIPMENT.

(7) ~~(S)~~ FORCE STRUCTURE PLANS. BYELARUS INTENDS OVER 2 YEARS TO CREATE ITS OWN 90,000- TO 100,000-MAN CONVENTIONAL ARMED FORCE BASED ON THE FORMER SOVIET FORCES CURRENTLY ON ITS TERRITORY, BUT IT WILL ULTIMATELY REDUCE ITS SIZE TO 50,000 TO 60,000. APPROXIMATELY 180,000 FORMER SOVIET TROOPS, OF WHICH 80 PERCENT ARE CONVENTIONAL FORCES, ARE STATIONED IN BYELARUS. THE ARMED FORCES WILL COMPRISE A 45,000-MAN ARMY, A 12,000-MAN AIR FORCE (WITH 7 OR 8 REGIMENTS), A 22,000-TROOP AIR DEFENSE FORCE (INCLUDING FIGHTER AIRCRAFT), THE 6,500-MAN VITEBSK AIRBORNE DIVISION (CLAIMED BY MOSCOW AS PART OF CIS STRATEGIC FORCES), AND AN UNDETERMINED NUMBER OF OTHER FORCES. THE LATTER PROBABLY INCLUDE BORDER, RAIL, CONSTRUCTION, AND CIVIL DEFENSE TROOPS. EXCLUDED FROM BYELARUS' ARMED FORCES ARE JOINT STRATEGIC FORCES, INCLUDING NUCLEAR FORCES, BOMBER AIRCRAFT, AND AVIATION AND RADAR UNITS SUBORDINATE TO THE BALTIC FLEET.

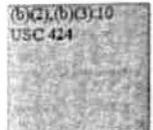
(8) ~~(S)~~ BYELARUS IS STILL ORGANIZING ITS NATIONAL, LEVEL MILITARY STRUCTURES. A SECURITY COUNCIL AND MINISTRY OF DEFENSE AFFAIRS WERE CREATED LAST FALL' AN 11 JANUARY PARLIAMENTARY DECREE PLACED ALL NONSTRATEGIC ARMED FORCES IN BYELARUS UNDER THE COUNCIL OF MINISTERS' CONTROL. PLANS FOR APPOINTING A CIVILIAN DEFENSE MINISTER WITH A STAFF OF TWO, THIRDS CIVILIAN AND ONE-THIRD MILITARY PERSONNEL WILL PROBABLY BE DEFERRED BECAUSE OF THE LACK OF MILITARY EXPERTISE AMONG CIVILIANS. THE MINISTRY OF DEFENSE IS BEING CREATED ON THE BASIS OF THE MILITARY DISTRICT COMMAND. WHILE THE APPOINTMENT OF A DEFENSE MINISTER IS IMMINENT, UNTIL A DEFENSE MINISTRY STRUCTURE IS IN PLACE, ACTING DEFENSE MINISTER CHAUS AND MILITARY DISTRICT COMMANDER COL GEN ANATOLIY KOSTENKO WILL JOINTLY CONTROL BYELARUS' ARMED FORCES.

(9) ~~(S)~~ IN THE NEAR TERM MINSK WILL PARTICIPATE IN CIS DEFENSE ARRANGEMENTS AS LONG AS THEY DO NOT CONFLICT WITH BYELARUS' DEFENSE INTERESTS. SINCE ITS BUDGET ONLY ALLOCATED 8 BILLION RUBLES FOR DEFENSE, MINSK REJECTED MOSCOW'S PROPOSED FIXED, FEE FINANCING AGREEMENT OF THE CIS MILITARY BUDGET, IN WHICH BYELARUS WOULD PAY 30 BILLION RUBLES. HOWEVER, BYELARUS' ECONOMIC DEPENDENCE ON RUSSIA WILL INDUCE IT TO CONCLUDE BILATERAL AGREEMENTS, SUCH AS THE PROTOCOL ON THE BORDER AGREEMENT. RUSSIA APPEARS TO BE WILLING TO FUND PART OF THE EXPENSE IN ESTABLISHING A NEW INTERNATIONAL BORDER BETWEEN BYELARUS AND THE BALTIC STATES' SINCE ONLY 200 OF THE ESTIMATED 45,000 OFFICERS IN BYELARUS WISH TO LEAVE AND 5,000 BYELARUSSIAN OFFICERS WISH TO RETURN HOME, MINSK WILL CONTINUE TO LOOK FOR CIS, RUSSIAN, OR WESTERN MILITARY ASSISTANCE TO LESSEN THE FINANCIAL BURDEN OF RESTRUCTURING THE ARMED FORCES AND RETRAINING DISCHARGED OFFICERS.

