



Director of  
Central  
Intelligence

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# National Intelligence Daily

**Monday**  
**24 June 1985**

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**Contents**

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<b>Mozambique: Gloomy Independence Anniversary</b> .....	1
<b>Italy: Presidential Election</b> .....	2
<b>Morocco-Libya-Chad: Diplomatic Maneuvering</b> .....	3
<b>Note</b>	
<b>Vietnam: New Economic Reforms</b> .....	4
<b>In Brief</b> .....	5
<b>Special Analyses</b>	
<b>Lebanon: Terrorist Use of Beirut Airport</b> .....	6
<b>International: OPEC and the Soft Oil Market</b> .....	8

~~Top Secret~~

b (3)

~~Top Secret~~

24 June 1985

b (3)

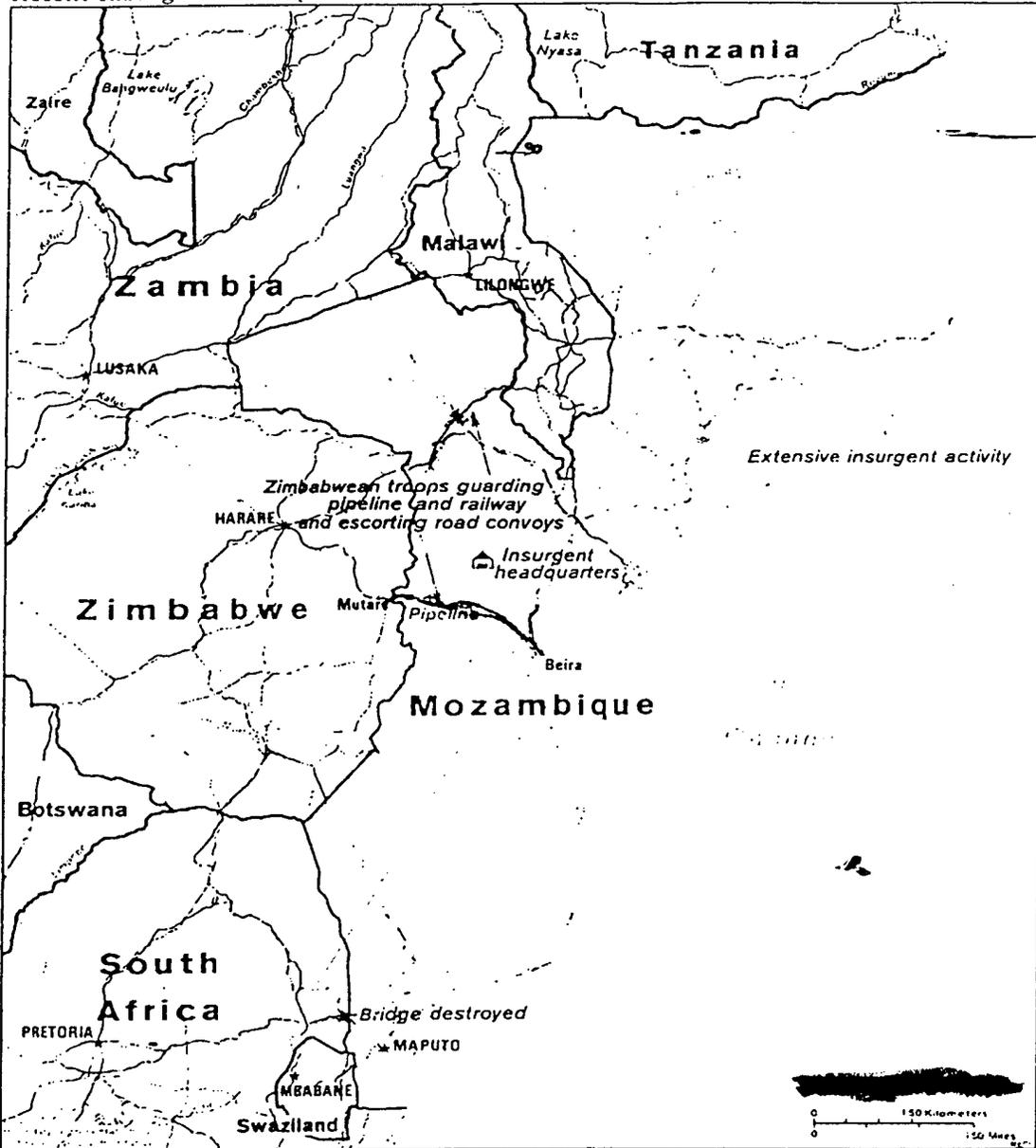
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Recent Insurgent Activity



