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Director of
Central
Intelligence

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Contents

Italy: Parliamentary Showdown	1
	2
Nicaragua: Internal Crackdown	3
	4
Notes	
	5 5 6
Turkey-USSR: Natural Gas Contract	6
Sudan-US: Trial of Former Vice President	7
	7 8 8
In Brief	9
Special Analyses	
	11 13



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17 October 1985





ITALY:

Parliamentary Showdown

Defense Minister Spadolini placed the governing coalition in jeopardy yesterday by pulling out his Republican Party, but Prime Minister Craxi seems determined to argue his case in Parliament.



Spadolini told journalists after his announcement that he expected Craxi to follow tradition and resign. Each of Craxi's predecessors as Prime Minister has chosen to resign rather than attempt to force a parliamentary showdown. Craxi insisted, however, that he would seek a vote of confidence in Parliament today.

Craxi could still muster a majority without the Republicans, but his hold over the remaining government delegation would be shaky, at best.

Comment: Craxi's final decision is likely to turn on whether the Liberals and Social Democrats, junior partners in the coalition, agree to back him. Both parties have echoed Spadolini's criticism of the government's handling of the Achille Lauro affair, but neither appears eager to risk a protracted crisis.

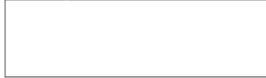
Craxi has received strong backing from Christian Democratic leaders and probably can depend on Christian Democrats to support him in an open vote. If, however, the open vote is followed by a secret vote, as is customary, Craxi's majority may disappear. At least 20 Christian Democratic deputies have recently been voting against Craxi in secret ballots.

A period of uncertainty is probably in the offing no matter what Craxi decides. If he wins a vote of confidence, his supporters will need to negotiate a new program and redistribute the portfolios vacated by Republicans. Craxi may also find himself under pressure from his remaining allies to try to bring the Republicans back into the fold.

If Craxi loses the support of the Liberals and Social Democrats before the showdown or loses his majority in a secret vote, he will have to resign. President Cossiga is bound by tradition to ask the outgoing Prime Minister whether he can form a successor government. Should Craxi decline the offer, Cossiga probably would turn to a Christian Democrat, either Deputy Prime Minister Forlani or party Secretary DeMita.



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17 October 1985

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17 October 1985



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NICARAGUA:

Internal Crackdown

The expansion of the Sandinistas' existing state of emergency, apparently in response to bolder actions by internal opponents—particularly the Catholic Church—provides the regime a legal pretext for stronger measures to come. [redacted]

The yearlong emergency, decreed by President Ortega on Tuesday, prohibits public assemblies, extends censorship, curtails in-country travel, bans strikes, and suspends other rights, including habeas corpus. The Sandinistas publicly claim that US "aggression" and counterrevolutionary activity by some political parties, media, and religious organizations prompted the action. [redacted]

In recent weeks the Sandinistas had twice prevented the Catholic radio station from rebroadcasting Cardinal Obando y Bravo's masses, threatened to expel several foreign priests who protested the induction of 11 seminarians into the military, and confiscated a new Church newspaper. In early September, the regime prohibited businessmen from holding a meeting—the last in a series throughout the country—to commemorate a colleague killed by the regime in 1980. [redacted]

The Sandinistas have faced other problems. On Tuesday 400 workers demonstrated in Managua to demand Christmas bonuses. [redacted]

[redacted] the government fired 1,000 employees in late August for refusing to join "voluntary" marches by workers in support of the regime. [redacted]

Comment: The mounting opposition criticism, labor unrest, and discontent that led to the decree may have raised concern among the Sandinistas that the dissent was providing legitimacy to the insurgency. Although the decree formalizes some existing restrictions, such as the strike ban, other measures appear aimed specifically at the Church. Increased censorship and the ban on public assemblies will curtail the Church's ability to criticize the regime in its media and at outdoor masses. [redacted]