E. (U) MILITARY HOUSECLEANING IN POLAND

(1) ~~(S)~~ THE CONFLICT BETWEEN THE OLSZEWSKI GOVERNMENT AND PRESIDENT WALESA OVER SECURITY POLICY AND DEFENSE MATTERS WILL PERSIST. HOUSECLEANING, BEGUN BY DEFENSE MINISTER JAN PARYS, WILL CONTINUE TO DISMANTLE THE FORMER MILITARY HIERARCHY, CONTRIBUTING TO ACCELERATED CIVILIANIZATION BUT WILL RESULT IN A DISJOINTED AND SLOWED FORCE REORGANIZATION PROCESS.

(2) ~~(S)~~ AMBIGUOUS CONSTITUTIONAL LINES OF MILITARY AUTHORITY AMONG THE PRESIDENCY, GOVERNMENT, AND PARLIAMENT,



CIRCUMSCRIBING ECONOMIC REFORM INITIATIVES, LIMITING FOREIGN CONTACT, AND PROMOTING THEIR PROTEGES TO SENIOR POSITIONS. DENG'S CHALLENGE WILL NOT GO UNANSWERED, AND HIS OFFENSIVE PROBABLY WILL SUFFER SOME TEMPORARY SETBACKS. NONETHELESS, THE POLITICAL SKILLS OF DENG AND HIS ALLIES, THE WANING INFLUENCE OF THEIR AGED RIVALS, AND THEIR CONTROL OF THE COERCIVE INSTRUMENTS SHOULD ENSURE THE REAFFIRMATION OF THE ECONOMIC REFORM AND OPENING, UP PROGRAM AND THE PROMOTION OF MANY PRAGMATIC YOUNGER LEADERS AT THIS YEAR'S 14TH PARTY CONGRESS.

(5) (U) ON PEACEFUL EVOLUTION. "THE DISINTEGRATION OF THE SOVIET UNION WAS ONE OF THE MAJOR EVENTS IN THE INTERNATIONAL SITUATION. THERE ARE REPORTS AND PROPAGANDA THAT WESTERN NATIONS HOPE THAT THE CHANGES WHICH OCCURRED IN THE SOVIET UNION AND THE EAST EUROPEAN NATIONS WILL SPREAD TO CHINA. THIS IS PEACEFUL EVOLUTION. CHINA WILL NOT CHANGE ITS STANCE AGAINST PEACEFUL EVOLUTION." GENERAL SECRETARY JIANG ZEMIN, CHINESE COMMUNIST PARTY, 1 APRIL 1992.

(6) ~~(S)~~ THE TONE OF BEIJING'S PEACEFUL EVOLUTION RHETORIC SHOULD MODERATE IF THE REFORM OFFENSIVE SUCCEEDS, THEREBY MODERATELY IMPROVING THE TENSE POLITICAL ATMOSPHERE IN SINO-U.S. RELATIONS AND CREATING A BETTER FOREIGN INVESTMENT CLIMATE. HOWEVER, DIA DOES NOT EXPECT ANY ECONOMIC, POLITICAL, OR FOREIGN POLICY CHANGES IN CHINA THAT WOULD REDUCE THE UNDERLYING TENSION IN RELATIONS CAUSED BY DIFFERING CORE VALUES, COMPETING NATIONAL INTERESTS, AND DIFFERENT PERCEPTIONS OF SOVEREIGNTY. BILATERAL RELATIONS WILL THEREFORE CONTINUE TO BE DOMINATED BY HUMAN RIGHTS, TRADE, PROLIFERATION, REGIONAL SECURITY, AND REUNIFICATION ISSUES REGARDLESS OF THE OUTCOME OF DENG'S REFORM OFFENSIVE.