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b (3)

24 June 1985

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~~Top Secret~~ b (3)

MOZAMBIQUE:

**Gloomy Independence Anniversary**

*Mozambique's deepening insurgency and need for military aid will overshadow ceremonies tomorrow on the 10th anniversary of the country's independence.* [REDACTED] b (3)

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[REDACTED]

The guerrillas continue to make gains throughout the country. They are active in every district of Zambezia Province and have closed almost all roads there.

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[REDACTED]

the Zimbabwean reinforcements and the Mozambican Army will conduct an offensive against insurgent headquarters in central Mozambique. [REDACTED] b (3)

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[REDACTED]

Comment: Insurgent attacks in the Maputo area are likely tomorrow, but an assassination attempt would be difficult. The guerrillas have never mounted attacks inside the capital, and security around Machel will be heavy. [REDACTED] b (3)

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24 June 1985

2 9 5

~~Top Secret~~

b (3)

ITALY:

**Presidential Election**

***Balloting to choose President Pertini's successor begins today, and preliminary signs favor Christian Democratic Senate President Francesco Cossiga.***

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The new president will be chosen by a 1,011-member electoral college consisting of both houses of Parliament and 58 representatives from the regions. During the first three rounds a two-thirds majority is required to win; on subsequent rounds a simple majority is sufficient.

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The Christian Democratic Party, the largest in the governing coalition, is anxious to regain the presidency, having ceded it to the Socialist Party when Pertini was elected. The Christian Democrats insist, however, that the new president must also be acceptable to the other governing parties and the opposition. Most Italian observers believe that, if the Christian Democrats fail to elect one of their own, they will demand the premiership as compensation. The press concludes that Cossiga has the broadest potential support and is touting him as the initial front-runner.

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**Comment:** A president has not been chosen on the first ballot since 1946, and, unless the parties have fixed firmly on a candidate before the initial vote, the first three rounds are likely to be crowded with favorite sons.

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Presidential elections more often than not produce surprises. Even if Cossiga runs well in early ballots, his support is likely to weaken if a decision is not reached by the seventh ballot, opening the way for any number of darkhorse candidates.

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~~Top Secret~~

24 June 1985

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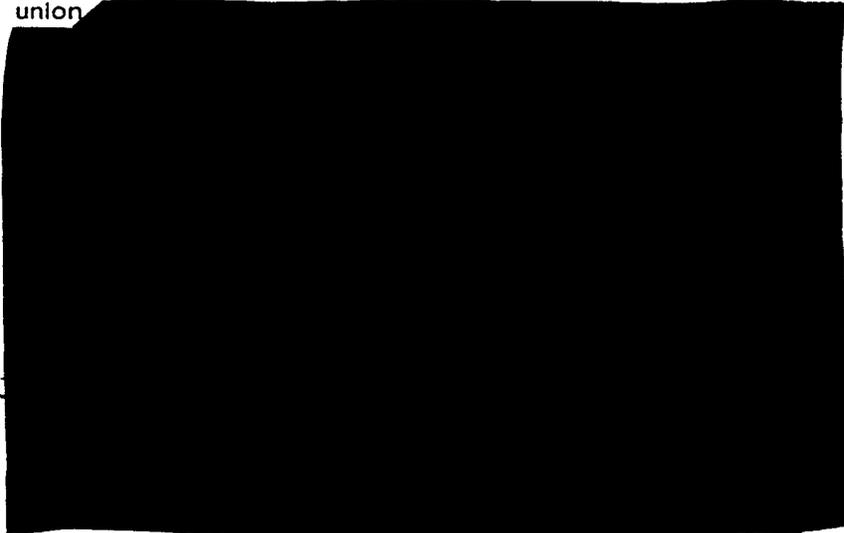
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MOROCCO-  
LIBYA-CHAD

**Diplomatic Maneuvering**

*Efforts by King Hassan to mediate a compromise between Chad and Libya is unlikely to deter the Libyans from putting more military pressure on President Habre.* ~~\_\_\_\_\_~~ b (3)

During a meeting with Habre and a Libyan official in Rabat last week Hassan soft-pedaled an offer for Chad to join the Libyan-Moroccan union.