The regime will not hesitate to take additional strong measures—such as expelling foreign priests or detaining business and labor leaders—to cow its opponents. Imposition of the decree for a year instead of six months, as in the past, also suggests a hard line. Although such actions undermine their strategy of projecting a democratic image, the Sandinistas are trying to blunt international criticism by blaming the US—a theme Ortega probably will expand on at the UN next week. [redacted]

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17 October 1985

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17 October 1985



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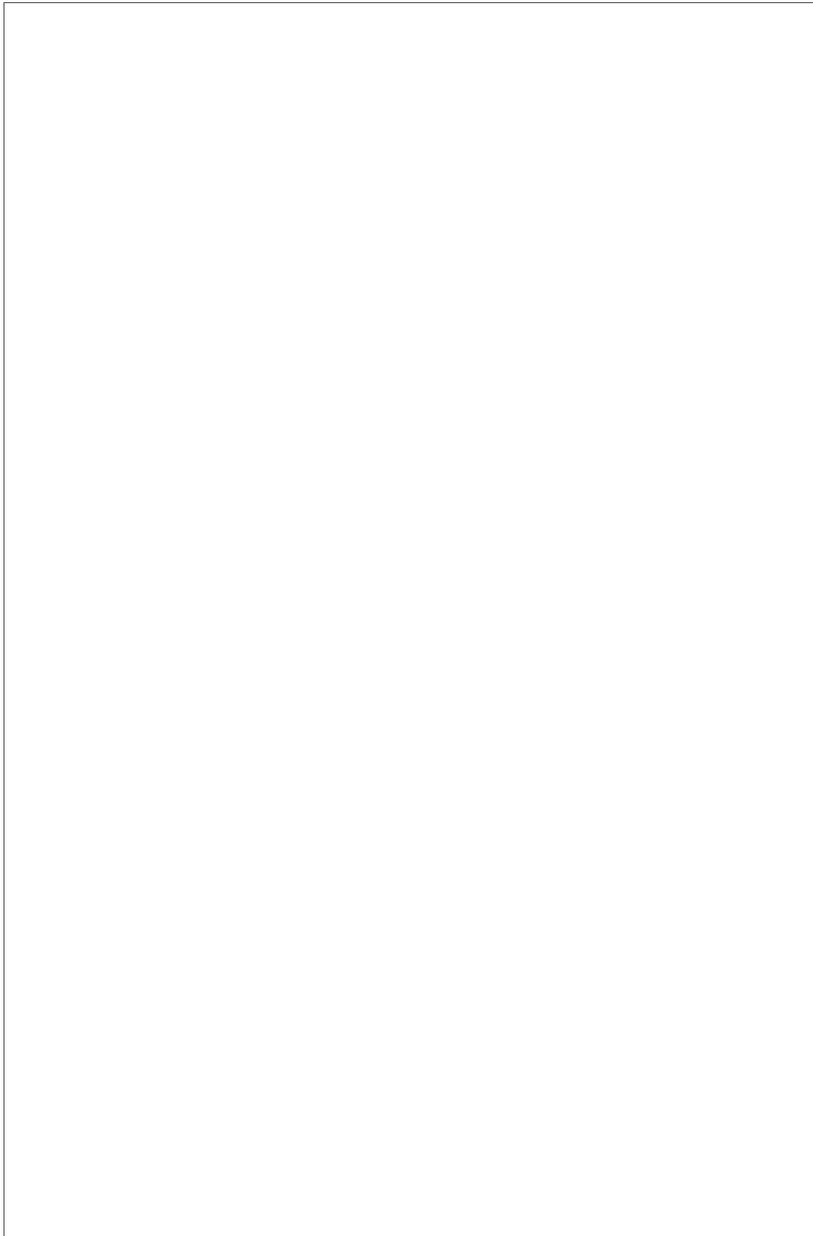