(b)(2), (b)(3):10 USC 424

~~6.~~ (U) ARMS CONTROL ISSUES:

A. (U) GETTING OFF TO A BAD START

(1) ~~(S)~~ FULL IMPLEMENTATION OF THE START TREATY BY THE FOUR NUCLEAR COMMONWEALTH OF INDEPENDENT STATES (CIS) MEMBERS IS STILL LIKELY, BUT POLITICAL DEVELOPMENTS IN EACH AND WITHIN THE CIS WILL COMPLICATE THE PROCESS. THE NON-RUSSIAN STATES -- ESPECIALLY UKRAINE -- ARE INSISTING ON NEW RATIFICATION AND IMPLEMENTATION MECHANISMS.

(2) ~~(S)~~ THE FOUR FORMER SOVIET REPUBLICS WITH STRATEGIC WEAPONS ON THEIR TERRITORY (RUSSIA, UKRAINE, BYELARUS, AND KAZAKHSTAN) FAILED TO REACH AGREEMENT ON THE MECHANICS OF RATIFYING THE START TREATY AT THE 20 MARCH CIS SUMMIT IN KIEV. AT ISSUE ARE RUSSIA'S STATUS AS THE START TREATY PARTY (ASSUMING THE ROLE OF THE FORMER U.S.S.R.), THE STATUS OF THE OTHER THREE STATES IN THE IMPLEMENTATION PROCESS, AND THE MATTER OF TRANSFERRING STRATEGIC WEAPONS TO RUSSIA.

(3) ~~(S)~~ UNDER A DRAFT FORMULA WORKED OUT AMONG THE FOUR, RUSSIA WOULD BE RECOGNIZED AS THE SOLE NUCLEAR WEAPONS STATE AND WOULD BECOME THE SOLE TREATY PARTY IN PLACE OF THE FORMER UNION' THE OTHER THREE STATES WOULD TRANSMIT TO MOSCOW AND TO WASHINGTON (THROUGH MOSCOW) FORMAL DOCUMENTS EXPRESSING THEIR LEGAL INTENTION TO OBSERVE AND IMPLEMENT START. UKRAINE AND BYELARUS HAVE PLEDGED TO ELIMINATE STRATEGIC WEAPONS FROM THEIR TERRITORY BY THE END OF 1994, WHILE KAZAKHSTAN HAS DECLARED THAT IT WILL BECOME NUCLEAR-

FREE WITHIN 7 YEARS OF START ENTRY INTO FORCE.

(4) ~~(S)~~ THIS FRAMEWORK BEGAN TO FALL APART SHORTLY BEFORE THE SUMMIT MEETING, WITH UKRAINE AND (TO A LESSER EXTENT) KAZAKHSTAN EXPRESSING RESERVATIONS. IT APPEARS THAT THE MAIN STUMBLING BLOCK IS NOT RUSSIA BECOMING THE SOLE NUCLEAR SUCCESSOR STATE BUT THE OTHER STATES' RELUCTANCE TO HAVE RUSSIA BE THE ONLY TREATY PARTY (OBLIGING THEM TO ACT THROUGH RUSSIA ON MATTERS OF TREATY IMPLEMENTATION). UKRAINIAN OFFICIALS IN PARTICULAR HAVE EMPHASIZED THE IMPORTANCE OF BEING ABLE TO DEAL DIRECTLY WITH WASHINGTON ON TREATY-RELATED MATTERS AFTER ALL STRATEGIC OFFENSIVE WEAPONS HAVE BEEN REMOVED FROM UKRAINIAN TERRITORY. IN ADDITION, UKRAINIAN AND KAZAKH OFFICIALS HAVE MENTIONED GROWING DOMESTIC POLITICAL PRESSURE TO ENSURE THAT ANY STRATEGIC WEAPONS REMOVED FROM THEIR TERRITORY ARE DESTROYED AND NOT SIMPLY TRANSFERRED TO RUSSIA. FURTHER, SUCH PRESSURE IN UKRAINE HAS LED SOME LEADERS TO QUESTION THE WISDOM OF BECOMING NONNUCLEAR WHILE RUSSIA RETAINS POWERFUL NUCLEAR AND GENERAL PURPOSE FORCES.

