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NSC MEETING
ON CENTRAL AMERICA
SEPTEMBER 23, 1983; 11:00-12:00

AGENDA

- I. Introduction William P. Clark
(2 minutes)
- II. Intelligence Overview Robert M. Gates
(5 minutes)
- Nicaragua - the Cuban-Soviet connection; major changes.
 - The resistance and the latest efforts in the field; update on resistance targets.
 - El Salvador - the guerrilla perspective.
- III. The Diplomatic Front George P. Shultz
(15 minutes)
- Stone and the Contadora process; the view from Central America.
 - Current legislative approach:
 - Continuing resolution;
 - Boland/Zablocki;
 - FY 85 budget proposals.
 - Regional impact of our diplomatic/legislative situation.
- IV. The Military Equation Paul Thayer/
John W. Vessey
(15 minutes)
- El Salvador - how are they doing militarily; can they keep it up? Training, equipment, morale, effectiveness.
 - The Regional Military Training Center/US base access.
 - Ahuas Tara II/fleet exercises - regional impact.
 - Regional military efforts (CONDECA) policy implications.
- V. General Discussion (15 minutes)
- Is the policy working? What more should we be doing?
- VI. Wrap-up William P. Clark
(5 minutes)

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Within the past month, Interior Minister Borge stated publicly in Managua that Nicaragua would have to stand alone for its defense.

In his 26 July 1983 speech to the Cuban people, President Fidel Castro made it plain that in the event of a military confrontation with the US, Cuba could not expect to receive help from abroad and would have to fight alone. In the months preceding his speech, he had been delivering the same message to various high level visitors. [redacted] diplomats, for example, have told us that Castro [redacted] has received signals from the Soviets making it clear that they will not come directly to his aid if he has a military confrontation with the US. Moreover, when a high Yugoslav delegation visited Havana in late May and early June, it reportedly learned that Cuban officials had discussed with Soviet leaders their concern about a US attack on Cuba and the Soviets made it known that the USSR would not go to war with the US over Cuba.

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In mid May, a Cuban official reportedly said that pressure from the Soviet Union to avoid any possibility of a direct confrontation with the US has worried Castro. The Cuban official said Castro believes that the Soviet Union is now more reluctant than at any previous time to become directly involved in any confrontation between the US and Cuba.

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Table 1 82
 Central America: Foreign Financing Gap 1978-~~84~~

	Million US \$						
	1978	1979	1980	1981	1982	1983 ^a	1984 ^b
Current account	-1084	-755	-1566	-2069	-1605	-1874	-2247
Trade balance	-594	-431	-1058	-1151	-601	-614	-962
Exports (f.o.b.)	4016	4783	5110	4615	4093	4026	4178
coffee	1586	1777	1689	1328	1290	na	na
Imports (c.i.f.)	4610	5214	6168	5765	4695	4640	5140
Net services and transfers	-490	-324	-508	-918	-1004	-1260	-1285
Amortization	357	510	454	842	683	527	609
Foreign Financing Gap	-1441	-1265	-2020	-2911	-2288	-2401	-2856
Capital account	1512	1138	781	2070	1888		
Foreign direct investment	186	187	165	189	148		
Medium- and long-term loans	1211	1016	1218	2212	1766		
Official	576	614	1113	1475	1365		
Private	636	402	105	737	401		
Net short-term capital (including errors and omissions)	115	-65	-602	-331	-26		
Change in gross reserves	71	-127	-1239	-841	-400		

This table is classified CONFIDENTIAL

^a Projected, assuming 0 percent real economic growth and moderate commodity prices.

^b Projected, assuming 0 percent growth in 1983 and 3 percent growth in 1984 and moderate commodity prices both years.

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Directorate of Intelligence
Office of African and Latin American Analysis

21 September 1983

NOTE FOR: Deputy Director for Intelligence

Bob,

[redacted] told me yesterday that the
DCI and Judge Clark would be discussing
Jamaica this afternoon. We have provided
some background material for Mr. Casey and
I have attached it for your information.

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[redacted]

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Director

Attachment:
As stated

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