17 October 1985

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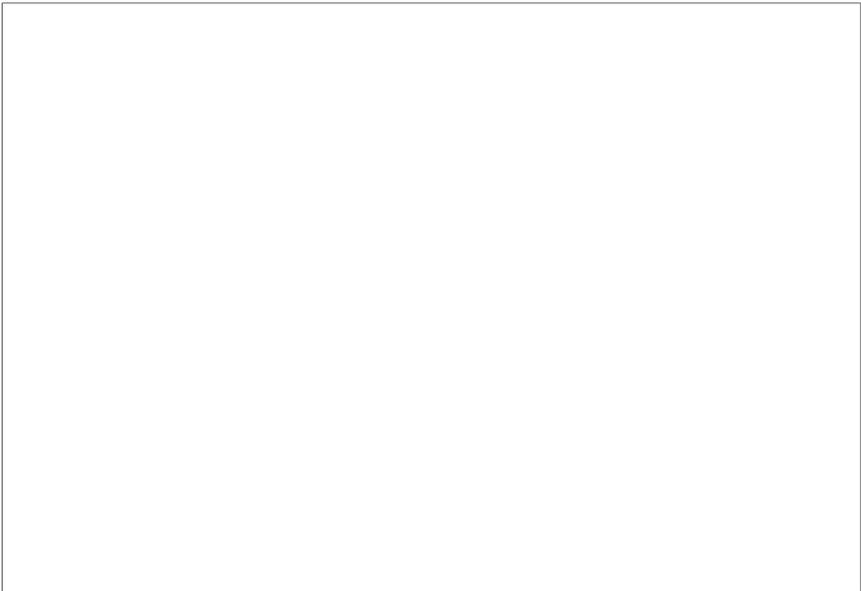
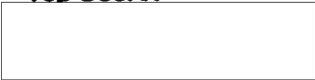
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17 October 1985



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TURKEY-USSR: Natural Gas Contract

Ankara is expected to sign a 20-year contract soon for the delivery of as many as 215 billion cubic feet (6 billion cubic meters) per year of Soviet gas beginning in 1987.

Revised plans call for a large portion of the gas to go to residential and commercial consumers. Ankara has no plans to provide additional gas storage facilities in the first five to 10 years of the contract or to require industrial consumers that switch to gas to maintain the ability to switch back to other fuels.

Comment: This contract will make Turkey—and particularly residential users—vulnerable to interruption in Soviet gas deliveries. The Soviets will be supplying as much as 95 percent of Turkish gas needs, albeit only 5 percent of total energy requirements. Because of the expense and inconvenience of installing a domestic pipeline grid to serve the residential and commercial market, Turkey probably will not be able to take delivery of the maximum amount available under the contract for some time. At current prices, however, Moscow would earn as much as \$750 million annually if deliveries reached peak levels.

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17 October 1985



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[Redacted]

SUDAN-US: Trial of Former Vice President

A defense lawyer for former Vice President Tayyib warned [Redacted] that the charges against his client are "ugly." He said the case against Tayyib will link Israeli and US intelligence services to the evacuation last winter of Ethiopian Jews from Sudan. Sudanese officials, meanwhile, are still assuring [Redacted] the trial will skirt the foreign role in the operation and will focus only on Tayyib's acceptance of money for "illegal" purposes. [Redacted]

Comment: The timing of Tayyib's trial—which may start at any time—is extremely bad for him. Khartoum is rife with anti-Israeli and anti-US sentiment following Israel's recent raid on Tunis and the US interception of an Egyptian aircraft last week; there was a pro-Palestinian demonstration in Khartoum on Tuesday. Detailed accounts in court of US and Israeli involvement in the secret evacuation of Falasha Jews almost certainly would aggravate public indignation and endanger the security of US nationals in Khartoum, even if the regime tries to play down the US role. [Redacted]

