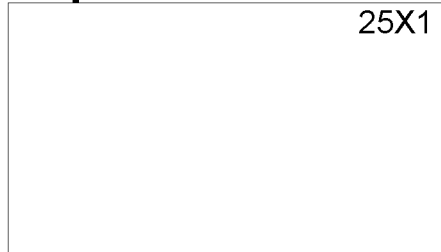




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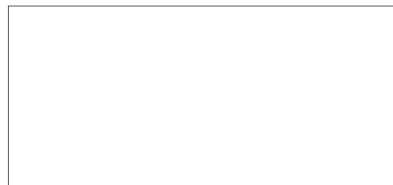
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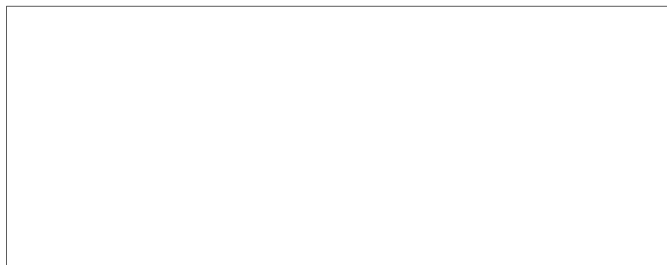
# National Intelligence Daily

**Friday  
13 February 1987**

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13 February 1987

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**Contents**

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25X1

**Lebanon-PLO: Camps War Intensifies** ..... 2

**Peru: Counterterrorism Efforts** ..... 3

**Notes**

**Suriname: Cabinet Resignations** ..... 4

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**Australia-US: Support for Joint Facilities** ..... 5

