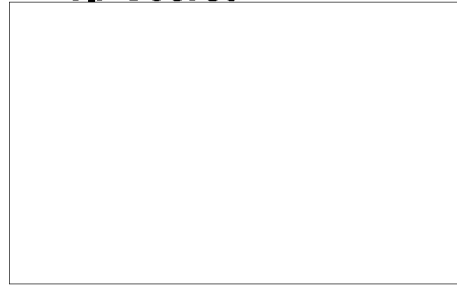




**Director of  
Central  
Intelligence**

~~Top Secret~~



25X1

OCPAS/CIG



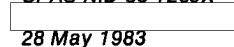
CY# 285

# National Intelligence Daily

*Saturday  
28 May 1983*

~~Top Secret~~

CPAS NID 83-126JX



28 May 1983

25X1

Copy 285

**Page Denied**

**Top Secret**



25X1

**Contents**

---

**Israel-Syria-Lebanon: Israeli Alert** ..... 1

**Greece-US: New Demands in Base Talks** ..... 2

**India-US: Reactor Safety Issue** ..... 3

**Mongolia-China-USSR: Expulsion of Chinese** ..... 4

**USSR: Sakharov's Status** ..... 5

**Panama-US: National Guard Chief's Visit** ..... 6

**Portugal: Agreement on New Government** ..... 7



25X1

**El Salvador: Military Activity** ..... 9



25X1

**UK-US: Concern About Demonstrations** ..... 10

**Italy: Labor Unrest** ..... 10

**Denmark: Anti-INF Resolution** ..... 11

**Spain-US: Aircraft Purchase Delayed** ..... 11

**Turkey-Iraq: Border Incursion** ..... 12

**South Korea-China: Decision on Hijacking Depositions** ..... 12

**Special Analysis**

**USSR-Eastern Europe: Obstacles to a CEMA Summit** ..... 13

25X1

**Top Secret**



25X1

28 May 1983

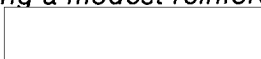
**Top Secret**



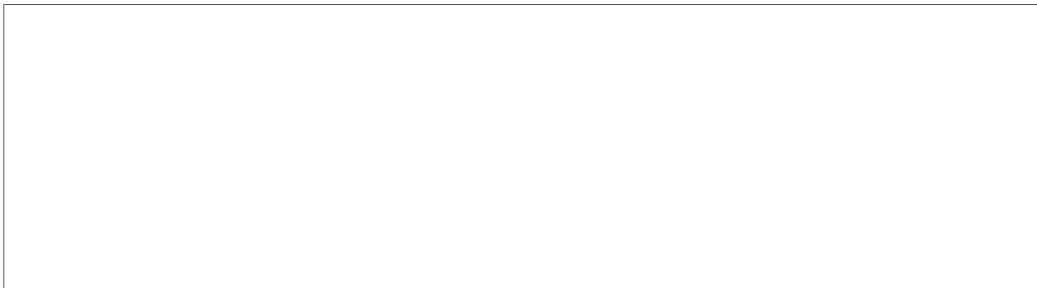
25X1

**ISRAEL-SYRIA-LEBANON: Israeli Alert**

*Israel yesterday emphasized its concern about the Syrian command post exercise—due to end today—by putting its armed forces on alert, announcing a limited callup of reserves, and undertaking a modest reinforcement on the Golan Heights and in Lebanon.*

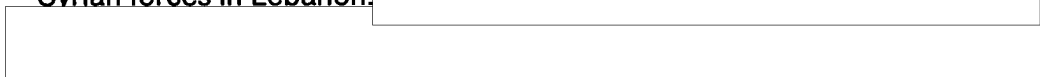


25X1



25X1

Syrian Defense Minister Tlas yesterday acknowledged the Syrian-Israeli air clash of Tuesday, claiming the Israelis violated airspace over Syrian forces in Lebanon.