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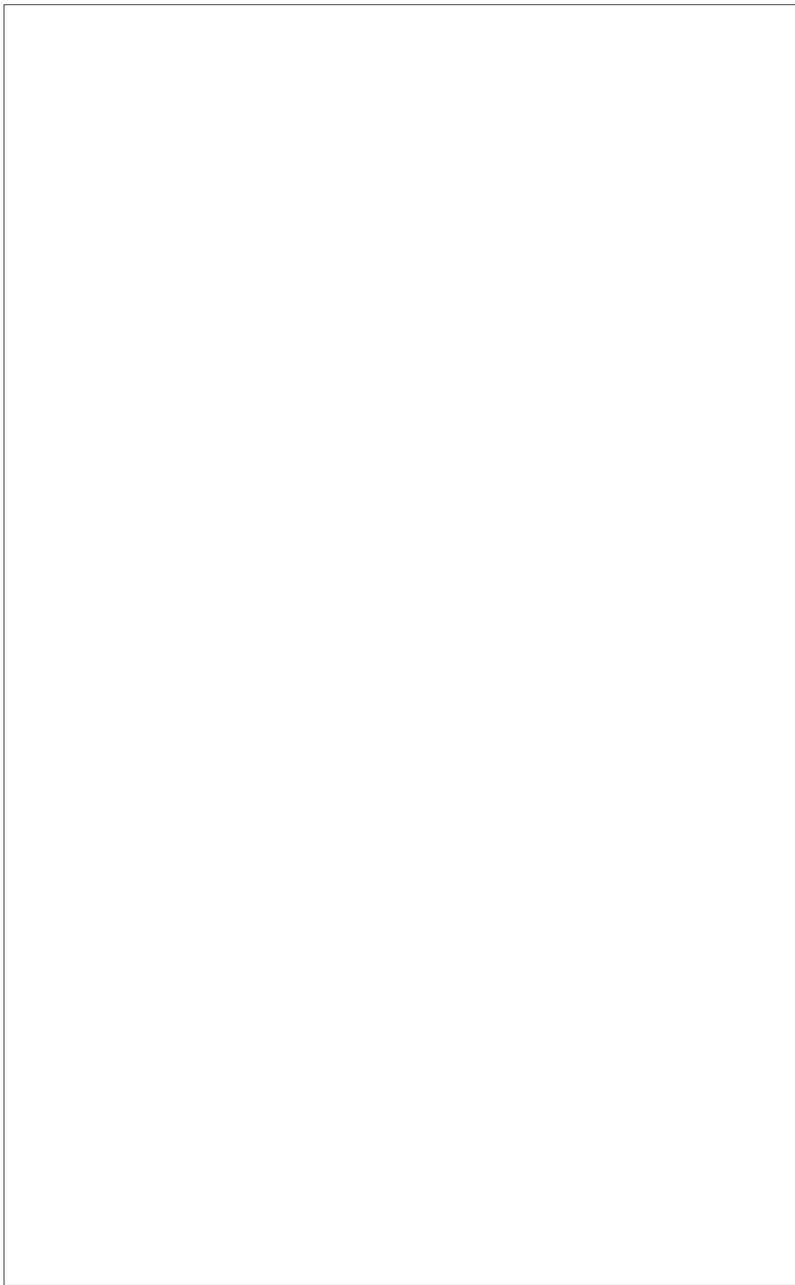
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17 October 1985



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In Brief

Americas

[redacted] **USSR** is front-runner to receive contract for modernizing major **Argentine** grain port . . . would help limit Soviet trade deficit with Argentina, now at \$1.3 billion. [redacted]

— Press says antiregime protests in **Chile** Tuesday were small but resulted in 400 arrests, some injuries . . . included bombings by leftist terrorists that disrupted rail traffic . . . continuing agitation by students and labor likely [redacted]

East Asia

— **Taiwan** describing Vice President Bush's visit to **China** as US attempt to shore up Deng's reform policies . . . claims US using relations with China as bargaining chip at November meeting in Geneva . . . concerned visit harming Taipei's interests. [redacted]