**Cambodia-Thailand: Non-Communist Resistance Troubles** ..... 5

**Morocco-Western Sahara: Extension of Berm** ..... 6

**Egypt: Discussions With IMF Falter** ..... 6

**Mexico: Concern Over Economic Program** ..... 7

**Sudan: Controversial Political Moves in South** ..... 7

**In Brief** ..... 8

**Special Analyses**

**Libya-Chad-France: Moving Closer to Confrontation** ..... 9

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**Top Secret**

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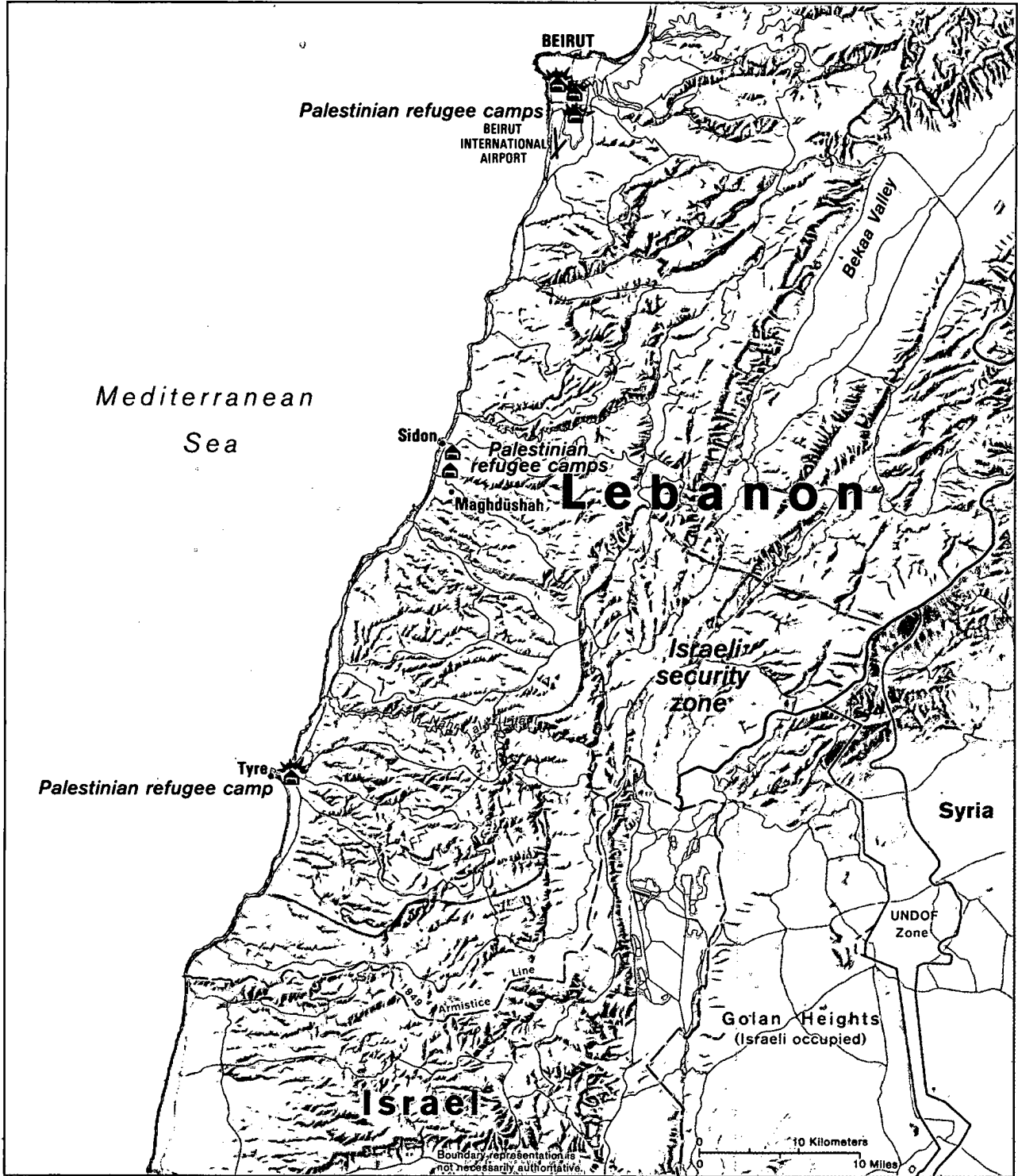
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**Fighting Continues at Refugee Camps**



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13 February 1987

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LEBANON-PLO:

Camps War Intensifies

**A cease-fire agreement, sponsored by the Arab League, between the Syrian-backed Amal and Palestinian guerrillas has yet to be implemented, and fighting has increased around Palestinian refugee camps in the Beirut and Tyre areas.**

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The agreement to halt the four-month-old camps war following the PLO's withdrawal from the strategic southern town of Maghdushah has remained stillborn because of intense fighting around Palestinian camps. Amal militias refuse to allow relief agencies to bring food and medicine into the camps, which are widely reported to be running out of supplies as a result of the prolonged Amal siege.

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PLO Chairman Arafat has increased international appeals for aid to the Palestinians. ~~He recently sent an indirect message to the US asking that the UN Interim Force in Lebanon ensure the safe passage of food and supplies to the camps. Arafat argued that the US is responsible for the safety of Palestinian refugees under the terms of the US negotiated agreement providing for the PLO's withdrawal from Lebanon in 1982.~~

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~~The press reports that~~ Amal leader Barri remains in Damascus, where he has been for the past three months. Daoud Daoud, Amal's military commander in southern Lebanon, resigned from the organization earlier this week.

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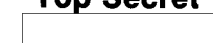
**Comment:** Implementation of the Arab League-sponsored agreement is unlikely. Daoud, having severed his relationship to Amal, is not bound by the cease-fire agreements and is free to order forces loyal to him to continue attacks against the Palestinian camps. His resignation further weakens Barri's dwindling control of Amal. The relentless shelling of the Beirut camps also indicates that Amal fighters are growing less responsive to Barri's leadership and may be settling personal scores with the Palestinians.