(5) ~~(S)~~ ALTHOUGH KIEV AND ALMA-ATA ARE CLEARLY TRYING TO MAXIMIZE POLITICAL LEVERAGE WHILE THEY STILL HOLD NUCLEAR WEAPONS, DOMESTIC POLITICAL PRESSURE APPEARS INSUFFICIENT TO REVERSE THEIR NONNUCLEAR POLICIES. ALL THREE NON-RUSSIAN NUCLEAR STATES, HOWEVER, ARE VERY RELUCTANT TO WORK THROUGH MOSCOW, AND DOMESTIC POLITICS COULD EASILY DELAY THE RATIFICATION AND IMPLEMENTATION PROCESS' THESE STATES, PARTICULARLY UKRAINE, ARE INSISTING ON DEALING DIRECTLY WITH WASHINGTON AND WILL TRY TO MAKE TREATY RATIFICATION CONTINGENT ON THEIR BEING TREATED AS SOVEREIGN STATES ON PAR WITH RUSSIA. IF RUSSO-UKRAINIAN RELATIONS WORSEN, HOWEVER, AND AN ACCOMMODATION ON WEAPONS DESTRUCTION THAT WILL SATISFY KIEV CANNOT BE REACHED, FULL IMPLEMENTATION OF THE START TREATY AS SIGNED IN JULY 1991 COULD BE JEOPARDIZED, AND DOMESTIC SENTIMENT IN FAVOR OF UKRAINE RETAINING AT LEAST SOME NUCLEAR WEAPONS WOULD LIKELY GROW.

B. (U) UKRAINE SUSPENDS NUCLEAR WITHDRAWAL

(1) ~~(S)~~ THE CONTEST OF WILLS IS UNLIKELY TO HAVE A DETRIMENTAL EFFECT ON NUCLEAR WEAPONS SAFETY AND SECURITY. HOWEVER, PRESIDENT KRAVCHUK'S ACTION PRESAGES CONTINUED POLITICAL MANIPULATION OF THE NUCLEAR ISSUE AND POSSIBLE UKRAINIAN CLAIMS TO NUCLEAR WEAPONS.

(2) ~~(S)~~ KRAVCHUK IS ENGAGED IN A STRUGGLE WITH RUSSIA ON A NUMBER OF ISSUES CRITICAL TO UKRAINE'S SOVEREIGNTY AND SECURITY. THE ISSUE OF NUCLEAR WEAPONS DEPLOYMENTS PROVIDES KIEV WITH LEVERAGE IN KRAVCHUK'S STRUGGLE FOR A MORE EQUITABLE RELATIONSHIP WITH RUSSIA. UKRAINE IS CONCERNED ABOUT UNILATERAL CHANGES IN THE COMMONWEALTH STRATEGIC FORCE STATUS BY RUSSIAN PRESIDENT YELTSIN AND ABOUT THE DIVISION OF FORCES BETWEEN THE COMMONWEALTH OF INDEPENDENT STATES AND UKRAINE. MOREOVER, SOME UKRAINIANS ARGUE THAT WESTERN ASSISTANCE AND INTEREST IN UKRAINE ARE LINKED TO THE PRESENCE OF NUCLEAR WEAPONS. PRESIDENT KRAVCHUK IS TRYING TO ATTRACT GREATER WESTERN SUPPORT FOR UKRAINIAN SECURITY INTERESTS.