25X1

25X1

The US Embassy in Tel Aviv reports most Israelis believe that the Syrian actions are intended to frighten Lebanese President Gemayel into abandoning the Lebanese-Israeli accord. The Israelis maintain President Assad's tactics have caused moderate Arab states to reduce their backing for the accords. To demonstrate that there is broad domestic support for the government's policies on Lebanon, Prime Minister Begin and Defense Minister Arens yesterday briefed Labor Party leaders on the Syrian moves.



25X1

**Comment:** Israeli mobilization and reinforcement probably will increase Syrian concern, but both sides appear to want to avoid a new war.



25X1

25X1



25X1



**Top Secret**



25X1

28 May 1983

**Top Secret**  
[Redacted]

25X1

**GREECE-US: New Demands in Base Talks**

*The tough new demands made by the Greeks in the base negotiations with the US suggest that Prime Minister Papandreou may view any compromise at this point as a political liability.* [Redacted]

25X1

The Greek negotiator presented a new draft on Tuesday that asks for \$3 billion in US security assistance over a five-year period and cancellation of Greece's foreign military sales debts in exchange for goods of equal value. Upon the expiration of the accord, the US would be required to withdraw its military forces within a year. Athens also wants Washington to guarantee a Greek-Turkish military balance.

[Redacted]

25X1

Greece had increased pressure on the US even before submitting its new demands. Papandreou recently alleged that US aircraft participating in a NATO exercise had violated Greek airspace, and the government press encouraged labor strikes last week at the US airbase at Hellenikon. [Redacted]

25X1

[Redacted]

25X1

**Comment:** The new demands are the toughest to date and raise basic doubts about the prospects for a new agreement. The weight of evidence suggests that Papandreou still sees a need to make a deal, but on his terms. [Redacted]

25X1

Although Athens knows that it has no real alternative to Washington as a source of military aid and support, the lagging economy is eroding the government's popularity and bringing it under increasing leftist pressure. As a result, Papandreou may believe that he cannot sign an agreement now that entails real compromise. The new demands may be a sign of Papandreou's desire to procrastinate until he has more room to maneuver. [Redacted]

25X1

**Top Secret**  
[Redacted]

25X1

**Top Secret**

[Redacted]

25X1

**INDIA-US: Reactor Safety Issue**

[Redacted]

25X1

The chairman of the Indian Atomic Energy Commission has advised US officials that one of two reactors at the power station has been shut down because it can no longer be operated safely. He warns that this will become a public issue. [Redacted]

25X1

Although the chairman has publicly denied the existence of any hazards, the Indian press has reported radiation leaks and overexposure of plant personnel. [Redacted]

25X1

25X1

[Redacted]

**Comment:** The degraded condition of the reactors increases the possibility of a serious radiation leak into the densely populated Bombay area. This danger will persist at least until the spare parts are installed, a major cleanup is completed, and the reactors are reloaded with new fuel, which is now available from France. The Indians believe that the spare parts can only be obtained from the US. [Redacted]

25X1

Indian officials are anxious to avoid a prolonged shutdown because new public revelations about technical shortcomings could discredit the nuclear power program. If a nuclear accident were to occur, the Indian press and public would be likely to blame the US. Moreover, senior Indian nuclear officials who have favored a conciliatory approach to the US might be replaced. [Redacted]

25X1

**Top Secret**

[Redacted]

25X1

**Top Secret**

[Redacted]

25X1

**MONGOLIA-CHINA-USSR: Expulsion of Chinese**

*Mongolia's moves against longtime Chinese residents in Ulaanbaatar will be yet another irritant in Sino-Soviet relations.* [Redacted]

25X1

The Chinese Ambassador in Ulaanbaatar, in a recent conversation with his Japanese counterpart, expressed indignation over Mongolian moves to expel the Chinese. He claimed that several of the measures, ranging from work restrictions to new housing regulations, are designed to force the Chinese out of the country. [Redacted]

25X1

Mongolian harassment of the Chinese community of some 8,000 began at least a year ago when the government charged that many of the Chinese were engaged in socially unproductive activities and announced a series of actions against them. [Redacted]