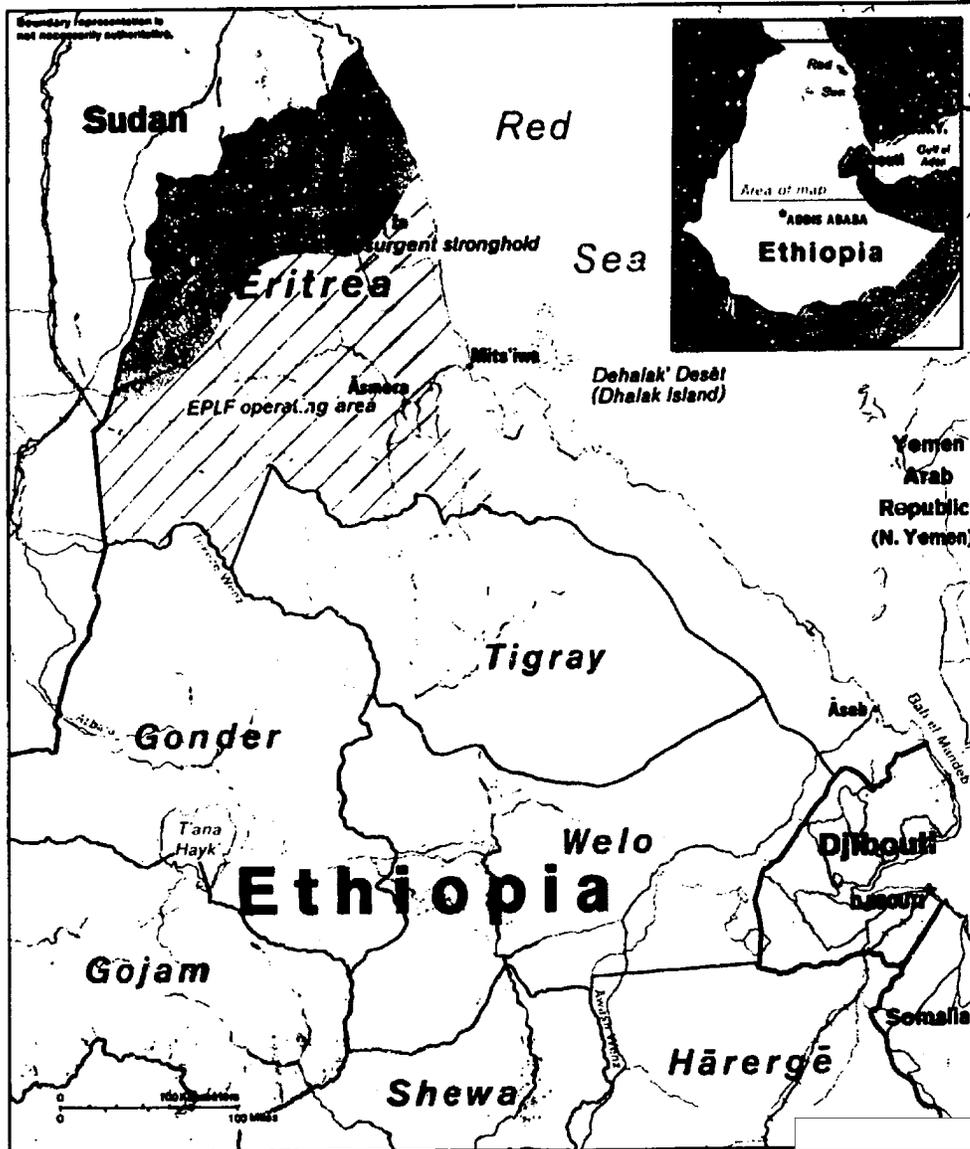
— Vice Premier Li Peng to attend 35th anniversary of **Chinese** entry into Korean war next week in **North Korea** . . . trying to balance high-level **Soviet** presence at V-J Day celebrations, to stop slide in relations. [redacted]