(3) ~~(S)~~ IN LIGHT OF UKRAINIAN CONCERN OVER TACTICAL NUCLEAR WEAPONS WITHDRAWALS TO RUSSIA, KIEV IS INSISTING ON ARRANGEMENTS FOR UKRAINIAN PARTICIPATION IN START, REQUIRED

(b)(2), (b)(7)(C) 10 USC 424

ELIMINATIONS OF STRATEGIC NUCLEAR WEAPONS AND ICBMS BASED ON ITS TERRITORY. CURRENTLY, SS,19S AND SS-24 MOD 2S ARE BASED IN UKRAINE. KRAVCHUK HAS CONSISTENTLY DIFFERENTIATED BETWEEN THE TWO ICBM TYPES AND HAS EQUIVOCATED ON THE FATE OF THE SILO,BASED SS-24 MOD 2S, POSSIBLY WITH THE INTENT OF DISCUSSING THEIR FATE IN FUTURE NEGOTIATIONS WITH RUSSIA.

(4) ~~(S)~~<sup>(b)(1)</sup>

DIA JUDGES THAT THOSE REMAINING COULD BE WITHDRAWN TO RUSSIA BY THE AGREED 1 JULY DEADLINE IF TRANSFERS RESUME BY MID,MAY. IF PROCEDURES FOR JOINT VERIFICATION OF NUCLEAR WEAPONS DISMANTLEMENT ARE INSTITUTED, UKRAINE PROBABLY WILL RESUME THE TRANSFERS AND ATTEMPT TO MEET THE DEADLINE. THERE HAS BEEN NO DETECTED MOVEMENT OF THE STRATEGIC NUCLEAR WARHEADS IN UKRAINE, WHICH ARE TO BE REMOVED BY THE END OF 1994.

(5) ~~(S)~~ RUSSIA'S RETICENCE TO PROVIDE FULL DISCLOSURE OF DISMANTLEMENT PROCEDURES AND ACCESS TO ITS NUCLEAR,RELATED FACILITIES WILL COMPLICATE ANY JOINT ARRANGEMENTS. AS A RESULT, IT IS UNCERTAIN THAT ANY RUSSIAN CONCEPTS FOR JOINT VERIFICATION WILL MEET UKRAINIAN REQUIREMENTS FOR OVERSIGHT. KRAVCHUKS' ALTERNATE OPTION THAT NUCLEAR WARHEADS SHOULD BE DISMANTLED IN UKRAINE IS UNREALISTIC. UKRAINE DOES NOT HAVE THE TECHNOLOGY, FACILITIES, OR TECHNICAL EXPERTISE TO DISASSEMBLE NUCLEAR WEAPONS. AS MASSIVE FINANCIAL AID FROM THE WEST AND TECHNICAL COOPERATION FRDM RUSSIA WOULD BE REQUIRED TO DISASSEMBLE WEAPONS IN UKRAINE, PROSPECTS FOR THE DEVELOPMENT OF SUCH A CAPABILITY ARE DIM.

(6) ~~(S)~~ THERE ARE SIGNS THAT UKRAINE INTENDS TO RESUME THE TACTICAL NUCLEAR WEAPONS TRANSFERS. HOWEVER, UKRAINIAN MISTRUST OF RUSSIA IS DEEP, AND THE POTENTIAL FOR FUTURE DISPUTES, ESPECIALLY ON NUCLEAR,RELATED ISSUES, IS HIGH. BECAUSE OF THE SENSITIVITIES ON BOTH SIDES TO GLOBAL NUCLEAR SECURITY CONCERNS, PRECIPITOUS MILITARY ACTIONS TO SEIZE NUCLEAR ASSETS BY EITHER SIDE MAY BE VIEWED AS COUNTERPRODUCTIVE AND ARE UNLIKELY.

7. (U) DEFENSE ECONOMIC AND INDUSTRIAL ISSUES

A. (U) REFORMING RUSSIA'S OIL INDUSTRY -- IMPACT ON THE MILITARY

(1) ~~(S)~~ OIL INDUSTRY MODERNIZATION WILL ULTIMATELY ENHANCE RUSSIA'S ABILITY TO MEET THE PEACETIME FUEL REQUIREMENTS OF ITS OWN ARMED FORCES AND WILL GIVE MOSCOW LEVERAGE OVER THE ABILITIES OF THE OTHER NEW STATES TO SUPPORT INDEPENDENT MILITARY FORCES' HOWEVER, MODERNIZING THE CUMBERSOME, BUREAUCRATIC OIL SECTOR WILL TAKE AT LEAST A DECADE.