25X1

[Redacted] during the last two months Chinese have been forcibly returned to China in groups of 50 to 100 per day. [Redacted]

25X1  
25X1

Those being expelled reportedly have received rough treatment from the Mongolians and have been greeted as heroes after entering China. They have not been allowed to continue on to Beijing, however, and neither the Soviet nor the Chinese media have mentioned the issue. [Redacted]

25X1

**Comment:** The continuing expulsions could not have been ordered without Soviet approval. Moscow may have endorsed the move to reassure Mongolia that any improvement in Sino-Soviet relations will not be at Ulaanbaatar's expense. [Redacted]

25X1

So far, the Chinese have not made a public issue of the matter. They could raise it at any time, however, or bring it up at the next round of Sino-Soviet consultations. The talks, according to Soviet Deputy Foreign Minister Kapitsa, are still scheduled to resume in Beijing in October. [Redacted]

25X1

**Top Secret**

[Redacted]

25X1

**Top Secret**

[Redacted]

25X1

**USSR: Sakharov's Status**

*Elena Bonner, the wife of dissident physicist Andrey Sakharov, may be trying to put pressure on the government to allow her and her husband to emigrate.* [Redacted]

25X1

Next week Bonner hopes to meet with Academy of Sciences President Aleksandrov to request medical treatment for herself and Sakharov in an Academy hospital in Moscow. She has informed diplomats and newsmen that both she and Sakharov have sent personal messages to Aleksandrov. [Redacted]

25X1

This action follows an invitation from the Norwegian Government to establish permanent residence there and the offer of a teaching position by a university in Vienna. Bonner has publicly indicated that Sakharov would accept either invitation. On 11 May, however, TASS stated that Sakharov was ineligible for "foreign trips," because of his knowledge of "state and military secrets." [Redacted]

25X1

**Comment:** Bonner's action may be designed to keep Sakharov's plight in the public eye and expedite a favorable decision on emigration. Although her tactic may backfire, there is some evidence that the regime may be willing to allow the couple to emigrate. [Redacted]

25X1

Constant official harassment since early last year has contributed to Sakharov's physical and emotional decline, and he is now resigned to leaving. The authorities may want him to appeal for exit permission, thereby allowing the regime to avoid the appearance of bowing to Western pressure. [Redacted]

25X1

The Soviets have always been sensitive to Sakharov's special standing at home and abroad, and they may believe they have only limited leverage in dealing with him. By allowing him to emigrate, Moscow might hope to improve its record on human rights at the CSCE review meeting and other international forums. [Redacted]

25X1

25X1

[Redacted]

**Top Secret**

[Redacted]

25X1



Top Secret

[Redacted]

25X1

**PANAMA-US: National Guard Chief's Visit**

*National Guard Commander Paredes hopes his official military visit to the US next week will demonstrate his political acceptability to Washington and strengthen domestic support for his planned presidential campaign.* [Redacted]

25X1

Paredes's advisers are trying to arrange meetings during the visit with key US policymakers and Congressional leaders. Paredes has announced he will step down from his Guard post in August and accept a nomination for president if it will contribute to national unity.

[Redacted]

25X1

The US Embassy reports that Paredes intends to place himself at the disposal of US officials to help resolve the crisis in Central America. He reportedly may offer extensive Panamanian assistance, which could include military support, to anti-Sandinista forces in Nicaragua.

[Redacted]

25X1

25X1

**Comment:** The visit comes after the overwhelming approval in April of a new constitution, and Paredes—as presidential frontrunner and a leading supporter of constitutional reform—is seeking to capitalize on the two events. He probably believes that media coverage of his visit will help restore his standing as a national leader, which was damaged earlier this year by his unfounded charges of impropriety against the US Ambassador. [Redacted]

25X1

The trip may help to resolve a number of contentious military issues between the US and Panama, including the continued US use of Canal Zone facilities for regional US military operations and the future status of the US Army School of the Americas. Although Paredes probably only seeks a lower profile for US activities in the Canal Zone, he almost certainly views the sugar quota as a quid pro quo for the continuation of the US school beyond 1984. [Redacted]