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**Comment:** Prospects that Hassan might influence Qadhafi and hopes for economic assistance from Morocco probably lured Habre to Rabat. The French may have helped promote the meeting in hopes that Libya's eroding position in northern Chad might make Qadhafi more receptive to a face-saving Libyan withdrawal. ~~\_\_\_\_\_~~ b (3)

The Libyans, however, are unlikely to compromise and will continue to seek ways to step up pressure on Habre. Although Libyan food shipments into western Sudan probably are intended for local Sudanese rather than Chadian dissidents, Libya's inclusion of arms indicates that Habre's fear of expanding Libyan activities there is well founded. ~~\_\_\_\_\_~~

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24 June 1985

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~~Top Secret~~ b (3)

#### VIETNAM: New Economic Reforms

The Central Committee has ratified long-debated measures to curtail expensive food and salary subsidies, according to the communique of the eighth plenum released last week. Although the communique offers few specifics, the new policy follows other efforts to revive the economy. Hanoi over the past few months has sharply devalued its currency, rescheduled \$160 million in overdue debts with Japanese banks, and attempted to encourage private foreign investment from Western Europe. [REDACTED] b (3)

**Comment:** The language of the communique suggests top Vietnamese leaders are in agreement on the need for economic reform, but opposition on Marxist ideological grounds by party officials and a sluggish bureaucratic system will make implementation of subsidy cuts difficult. The new policy suggests that Hanoi may also be considering another attempt to reschedule its \$1.6 billion hard currency debt. [REDACTED] Vietnam [REDACTED] must reduce subsidies as well as further devalue the currency and repay its \$30 million debt [REDACTED] before official creditors will consider a debt rescheduling package. [REDACTED] b (3)

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~~Top Secret~~

24 June 1985

b (3)

~~Top Secret~~

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**In Brief**

**Terrorism**

— Anonymous caller has told US media Sikh Student Federation responsible for bomb blast on Indian plane that killed 329 . . . no connection established to bomb in Tokyo aboard Canadian Jet that also originated in Toronto. ~~██████████~~ b (3)

**Middle East**

— Syrian President Assad returned Saturday after four-day visit to USSR . . . lack of communique may indicate differences, but both countries probably agree on goal of blocking Jordanian-PLO accord. ~~██████████~~ b (3)

— Saudi Arabia and Iran have again agreed to quota of 150,000 Iranians for annual pilgrimage to Mecca in mid-August . . . Iran had sought substantial increase . . . Saudis preparing for trouble.