(2) ~~(S)~~ THE PETROLEUM INDUSTRY FORMED A VITAL COMPONENT OF THE FORMER SOVIET UNION'S COMMAND ECONOMY. THROUGH DECADES OF CENTRALIZED CONTROL, THE OIL INFRASTRUCTURE WAS DEVELOPED TO SUPPORT AN ECONOMIC STRATEGY EMPHASIZING THE GROWTH OF HEAVY INDUSTRY, PARTICULARLY THE MASSIVE MILITARY,INDUSTRIAL COMPLEX. THE DIL INDUSTRY NOW SUFFERS FROM A DETERIORATING INFRASTRUCTURE, INEFFICIENT TECHNOLOGY, AND A LACK OF PRODUCTION INCENTIVES. IN THE PAST 4 YEARS, OIL PRODUCTION HAS DROPPED NEARLY 20 PERCENT. RUSSIA, WHICH CONTROLS MOST OF THE OIL PRODUCTION AND REFINING CAPACITY, FACES THE DIFFICULT TASK OF DECENTRALIZING, PRIVATIZING, AND MODERNIZING THE INDUSTRY AT A TIME OF MAJOR BUDGETARY

ELECTRONICS INDUSTRY, A DEFENSE INDUSTRIAL MINISTRY. ACTING COMMONWEALTH OF INDEPENDENT STATES DEPUTY DEFENSE MINISTER FOR ARMAMENTS VYACHESLAV MIRONOV AND CHIEF OF THE MAIN SPACE DIRECTORATE COL GEN IVAKHOV SIT ON THE VPIK'S BOARD OF DIRECTORS, ALTHOUGH THEIR CONNECTIONS TO THE COMPANY HAVE NOT BEEN ANNOUNCED PUBLICLY. MIRONOV'S MINISTRY OF DEFENSE DIRECTORATE IS RESPONSIBLE FOR COORDINATING OVERALL COMMONWEALTH WEAPONS ACQUISITION.

(6) ~~(S)~~ NOW REGISTERED IN RUSSIA, THE VPIK ACTIVELY LOOKS TO PROMOTE ITSELF TO THE UNITED STATES AND OTHER COUNTRIES AS A FACILITATOR OF CONVERSION EFFORTS AT RUSSIAN DEFENSE PLANTS. THE VPIK REPRESENTS AN EFFORT BY THE OLD DEFENSE INDUSTRIAL STRUCTURE TO PRESERVE ITSELF EVEN AS IT ADAPTS TO MARKET CONDITIONS. THE PRESENCE OF HIGH-LEVEL MILITARY OFFICIALS ON THE BOARD OF DIRECTORS INDICATES, AT A MINIMUM, THE ABSENCE OF EFFECTIVE CONFLICT OF INTEREST LEGISLATION. OF EVEN GREATER CONCERN, THE VPIK MOST LIKELY WILL BE A VEHICLE TO MODERNIZE WEAPONS PRODUCTION CAPABILITIES IN DEFENSE PLANTS UNDER THE RUBRIC OF CONVERSION.

D. (U) UKRAINIAN DEFENSE INDUSTRY -- THE LONG ROAD AHEAD

(1) ~~(S)~~ UKRAINE'S CONVERSION EFFORT WILL MOST LIKELY BE MORE PROLONGED AND MORE EXPENSIVE THAN UKRAINIAN OFFICIALS BELIEVE. THEY ESTIMATE THAT CONVERTING 70-80 PERCENT OF THE DEFENSE INDUSTRY TO CIVILIAN PRODUCTION WILL TAKE 10 YEARS -- OR 3 TO 4 YEARS WITH WESTERN HELP. UKRAINE'S DIFFICULT TASK IS A MICROCOSM OF RUSSIA'S ARDUOUS EFFORT TO CONVERT A DEFENSE INDUSTRIAL SECTOR SOME FIVE TIMES AS LARGE.