[Redacted]

25X1

25X1

Top Secret

[Redacted]

25X1

**Top Secret**

[Redacted]

25X1

**PORTUGAL: Agreement on New Government**

*President Eanes yesterday invited Socialist Party leader Soares to head the next government.* [Redacted]

25X1

Eanes tapped Soares as the Socialists and Social Democrats entered the final phase of their negotiations for a coalition. The two parties, which together command a majority of the seats in parliament, finished first and second, respectively, in the parliamentary election on 25 April. [Redacted]

25X1

**Comment:** The new government should be in place by mid-June and able to resume base negotiations with the US by early July. The Socialists and Social Democrats have agreed to make a tough austerity program the government's principal goal. The incoming Finance Minister is a widely respected and politically independent economist, who probably will have considerable influence in the cabinet. [Redacted]

25X1

Basic differences between the coalition partners over policy and power are likely to reappear quickly. Moreover, Soares's hold over the Socialists could slip somewhat if he gives up the day-to-day management of the party this fall and assumes the largely honorific post of party president. [Redacted]

25X1

Despite this prospect, the new cabinet might continue to support Soares. The coalition parties are disturbed about rumors that Eanes may be about to launch a new party aimed directly at their constituencies. [Redacted]

25X1

**Top Secret**

[Redacted]

