



**Director of  
Central  
Intelligence**

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# **National Intelligence Daily**

*Thursday  
7 April 1983*

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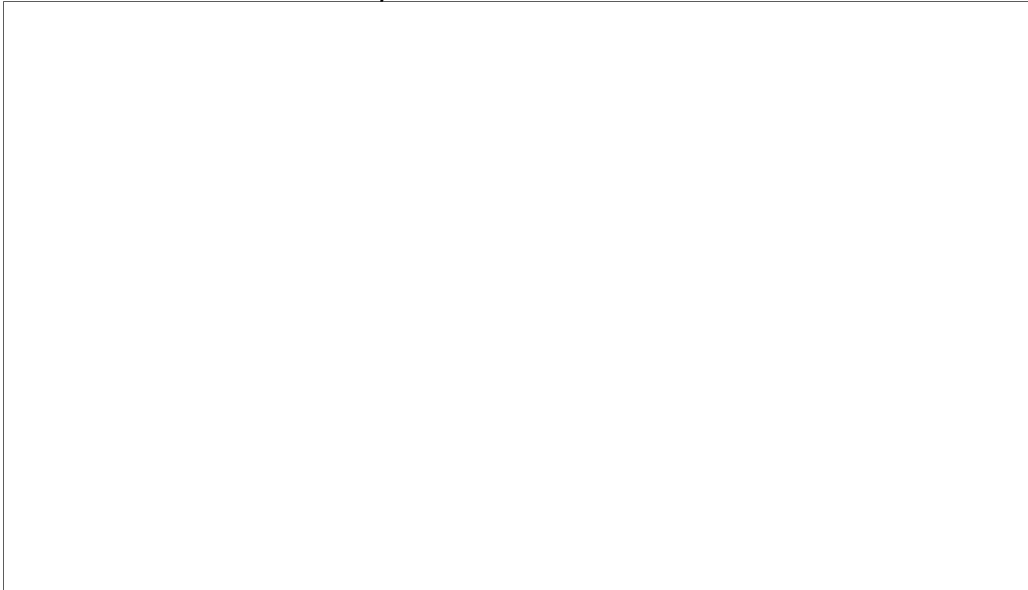
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**NICARAGUA: Military Developments**

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The Nicaraguan military attache to the US recently stated the Sandinistas are relying primarily on reserve and militia units to fight the insurgents, thereby getting the public more involved in defending the revolution. Interior Minister Borge has said, however, that special commandos from his ministry and border guard troops are playing important roles against the insurgents. [redacted]

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**Comment:** Although reservists and militiamen have been doing most of the fighting, more highly trained counterinsurgency and border guard units are becoming increasingly involved. Together with the Air Force's recent bombing attacks, these developments indicate the junta is intensifying its military response to the growing guerrilla activity. [redacted]

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Most of the regular Army apparently is being held in reserve against a potential conventional attack by Honduran troops. [redacted]

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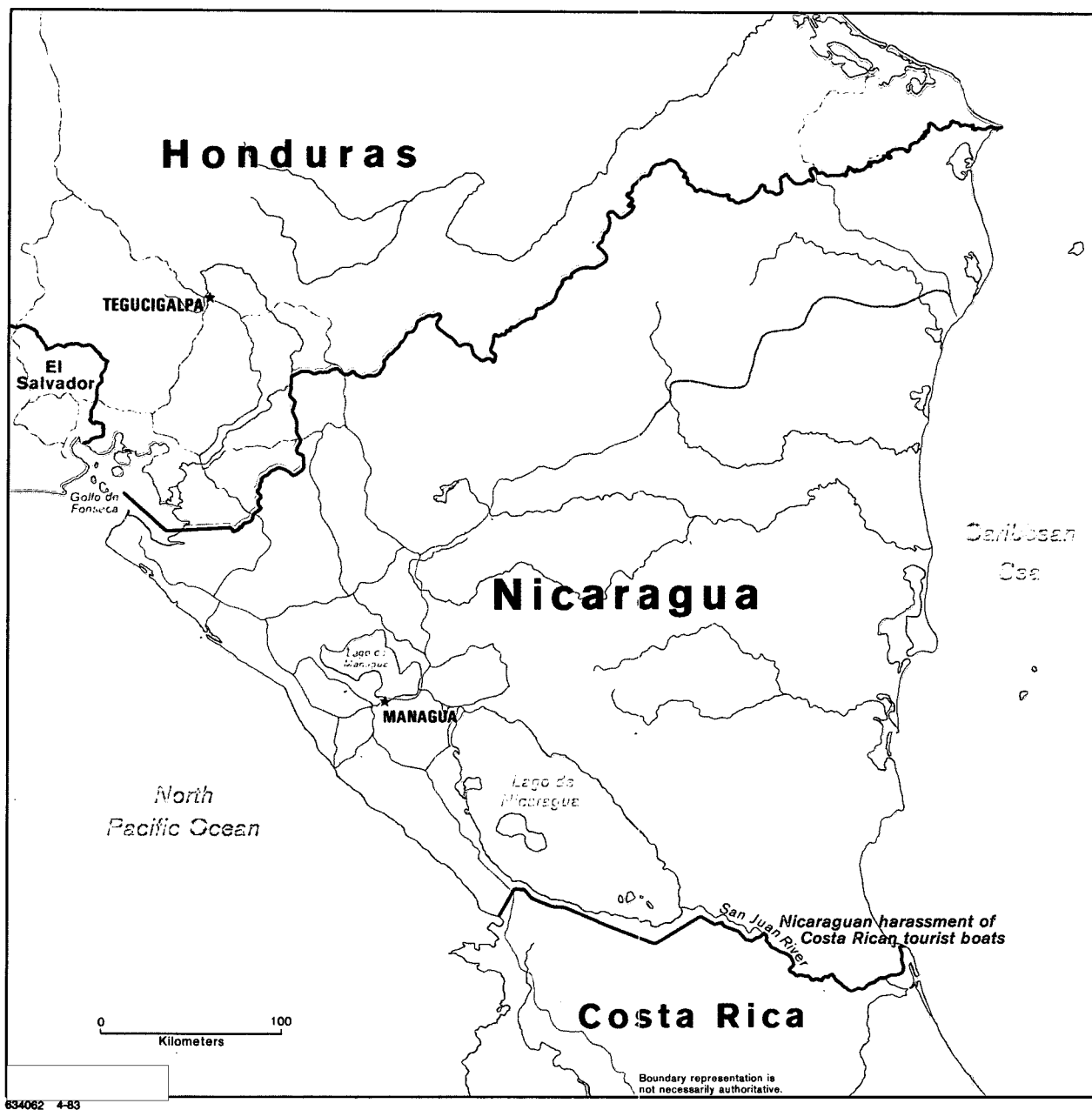
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**COSTA RICA-NICARAGUA: Ministerial Meeting**