(2) ~~(S)~~ WITH THE BREAKUP OF THE U.S.'S'R., UKRAINE TOOK CONTROL OF A SIZEABLE DEFENSE INDUSTRIAL ESTABLISHMENT THAT ACCOUNTED FOR ABOUT 15 PERCENT OF THE FORMER U.S.S.R.'S DEFENSE INDUSTRIAL CAPACITY AND LABOR FORCE. ACCORDING TO VIKTOR ANTONOV, UKRAINIAN MINISTER ON MATTERS OF THE DEFENSE COMPLEX AND CONVERSION, SOME 750 PLANTS, DESIGN BUREAUS, AND INSTITUTES BELONG TO UKRAINE'S DEFENSE SECTOR. THESE ORGANIZATIONS EMPLOY APPROXIMATELY 1.2 MILLION PEOPLE -- 500,000 DIRECTLY IN MILITARY PRODUCTION.

(3) ~~(S)~~ PRECOUP CONVERSION PLANS TARGETED 94 UKRAINIAN INDUSTRIAL PLANTS FOR VARYING DEGREES OF CONVERSION. THE KIEV LENINSKAYA KUZNITSA SHIPYARD, 20 PERCENT OF WHOSE OUTPUT WENT TO THE MILITARY, WAS THE ONLY DEFENSE PLANT SLATED FOR COMPLETE CONVERSION. UKRAINIAN OFFICIALS NOW CLAIM THAT SOME 300 PLANTS WILL UNDERGO CONVERSION IN THE NEAR TERM. OVER THE LONGER TERM, ANTONOV EXPECTS THAT 70-80 PERCENT OF DEFENSE PLANTS MUST CONVERT TO CIVILIAN PRODUCTION. FULLY CONVERTED PLANTS WILL BE ADMINISTRATIVELY BROKEN UP AND PRIVATIZED. SOME 600 PLANTS COULD FALL INTO THIS CATEGORY, BUT ONLY 35 HAVE APPLIED AS OF JANUARY 1992. UKRAINE MOST LIKELY WILL ALLOW UP TO 100-PERCENT FOREIGN OWNERSHIP.

(4) ~~(S)~~ ACCORDING TO ANTDNOV, UKRAINE IS PAYING WAGES TO WORKERS AT IDLE DEFENSE PLANTS BECAUSE ORDERS FOR MILITARY GOODS ARE NOT COMING FROM RUSSIA OR THE COMMONWEALTH, AND CONVERSION FUNDING HAS YET TO BE FOUND. CONVERSION COST ESTIMATES VARY WIDELY. PRESIDENT LEONID KRAVCHUK HAS CLAIMED THAT CONVERSION WOULD COST \$2.5 BILLION. OTHER ESTIMATES CENTER AROUND \$200

MILLION. THESE COST ESTIMATES PALE IN COMPARISON WITH RUSSIA'S CLAIMED NEED OF \$150 BILLION TO CONVERT A WEAPONS INDUSTRY 5 TIMES LARGER. THE UKRAINIAN GOVERNMENT IS ESTABLISHING A CONVERSION FUND -- ESTIMATED AT ABOUT 11 BILLION RUBLES FOR ALL OF 1992 -- FROM TAX DEDUCTIONS ON PRODUCTION OF CERTAIN PRODUCTS, SALES OF MILITARY HARDWARE, AND VOLUNTARY DONATIONS. BY COMPARISON, RUSSIA'S FIRST QUARTER 1992 BUDGET ALONE ALLOCATED 10 BILLION RUBLES TO CONVERSION, WITH SOME 40 BILLION ANTICIPATED FOR THE YEAR.

(5) ~~(S)~~ ANTONOV CLAIMS THAT CONVERSION WILL TAKE ABOUT 10 YEARS WITHOUT WESTERN HELP AND THAT 300,000 OF THE 500,000 WORKERS PRODUCING WEAPONS WOULD BE LAID OFF, EXACERBATING AN UNEMPLOYMENT PROBLEM EXPECTED FROM THE LARGE-SCALE REDUCTION OF THE ARMED FORCES. WITH WESTERN HELP, HE CLAIMED, CONVERSION COULD BE COMPLETED IN 3 TO 4 YEARS. HE HAS SUGGESTED THAT THE WEST MIGHT TAKE UKRAINE'S CONVERSION EFFORT MORE SERIOUSLY -- THAT IS PROVIDE IT WITH ASSISTANCE -- SHOULD KIEV DECIDE TO REMAIN A NUCLEAR POWER.