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~~Arafat's strategy of reinfiltrating fighters into Lebanon has been sorely tested by the Amal resistance. His unsuccessful attempt to ferry some 50 fighters from Cyprus to Lebanon last week, despite clear Israeli warnings earlier that it would intercept Cypriot boats carrying Palestinian passengers, suggests growing desperation. Arafat probably will have to return fighters to Maghdushah soon to signal to Amal leaders that his forces are capable of resisting their campaign.~~

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**PERU:**

**Counterterrorism Efforts**

***President Garcia is hardening his approach toward terrorism following the murder of a senior member of his ruling party last month and an attack against the Indian Embassy in Lima that coincided with his state visit to India.*** [Redacted]

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**Comment:** Continuing terrorist attacks in Lima have embarrassed Garcia politically and focused international attention on the declining security situation during his administration. His intent to move quickly against the terrorists undoubtedly stems from a desire to demonstrate his commitment to stop violence. [Redacted]

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**SURINAME: Cabinet Resignations**

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The resignations of at least three Surinamese Cabinet ministers, including moderate Prime Minister Radhakishun, pave the way for harsh retaliation against rebels for recent acts of sabotage. According to a source of the US Embassy in Paramaribo, Radhakishun recently said he wanted to resign before the military committed more atrocities against rebels and their supporters in the countryside. The Embassy confirms that Health Minister Jessurun and Foreign Minister Herrenberg—a close ally of Head of Government Bouterse—also resigned. Interior Minister Wiidenbosch has been named Acting Prime Minister. [Redacted]

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**Comment:** The left-leaning Wijdenbosch, also a strong supporter of Bouterse, is not likely to oppose plans for increased attacks against the rebels and their rural black supporters. Bouterse probably will retain Herrenberg in another capacity, but Radhakishun's departure could prompt additional resignations from the Cabinet by members of the traditional political parties and by businessmen. Such a reshuffle might enable Bouterse to deflect blame for the country's deteriorating economy but would seriously undercut his political legitimacy. [Redacted]

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**AUSTRALIA-US: Support for Joint Facilities**

no

According to draft portions of an as yet unreleased Australian defense white paper provided to US Embassy officials, Prime Minister Hawke's government will strongly support US-Australian joint defense facilities. The draft, which will likely be reviewed by the Cabinet later this month, emphasizes the defensive nature of the facilities and rejects claims by leftwing groups to the contrary. The paper commends the deterrent role of the naval facilities at North West Cape and defends the US presence at Pine Gap and Nurrungar for its role in early warning and arms control. The draft concedes that the joint facilities would be attacked in a US-Soviet nuclear exchange but argues that removal of the US presence would increase the likelihood of superpower conflict. [Redacted]

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**Comment:** The staunch support for the joint facilities is probably intended to address US and Defense Minister Beazley's concerns about an earlier study—the Dibb Report—that expounded a more limited, regional defense role for Australia. Moreover, the paper's adoption by the Labor government would indicate that Hawke, Beazley, and Foreign Minister Hayden have reached agreement to oppose actively any leftist effort to have the facilities removed.

[Redacted]

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**CAMBODIA-THAILAND: Non-Communist Resistance Troubles**

The larger of two non-Communist resistance groups in Cambodia—the Khmer People's National Liberation Front—is in greater danger of collapse than ever before, [Redacted]

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[Redacted]

[Redacted] Last month, Front leaders moved most of their troops from a refugee camp in Thailand to a rear base for regrouping and retraining, but many fighters subsequently deserted. [Redacted]

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[Redacted] if the current trend continues, the Front probably will dwindle to less than 5,000 men by the end of this year—about one-half its strength in mid-1986.