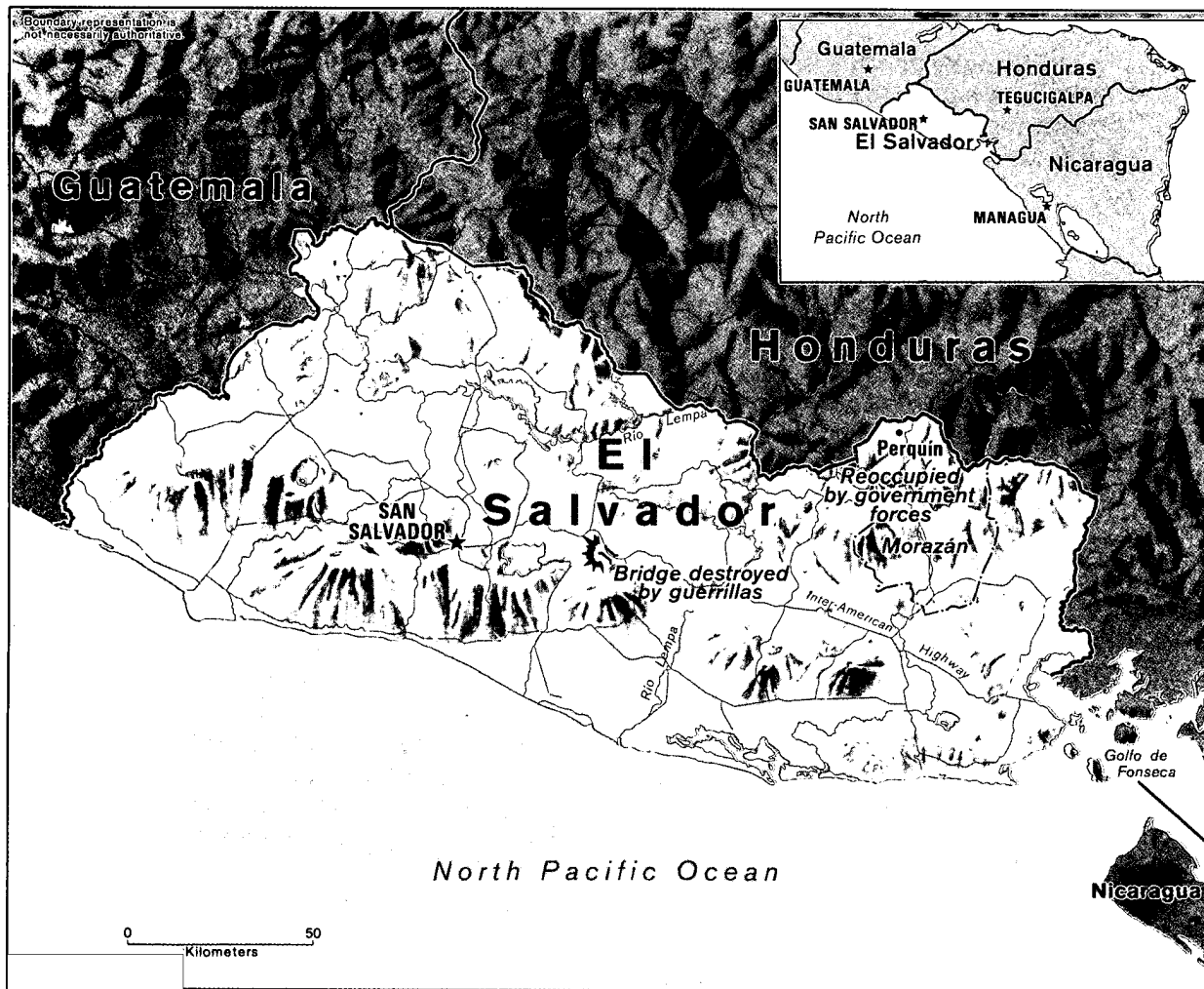
25X1

**Page Denied**

**Top Secret**



25X1



25X1

**Top Secret**



28 May 1983

25X1

**Top Secret**



25X1

**EL SALVADOR: Military Activity**

Government forces reoccupied Perquin in northern Morazan Department last weekend, bringing the town under government control for the first time since early February. There was little insurgent resistance. The guerrillas struck elsewhere this week, however, overrunning a government detachment and blowing up a bridge on the Inter-American Highway. They used the occasion to announce the beginning of a new military offensive.

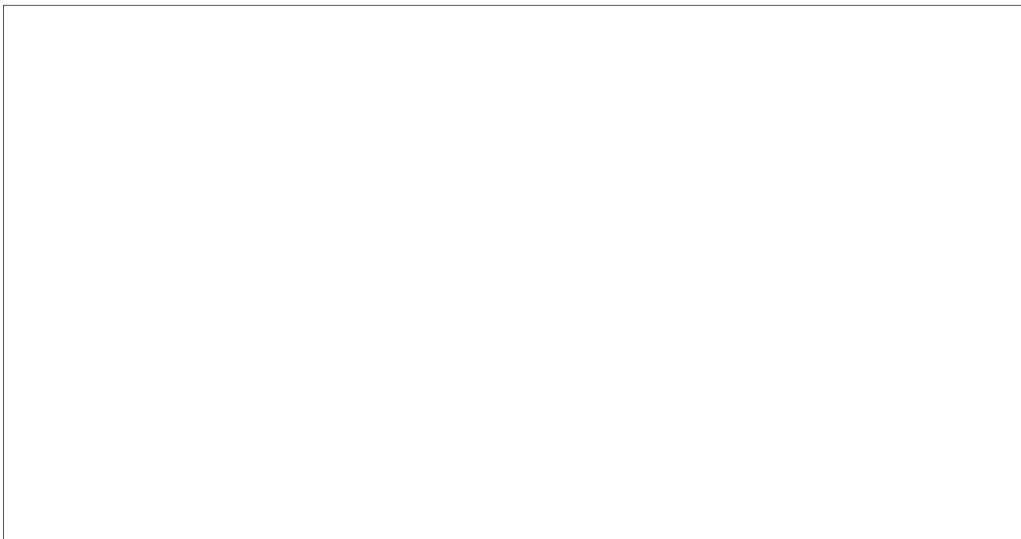


25X1

**Comment:** The reoccupation of Perquin is largely symbolic because the Army does not have enough troops in Morazan Department to secure an area so deep in guerrilla-held territory. Nevertheless, the local commanders in the operation displayed good leadership and took constructive civic measures. The lack of resistance indicates the guerrillas probably have shifted the bulk of their forces in preparation for new attacks elsewhere. Most of the targets are likely to be in the east, where the insurgents are strongest.