*Recent discussions in Nicaragua between Costa Rican Foreign Minister Volio and Sandinista Interior Minister Borge have satisfied some of their goals but failed to resolve major differences that have eroded bilateral relations.*

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Volio says Nicaragua promised to halt territorial violations by its armed forces along the common border and also publicly rescinded charges that Costa Rica is trying to undermine the Sandinista regime. In return, Volio pledged to investigate alleged attacks by the exiles from Costa Rica and reiterated his country's neutrality.

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The discussions failed to produce agreement on Costa Rica's right of navigation on the San Juan River, the scene of continuing Nicaraguan harassment of Costa Rican tourist boats. Although Costa Rican access is guaranteed by existing treaties, Borge insisted Nicaragua would continue to exercise its sovereignty over navigation. The Sandinistas contend that searches of Costa Rican vessels are intended to thwart exile efforts to infiltrate Nicaragua.

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**Comment:** Costa Rican President Monge previously rejected Managua's offers to discuss bilateral issues, instead promoting regional talks to focus on Nicaragua's export of revolution throughout Central America. His agreement to a bilateral agenda probably was intended to assuage critics of his tough anti-Nicaraguan policies and also to put himself in a better position to push his demands for regional discussions.

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The Sandinistas are likely to point to the talks with Volio as they apply pressure for bilateral discussions with Honduras over anti-Sandinista activity along Nicaragua's northern border. Their concern over insurgent activity is reflected in Borge's intransigence on the San Juan River issue. If Nicaraguan revolutionary hero Pastora follows through on his publicly implied intention to open a southern front in Nicaragua soon, tension between Managua and San Jose probably will increase.

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**SAUDI ARABIA: Resignations of Financial Officials**

*The expected resignations next week of two key Saudi financial officials will feed rumors of serious disagreements over economic policy within the government.*

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[ ] the US Embassy have reported that both the governor and the number-three man of the Saudi Arabian Monetary Agency—the central bank—will resign. The resignations are expected to be effective on 13 April, the beginning of the Saudi financial year and the day the 1983-84 budget is scheduled to be published. [ ]

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The Embassy reports that the resignation of Governor Qurayshi—a highly respected technocrat who has headed the agency since 1974—is likely to be ascribed officially to personal or health reasons, but that it probably was forced. According to the Embassy, the resignations will add to existing concerns in domestic and international banking circles about Saudi Arabia's ability to deal effectively with decreased oil revenues and sizable budget deficits.

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**Sultan Qaboos**

Age 42 . . . educated at Sandhurst . . .  
intelligent and strong willed . . .  
staunch anti-Communist . . . popular  
among Omanis as economic and  
social reformer.

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**OMAN-US: Sultan's Visit**

*Sultan Qaboos's major objective during his visit to Washington next week will be to strengthen ties with the US, which he sees as the principal source of protection against threats from Iran, South Yemen, and the USSR.* [ ]

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The US Embassy in Muscat reports the Sultan will seek assurances that the US is committed to Oman's defense and, in return, will underscore his own commitment to the US-Omani military access agreement of 1980. He will ask to buy advanced fighter aircraft, attack helicopters, and air-to-air missiles. According to the Embassy, Qaboos also is likely to seek increased financial assistance.