[Redacted]

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**Comment:** A bitter two-year struggle for power between Front President Son Sann and military commander Sak Sutsakhan is responsible for the disarray, and neither side appears ready to concede for the sake of unity. If the Thai do not soon intervene to restore order, the Front will edge closer to disintegration. Its inability to maintain even a semblance of unity helps assure Khmer Rouge dominance of the resistance and provides Vietnam—which portrays the rebels as little more than disorganized bandits—with a propaganda windfall. [Redacted]

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**MOROCCO-WESTERN SAHARA: Extension of Berm**

Moroccan forces are preparing to extend the berm—the earthen wall erected to defend Western Sahara from Polisario Front guerrillas based in Algeria—to the Mauritanian border, in order to deny the rebels access to the Atlantic coast. [Redacted]

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NO

[Redacted] says work is scheduled to begin this week on a 275-mile (450-kilometer) extension of the berm, the first large addition since mid-1985. [Redacted]

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[Redacted] The new berm will be built too far from Polisario base camps for the guerrillas to offer more than token resistance to the construction force. (S NF WN)

**Comment:** The extension is almost certainly intended to prevent the Front from operating along the coast. For years, lightly armed Polisario fighters in high-speed rubber rafts have harassed fishing boats in that area and have damaged many foreign fishing boats, including a Portuguese boat that was sunk last month. This has been a recurring source of embarrassment for Rabat, which posts troops on the boats for protection. Morocco may also be trying to improve morale among its forces; [Redacted] the lack of progress against the Polisario has adversely affected morale. [Redacted]

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**EGYPT: Discussions With IMF Falter**

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Negotiations between Egypt and the IMF are in danger of breaking off without an agreement. The US Embassy in Cairo reports Egypt is unwilling to submit a specific timetable for implementing reforms on energy prices, exchange rates, and credit policies. The IMF team is planning to return to Washington soon without resolving the stalemate [Redacted]

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NO

**Comment:** President Mubarak's recent decision to call an election of the People's Assembly has probably reduced the government's willingness to commit itself on the timing of a reform program that is certain to be controversial. Moreover, Egypt's improved foreign exchange earnings and the financial assistance Cairo has begun to receive from the Persian Gulf states have probably convinced Mubarak that he now has more breathing space and can afford to take a harder negotiating stance. Without agreement on a program, however, Egypt's economic outlook will remain precarious, and demands for financial relief from the US are likely to become increasingly strident. [Redacted]

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### Mexican Inflation, 1982-87

*Percentage change from previous year*

140

120

100

80

60

40

20

0

1982

83

84

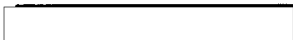
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13 February 1987

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**MEXICO: Concern Over Economic Program**

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Mexican officials are concerned that their economic program may suffer because of a lack of public confidence and the 8.1-percent increase in prices last month. [Redacted]

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[Redacted]

The government projects inflation to be 70 to 80 percent, but [Redacted] observers are generally convinced that it will reach at least 120 percent. [Redacted]

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**Comment:** The lack of public confidence might lead to increased capital flight and a sharp rise in inflation, which would greatly limit the government's effort to restore economic growth. Last month's price increase jeopardizes the government's hopes for reduced inflation this year. Because the budget for this year is based on a forecast of low inflation, the government's expenditures—especially for domestic debt payments—are likely to be much higher than projected. The presidential aspirations of Budget Minister Salinas, who is closely identified with Mexico's growth program, may be dashed if economic recovery is stalled. [Redacted]

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**SUDAN: Controversial Political Moves in South**

Prime Minister Sadiq's decision to impose a new administration on the country's three southern provinces may create more problems than it solves. ~~The US Embassy in Khartoum reports that a~~ six-member Council for the South, along with governors and deputies for each province—all selected by Sadiq—took office Monday. Although southern politicians earlier had failed to agree on a formula for governing the region, the announcement came as a surprise; those leaders intend to protest the move in a meeting with Sadiq later this week. [Redacted]

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**Comment:** The decision is probably an effort by Sadiq to reassert his authority after months of frustration. The move almost certainly will intensify the squabbling among southern politicians, but it will also anger southerners living in Khartoum and give southern insurgents another issue to exploit. [Redacted]

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**In Brief**

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**South Asia**

*G/S*

— Kabul lodged formal protest with UN over shutdown of AN-26 transport by insurgents in eastern **Afghanistan** Monday . . . regime claims it was civilian airliner, 30 passengers, six crew killed. [Redacted]