25X1



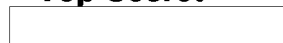
25X1

**Top Secret**



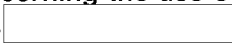
25X1

**Top Secret**

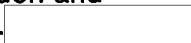


25X1

**UK-US: Concern About Demonstrations**

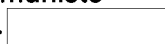
British officials are concerned about possible clashes between antinuclear protestors and US security personnel during demonstrations set to begin on Tuesday at the US Air Force facility at Upper Heyford. Spokesmen for the Campaign for Nuclear Disarmament say they intend to blockade the base for several days. Government officials also have indicated that they want to review with Washington regulations concerning the use of force against demonstrators at US bases. 

25X1

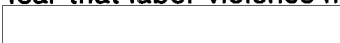
**Comment:** Antinuclear extremists may hope to provoke an incident with the US at a time when the election campaign is at a crucial stage and the Tories are enjoying a sizable lead in the polls. Defense Secretary Heseltine is determined to maintain normal operations at the Air Force base. He probably will deploy additional police and urge US personnel to keep away from the demonstrations. Heseltine also is convinced that antinuclear demonstrations will continue after the election and wants to ensure that London and Washington are in agreement about how to handle them. 

25X1

**ITALY: Labor Unrest**

Following a series of wildcat demonstrations, Italy's three largest labor federations called a nationwide general strike yesterday to protest the protracted deadlock in renegotiating a new contract for the large and militant metalworkers' union. The union is demanding a reduction in annual worktime under the terms of the labor-management-government accord signed in January. The labor unrest has become an issue in the campaign for the national parliamentary election on 26 and 27 June with the Socialists joining the Communists in alleging Christian Democratic complicity with management. 

25X1

**Comment:** The general strike probably is an attempt by labor leaders to calm worker unrest while seeking a compromise. Despite the polemics, all sides are interested in concluding the contract negotiations as quickly as possible before the election. The Communists reportedly fear that labor violence might push some voters toward the right. 

25X1

**Top Secret**



25X1

[Redacted]

25X1

**DENMARK: Anti-INF Resolution**

Passage of an opposition-sponsored resolution on INF in the parliament on Thursday probably will encourage the Social Democrats to criticize the government's foreign and security policies more vigorously, including funding for INF infrastructure. The resolution demands an extension of the Geneva negotiations, suspension of deployment during that time, and linkage of INF and START talks to include British and French systems and to a freeze on strategic nuclear systems. Prime Minister Schlueter has reaffirmed the government's support for NATO's dual-track decision and says he will not resign over the issue. The government, nevertheless, has to present the main points of the resolution at a NATO meeting next week. [Redacted]

25X1

**Comment:** Schlueter and his ministers are determined not to relinquish power over a security issue, believing they have a mandate to continue their economic reform program. [Redacted]

25X1

**SPAIN-US: Aircraft Purchase Delayed**

The Council of Ministers on Wednesday postponed a final decision on the selection of the F-18 as Spain's future attack aircraft. The US Embassy reports dissatisfaction with provisions offered by McDonnell-Douglas for the manufacture of components in Spain, and it notes press speculation that Madrid may reduce its purchase from 84 to 72 aircraft. [Redacted]

25X1

[Redacted]

25X1

[Redacted] Negotiations with the US firm are to continue until Tuesday, when Spain has to sign a contract or forfeit its \$8.9 million downpayment. [Redacted]

25X1

25X1

**Comment:** Even though the European manufacturers have offered to reduce the roughly \$3 billion price of a Tornado deal by \$250 million, Madrid probably will purchase the F-18. The Air Force wants the F-18, and postponement of the final decision appears to be another attempt to secure further concessions. [Redacted]

25X1

25X1

[Redacted]

**Top Secret**

[Redacted]

25X1



634406 5-83

**Top Secret**

28 May 1983



TOP SECRET

[Redacted]

25X1

**TURKEY-IRAQ: Border Incursion**

[Redacted] Turkish troops conducted a limited operation earlier this week against Kurdish dissidents in Iraq in retaliation for recent Kurdish attacks on Turkish border guards.