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~~Top Secret~~

24 June 1985

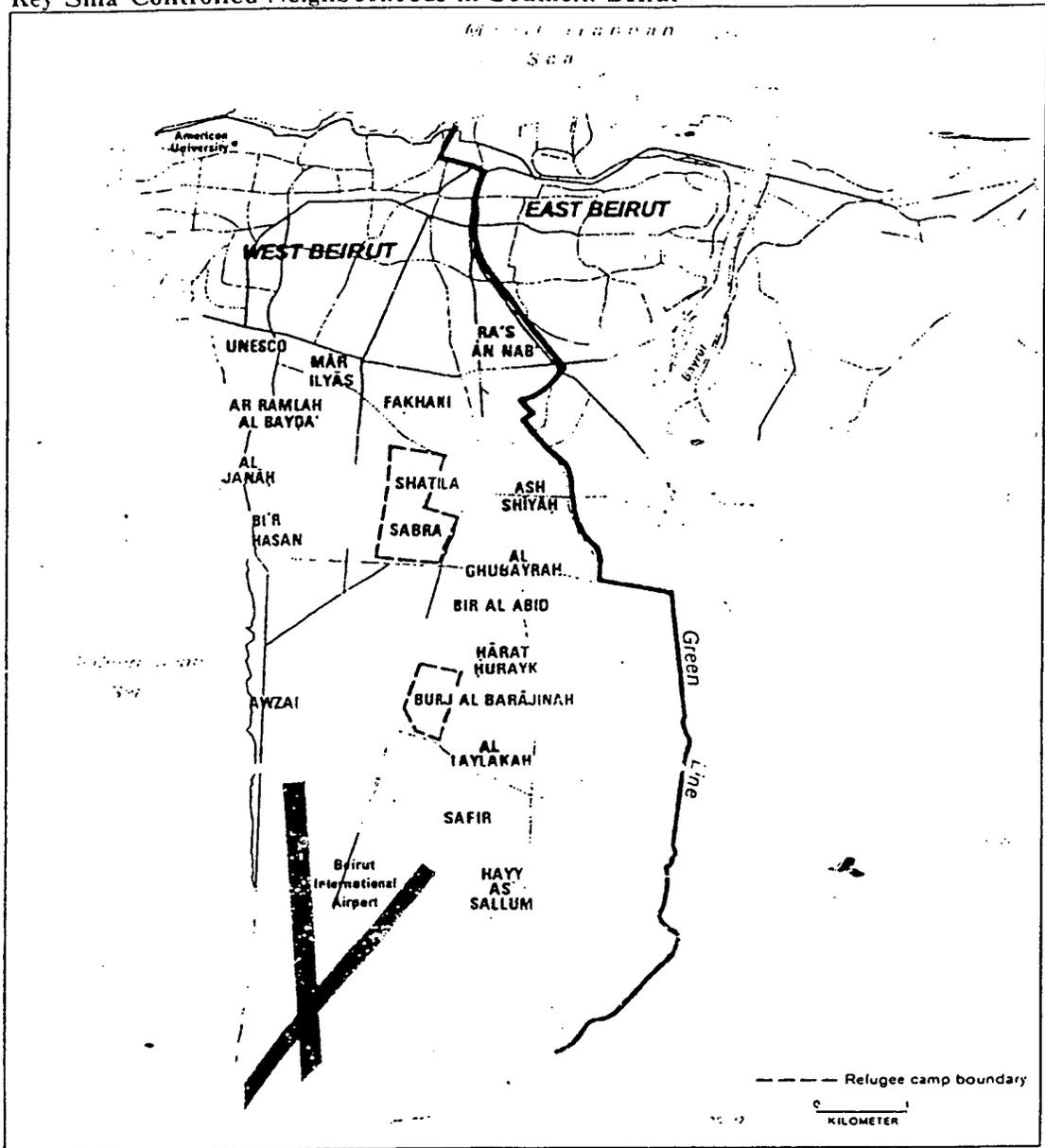
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### Key Shia-Controlled Neighborhoods in Southern Beirut



~~Top Secret~~

24 June 1985

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Special Analysis

LEBANON: Terrorist Use of Beirut Airport

*The available evidence indicates Beirut International Airport has been used by a number of groups for various nefarious purposes. The airport has been used for many years as a transit point for travel, or as a site for terrorist activities or attacks.* b (3)

b (3) Radical Lebanese Shias use the airport for travel to and from Europe, and several hijackings have begun, ended, or passed through the airport. The majority of airport employees are Shias, and [redacted] b (3) [redacted] clerks, porters, and taxicab drivers provide a support network for Shia groups hoping to abduct either foreign or Lebanese nationals using the airport. b (3)

b (3) Both pro- and anti-Arafat Palestinian groups move personnel in and out of Lebanon via Beirut International. Until June 1982 Palestinian terrorists made extensive use of the airport to move materiel and personnel to and from Europe. Since the Israeli invasion of Lebanon, Palestinian use of the airport has declined, but it has not ended.