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*G/S*

— M.R. Srinivasan named to head **India's** nuclear program . . . believes priority should be to boost nuclear power, not to develop nuclear weapons . . . may increase efforts to import technology . . . will be adviser to Prime Minister, not decisionmaker. [Redacted] ✓

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**Middle East**

[Redacted]

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[Redacted]

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*G/S*

— Jean Obeid, prominent Christian aide to **Lebanese** President Gemayel with ties to **Syria** at least until recently, was kidnaped yesterday in West Beirut, according to press . . . sees self as successor to Gemayel next year. [Redacted]

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*12 Feb.*

**Americas**

[Redacted]

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— **Cuba** closing commercial office in Milan because of hard currency shortage, [Redacted]. trade with **Italy**, sixth largest Western exporter to Havana, also hurt by Rome's decision to halt export insurance to Cuba. [Redacted]

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**Special Analysis**

**LIBYA-CHAD-  
FRANCE:**

*ND*

**Moving Closer to Confrontation**

*The Libyan military buildup in northern Chad during the past month has prompted France to send additional troops to the country as a signal to Libyan leader Qadhafi that Paris will live up to its commitment to Chadian President Habre. France's recent forward deployments and willingness to support Habre's forces in the north increase the possibility of direct conflict with Libyan forces. If the expected Libyan drive to retake Fada threatens to overwhelm the Chadian Government forces, the French probably will use air support to save Habre's troops.* [Redacted]

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Tripoli has concentrated its efforts over the past month on building a force to retake Fada, which Chadian Government troops seized early last month. The Libyan force in northern Chad now numbers about 11,000—an increase from the 7,000 or 8,000 there in mid-January. More than 4,000 are at Ouadi Doum. [Redacted]

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**French and Chadian Buildup**

The French are increasingly concerned about the buildup at Ouadi Doum and the possibility that Libyan troops could pass through western Sudan for an attack below the 16th parallel. They have begun sending additional troops to Chad to set up a logistic base at Abeche and forward defense positions there and at Biltine and Adre, on the Sudanese border. [Redacted]

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By this weekend, the French may have as many as 2,400 troops in Chad. They also have sent air defense radars and Crotale surface-to-air missiles to Abeche. [Redacted]

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[Redacted]

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the 16th parallel number almost 10,000—more than 4,000 in the Fada area. [Redacted] the pace of air resupply to Bir Kalait, the Chadian garrison on the 16th parallel, has quickened since late last month. Meanwhile, [Redacted] says Habre has augmented Chadian air defenses in the Tibesti Mountains by deploying 42 of the 50 recently delivered Redeye surface-to-air missiles. [Redacted]

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**Probable Strategies**

The Libyans will probably follow a cautious strategy in their attempt to retake Fada. [Redacted]

[Redacted]

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Habre probably still plans to attack Faya-Largeau, Ouadi Doum, or both, but he may wait for the Libyans to assault Fada first. He may calculate that attacking the approaching Libyans between Fada and the Libyan garrison at Ouadi Doum will disrupt Tripoli's forces and give his own troops a chance to pursue the Libyans, possibly to Ouadi Doum or Faya-Largeau. [Redacted]

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The deployment of additional Redeyes to the Tibesti area probably reflects Habre's concern about frequent Libyan airstrikes on Chadian forces in the far north. Habre is also eager to build on the successes of his air defense units, which have shot down at least four Libyan aircraft—two in the Tibesti area—since November. [Redacted]

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The French hope that a show of military strength and political resolve will deter Qadhafi and give them political leverage against Libya. Paris is leery of dealing with Tripoli, however, and probably is pessimistic about reaching agreement soon on a mutual troop withdrawal. [Redacted]

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While efforts to achieve a diplomatic settlement will continue, Paris will probably try to bluff Tripoli by threatening a strong French response to any loss of French aircraft or lives. The French do not want to engage in ground combat but would probably send limited air support if Libyan forces threatened to deal Habre a major defeat. [Redacted]

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