— COCOM approval of new procedures eliminating prior review for many high-technology exports to **China** could facilitate trade with West, cut COCOM workload by half . . . **China** has to provide COCOM with end user certificates. [redacted]

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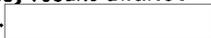
17 October 1985



Africa

- **Ethiopian** troops attacking rebel positions near insurgent stronghold at Nak'fa . . . probably attempting to recapture area lost in August . . . may be prelude to attack on town itself. 
- Violence widespread in Colored areas in **South Africa's** western Cape Province in reaction to killing of three protesters . . . police patrol recently fired upon in rare instance of nonwhites using guns . . . execution Friday of ANC member who murdered policeman in 1982 likely to provoke additional violence. 

Europe

- Accused **Turkish** drug and arms smuggler on trial in absentia in Rome's papal plot case—Bekir Celenk—died Monday while in Turkish custody . . . autopsy results awaited . . . will complicate proceedings in papal trial. 
- Key Socialist party leader urging **Spanish** Prime Minister Gonzalez to cancel referendum on NATO . . . thinks few voters care about such vote . . . believes it could hurt Socialist reelection prospects. 

USSR

- Aging chief of **Soviet** party Defense industry Department replaced by specialist in radioelectronics . . . latter a problem area for Soviets in design and production of advanced weapon systems. 



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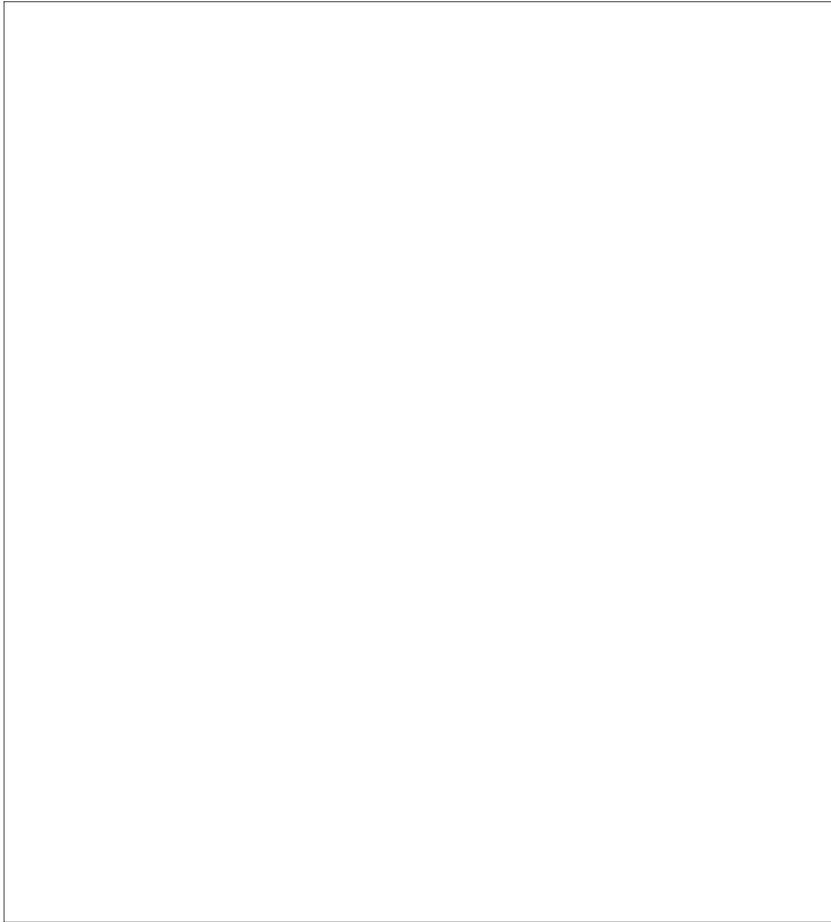