(6) ~~(S)~~ ANATOLIY LOBOV, CHAIRMAN OF THE UKRAINIAN STATE COMMITTEE FOR DEFENSE INDUSTRY AND CONVERSION, ESTABLISHED THREE MAIN PRIORITIES FOR CIVILIAN PRODUCTION AT DEFENSE PLANTS. EQUIPMENT AND TECHNOLOGY FOR THE FOOD INDUSTRY ARE TOP PRIORITY, FOLLOWED BY HEALTH CARE PRODUCTS AND CONSUMER GOODS. TAX EXEMPTIONS OF 50, 30, AND 20 PERCENT, RESPECTIVELY, HAVE BEEN SET TO ENCOURAGE PRODUCTION IN THE 3 AREAS.

(7) (U) UKRAINIAN OFFICIALS PLAN TO PURSUE FOUR METHODS OF ATTRACTING FOREIGN INVESTMENT FOR CONVERSION. THE FIRST INVOLVES CREATING JOINT VENTURES, IN WHICH UKRAINE SUPPLIES RAW MATERIALS AND FOREIGN PARTNERS PROVIDE MONEY, EXPERTISE, AND TECHNOLOGY. IN THE SECOND, FOREIGN INVESTORS WOULD BE PAID IN KIND WITH A SHARE OF THE ITEMS PRODUCED. THE FINAL TWO METHODS INVOLVE RAISING FOREIGN CAPITAL THROUGH EITHER RAW MATERIAL EXPORTS OR HARD CURRENCY LOANS AND CREDITS.

(8) ~~(S)~~ UKRAINE'S CONVERSION TRANSITION PERIOD IS LIKELY TO PROVE MORE COSTLY AND LENGTHY THAN UKRAINIAN OFFICIALS ENVISION. EVEN WITH LARGE INFUSIONS OF WESTERN AID AND PRIVATE-SECTOR INVESTMENT, WHICH ARE UNLIKELY, CONSIDERABLY MORE THAN 3 TO 4 YEARS WILL BE REQUIRED TO CONVERT 70 TO 80 PERCENT OF THE DEFENSE INDUSTRY. AS A RESULT, UKRAINE MOST LIKELY WILL NEED TO CONTINUE TO SUBSIDIZE DEFENSE INDUSTRIAL WAGES TO AVOID HIGH UNEMPLOYMENT AND ITS SOCIAL AND POLITICAL CONSEQUENCES. IN ADDITION, UKRAINE EVENTUALLY WILL FIND THAT SOME DEFENSE PLANTS ARE INCAPABLE OF CONVERTING TO CIVILIAN PRODUCTION THAT IS COMPETITIVE ON WORLD OR DOMESTIC MARKETS. THESE PLANTS MUST BE SHUT DOWN AND WORKERS RELOCATED. THE ADDITIONAL COST OF SUCH RESTRUCTURING APPARENTLY DOES NOT FIGURE INTO UKRAINE'S CURRENT CONVERSION POLICY.

(9) ~~(S)~~ AFTER CONSIDERABLE DOWNSIZING AND CONSOLIDATION, THE REMAINING DEFENSE PLANTS WILL PRODUCE WEAPONS AND MILITARY EQUIPMENT FOR UKRAINE AND FOR EXPORT, INCLUDING TO COMMONWEALTH OF INDEPENDENT STATES MEMBERS. UKRAINE'S DEFENSE INDUSTRY WILL CONTINUE TO RELY TO SOME EXTENT ON INPUTS FROM SUPPLIER PLANTS IN RUSSIA OR OTHER COUNTRIES. TO MAINTAIN A VIABLE WEAPONS PROCUREMENT EFFORT, UKRAINE WILL BE FORCED TO CONCLUDE ECONOMIC AGREEMENTS WITH RUSSIA AND OTHER NEWLY INDEPENDENT STATES, A