25X1  
25X1

[Redacted]

[Redacted] A Turkish Foreign Ministry statement issued yesterday noted that the operation was successful and that the two governments had recently consulted on the Kurdish problem. [Redacted]

25X1  
25X1

**Comment:** The government in Ankara views Kurdish separatism as part of the broader domestic terrorism problem that plagued the country before the military takeover in 1980. Although the government has made great strides in controlling most aspects of terrorism, it views Kurdish separatism and harassment of Turkish security forces as a continuing problem. Because of Baghdad's preoccupation with its war with Iran, the Kurds in Iraq have grown increasingly defiant and have used Iraq as a base for activities in Turkey. [Redacted]

25X1

**SOUTH KOREA-CHINA: Decision on Hijacking Depositions**

South Korean President Chun has decided against seeking depositions from China for the trial of the six persons who hijacked the Chinese airliner to South Korea earlier this month. [Redacted]

25X1  
25X1

[Redacted] Chun's decision was based on his concern that China might try to interfere in the judicial process. Taiwan's interests also are being given greater consideration. [Redacted] the hijackers would be sentenced but turned over to Taiwan "after an appropriate time has passed." [Redacted]

25X1  
25X1  
25X1

**Comment:** Chun may believe that Chinese involvement would eventually put Seoul in a position of having to hand out stiff sentences for the hijackers—a move that would upset many hardline anti-Communists in his government. The Chinese will be unhappy with light sentences and, if the hijackers end up in Taiwan, will conclude that Seoul is not interested in developing closer contacts. [Redacted]

25X1

TOP SECRET

[Redacted]

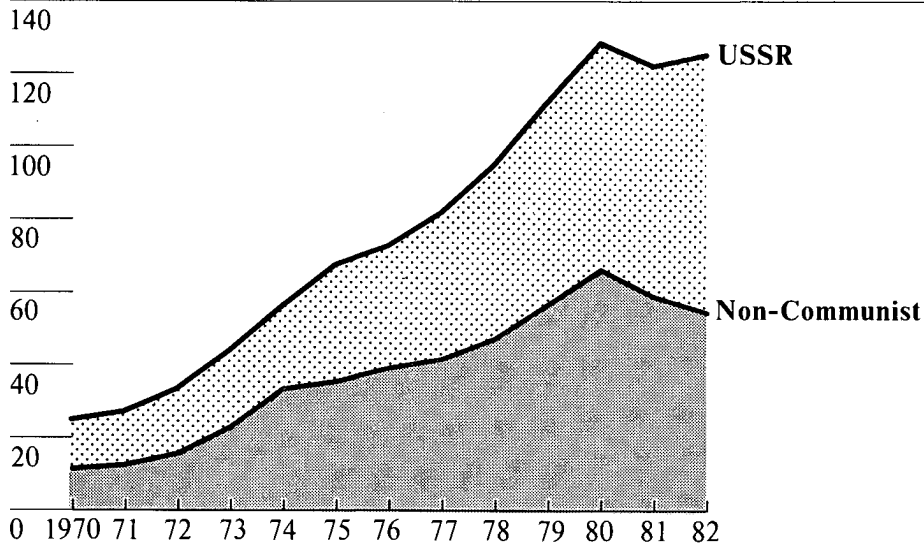
25X1

**Top Secret**  
[Redacted]

25X1

### Eastern Europe: Trade With the USSR and Non-Communist Countries

Current Billion US \$



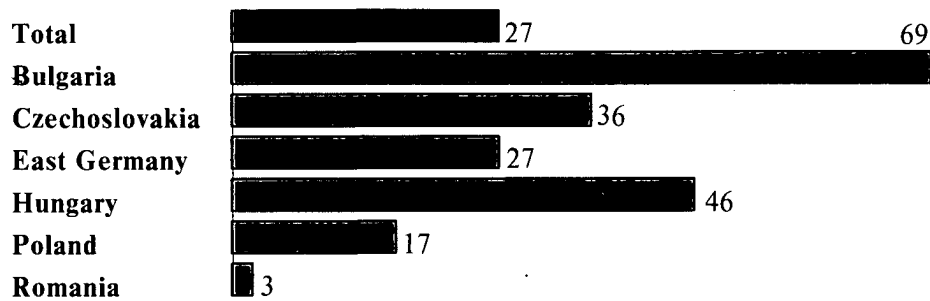
[Redacted]