b (3) The Amal-affiliated Musa Sadr Brigade probably uses the airport to send some of its operatives to Europe on missions to attack Libyan interests, and many of the hijackings of this group have involved the airport. The Lebanese Armed Revolutionary Faction almost certainly has sent some of its operatives and materiel to Europe through the airport. Armenian terrorists have flown from Beirut to Europe, where they attacked Turkish diplomatic facilities. b (3)

b (3) Airline hijackings involving the Beirut Airport have been a particular problem. [redacted]

b (1) b (3) [redacted] This persistent use of Beirut Airport by terrorists for at least 15 years indicates there is a chronic security problem there. [redacted]

b (1) b (3) [redacted] The collapse of the authority of the Lebanese Government in the past three years has accentuated the problem. [redacted] b (3)

Security at Beirut International Airport is practically nonexistent. Its facilities are surrounded by impoverished Shia Muslim neighborhoods in which pro-Iranian extremists operate virtually at will. The radical Hizballah organization is strong in many of the areas adjacent to the

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~~Top Secret~~

24 June 1985

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~~Top Secret~~

airport

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The airport itself is under no central authority. Militiamen of various affiliations roam the passenger terminal, occasionally searching or robbing travelers. Firefights between rival militiamen have erupted in the airport several times, and airport employees have gone on strike repeatedly during the past two years to protest the dangerous working conditions. ~~\_\_\_\_\_~~ b (3)

In addition to chaotic security conditions that promote terrorism, the airport often becomes a target in the Lebanese civil war. Shelling and mortar rounds from the surrounding war zone periodically hit within the airport perimeter, and damaged runways have closed the airport for much of the past year. ~~\_\_\_\_\_~~ b (3)

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~~Top Secret~~

24 June 1985

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### Special Analysis

INTERNATIONAL:

#### OPEC and the Soft Oil Market

*Overproduction by OPEC and low demand continue to put heavy pressure on oil prices. The cartel meets in Vienna on 5 July in another effort to restore faltering discipline. It faces a formidable challenge to keep prices up. Only Saudi Arabia's willingness to cut back production over the past two years has prevented a major price break, but, with Saudi output at an 18-year low, Riyadh is no longer willing to carry the burden alone.*

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With little or no prospect for an increase in the demand for oil in the near term, the market will remain weak and the pressure on prices is unlikely to abate. Non-Communist consumption of oil continues to fall. Slower economic growth in the US, the end of the British coal miners' strike, and gains in conservation and substitution are limiting oil use in the industrialized countries.

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#### Adhering to Quotas

Strict adherence to production guidelines by OPEC could avert a price cut, but this would still require Saudi Arabia to hold production below the level it wants. The intense financial pressures on several other members, moreover, make voluntary restraint unlikely. With no decrease in current production levels, prices will have to fall.

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If Saudi Arabia retaliates against quota violators by lowering prices and sharply increasing exports, the drop could be substantial. A unilateral price break by the Saudis, which cannot be ruled out, could precipitate a dissolution of OPEC.

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With their own production so low, the Saudis clearly now need the other members of OPEC to share the burden of stabilizing the market through further cuts in exports. Their oil earnings this year will not match 1984 levels. If they alone continue to absorb the slack in the market, the Saudis will have to make further deep cuts in many domestic and foreign financial assistance programs—or draw heavily on their foreign reserves.

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#### Possible Saudi Actions

The Saudis are disturbed by their declining share of the market and reportedly will begin to market their oil aggressively after the OPEC meeting.

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~~Top Secret~~

24 June 1985

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[REDACTED]

If Riyadh takes these actions, it will further weaken OPEC's faltering price discipline. A barter arrangement last year with Boeing was viewed by those in the oil market as a major change in Saudi oil policy and as justification for other OPEC members to violate pricing guidelines.

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**Effect of Lower Prices**

OPEC's ability to prevent a break in prices will be extremely limited if other members do not begin to share the burden of supporting prices. Although lower oil prices would help efforts to keep inflation under control in consuming countries and encourage economic expansion, a sharp drop would create severe financial problems for oil-producing nations with heavy debt burdens and add uncertainty in the international banking community.

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~~Top Secret~~

24 June 1985

b (3)