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17 October 1985



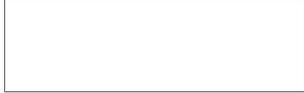
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17 October 1985

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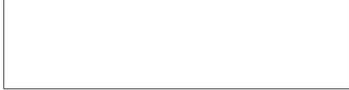


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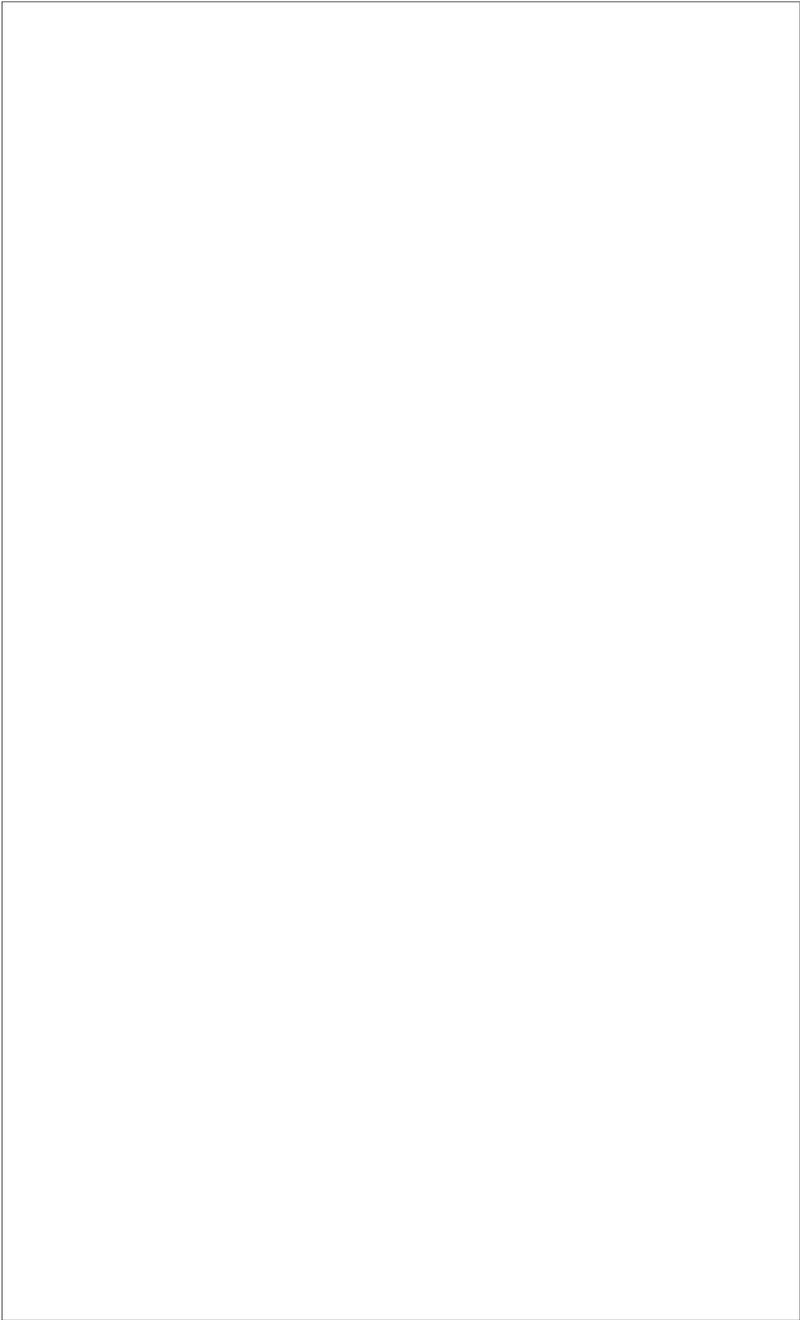


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