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Disagreements over the pace of implementation and cost of the US-Omani military agreement have largely been resolved. Nonetheless, Oman's British Chief of Staff recently notified US officials that the US may have reached the limit under existing arrangements on the amount of US military equipment it can stock in Oman for contingency purposes. [ ]

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**Comment:** Qaboos is firmly committed to a long-term relationship with the US and apparently is generally satisfied with the way it is developing. Influential Omani nationalist advisers, however, are putting pressure on him to exact a higher price for strategic cooperation. The Sultan will be influenced by their advice but will not risk Oman's good relations with the US. [ ]

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Oman currently has no US-built fighter aircraft, and such a purchase would cause London and the British officers serving with Oman's forces to worry that the US was supplanting the UK's influence in Oman. Qaboos traditionally has bought British arms. He now has to cope with declining oil revenues, however, and his partners in the Gulf Cooperation Council have agreed to help finance only aircraft bought from either the US or France. [ ]

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**EL SALVADOR: Guerrilla Sabotage Campaign**

The insurgents' clandestine radio has announced a new campaign of economic sabotage throughout the country, which evidently has already begun with several attacks on roads and buses

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**Comment:** The guerrillas have been stockpiling large amounts of explosives and other weapons in preparation for a major offensive this spring. They probably hope attempts by the government to protect key economic targets will spread the Army thin, thereby making individual units more vulnerable to ambushes and other attacks. The insurgents' ultimate goal apparently is to erode public confidence in the government and undermine the credibility of the elections scheduled for December.

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**POLAND: Church-State Relations**

A Church spokesman recently told a US Embassy officer that the Church is negotiating with the regime a law that, for the first time since World War II, will give the Church legal standing. The draft law, which the spokesman said might be ready next month, allegedly will facilitate construction of new Church buildings, reduce state interference in Church affairs, allow religious schools, and give the Church greater access to the media. The spokesman said that the Vatican supports the project and that such a law could become the basis for a concordat between Poland and the Vatican. [REDACTED]

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**Comment:** The agreement probably is not as imminent as the spokesman suggests, although his optimism evidently reflects the view of some members of the Church hierarchy that they can work with the authorities. Some government officials would like to tie the Church closer to their efforts to establish a social accord with the population. Many party members and the Soviets, however, would oppose the projected concessions to the Church on both ideological and political grounds. [REDACTED]

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**GREECE-TURKEY: Foreign Ministers To Meet**

The Greek and Turkish Foreign Ministers will use the meeting of the Council of Europe on 28 April to discuss differences on territorial air and sea limits, continental shelf rights, and NATO command and control arrangements in the Aegean. Turkish Foreign Minister Turkmen claims the two countries have agreed to refrain from polemics before the meeting. Plans for similar talks last December fell through when Athens backed out after Turkish aircraft allegedly violated Greek airspace. [REDACTED]

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**Comment:** Both governments seem willing, after intermittent verbal sparring over the past year, to ensure that this meeting is held on schedule. Turkish leaders, however, appear skeptical about the chances for progress. Athens probably hopes the session will help its negotiations with the US on a defense agreement and with its EC partners on economic cooperation. Although the meeting is unlikely to produce any breakthroughs, the renewal of a dialogue would be an important first step toward the possible solution of bilateral problems. [REDACTED]

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**ECUADOR-PERU: Border Incidents**

The US defense attache in Quito reports there were two brief armed clashes on Tuesday between Ecuadorean and Peruvian troops on Ecuador's side of the disputed Cordillera del Condor mountain ridge. One Ecuadorean soldier was wounded, and Quito has officially protested the incidents. [redacted]

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**Comment:** The low-key treatment of the last minor clash in January has provided a precedent. President Hurtado may raise the latest incidents in his talks with US officials in Washington this week in support of his request for help in resolving this longstanding dispute.

[redacted]

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**BRAZIL: Economic Discontent**

Violent labor protests—Brazil's first significant social violence in nearly three years—reflect rising unrest among urban workers, whose living standards are being cut by high unemployment, inflation, and austerity measures. Unemployed workers demonstrating in suburban Sao Paulo this week looted stores, destroyed some property, and clashed with police during an attack on the state governor's palace. Local police reacted with restraint in order to avoid provoking the mob, and the governor promised to reduce unemployment. President Figueiredo, however, placed troops on alert in the city. [redacted]

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**Comment:** As economic austerity takes hold, worker demonstrations and strikes are likely to intensify, with some risk of more extensive violence. Figueiredo is strongly committed to the transition to democratic rule, and he may try to reduce domestic criticism of his economic policies by softening any new austerity measures. Such a retreat, however, would be at the expense of foreign investor confidence. [redacted]

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