589670 5-83

25X1

### Eastern Europe: Energy Imports from the USSR as a Share of Total Energy Consumption

Percent



[Redacted]

589669 5-83

25X1

**Top Secret**

[Redacted]

28 May 1983

25X1

**Top Secret**

25X1

## **Special Analysis**

---

### **USSR-EASTERN EUROPE: Obstacles to a CEMA Summit**

*The Soviets and their East European allies have not been able to set a date or agree on an agenda for the long-awaited CEMA summit. Different reports indicate the meeting is to be held some time between next month and early next year. The principal issue in dispute is a Soviet proposal for more economic integration, which would give CEMA far-reaching authority over planning and production.* [redacted]

25X1

Brezhnev endorsed the idea of a summit over two years ago, and its continuing postponement has to be embarrassing to General Secretary Andropov. With the major Western leaders meeting in Williamsburg, Andropov must be concerned about his inability to bring together his East European counterparts. [redacted]

25X1

Soviet economic managers want to use the summit as an occasion to cut Soviet aid. Party officials and ideologists are seeking to reorient the economies of the CEMA countries away from the West and toward Moscow. [redacted]

25X1

Moscow argues that closer association and coordination is necessary to deal with the economic malaise in the region. The Soviets also want to develop scientific and technical cooperation and reduce trade ties with the West in order to reduce their vulnerability to possible Western embargos. [redacted]

25X1

Romania and Hungary are the most vigorous opponents of Soviet attempts to extend CEMA's authority. Despite its need for economic assistance, Bucharest remains unwilling to submit to changes in CEMA that it believes would threaten its independence. Budapest does not want to damage its trade relations with the West, and it does not want to slow down, much less reverse, its current moves toward economic decentralization. [redacted]

25X1

Czechoslovakia appears to be Moscow's strongest supporter on this particular issue. With its economy tied more tightly to CEMA programs than those of the rest of Eastern Europe, Prague has long argued that the failure of CEMA members to honor their commitments has damaged economic growth. Prague, however, probably would prefer to achieve closer integration by enforcing existing contracts and agreements. [redacted]

25X1

*continued***Top Secret**

25X1

**Top Secret**  
[redacted]

25X1

**Other East European Concerns**

The East Europeans want a guarantee of future deliveries of Soviet energy and raw materials, but they fear that at the summit Moscow could instead announce additional cuts or tougher conditions. The Romanians have complicated the issue by calling for equal treatment of all CEMA members in an effort to get Soviet oil on favorable terms. Bucharest has had to pay world market prices and hard currency, or goods that would earn hard currency, for its limited purchases of Soviet oil. [redacted]

25X1

Other issues on which the CEMA members do not agree include:

- Possible Soviet attempts to drop the principle of unanimity in CEMA in favor of majority rule.
- The CEMA pricing structure.
- East European and Soviet proposals to alter the exchange rates used for trade within CEMA.
- Soviet proposals for a unified food program and for the use of more East European labor and investment for projects in the USSR. [redacted]

25X1

If Moscow prevails, Eastern Europe will have to accept lower limits on Soviet oil deliveries, higher prices for some Soviet goods, and requirements to provide labor and other resources for Soviet construction. [redacted]

25X1

East European countries would receive few gains from increased integration. As their economic problems continue, the USSR's allies are likely to conclude that any promised benefits from increased dependency on each other will not be realized any time soon, if at all. The cutbacks in Soviet oil supplies that began last year and the reduction of Polish coal deliveries in 1981 serve as reminders of the pitfalls of closely integrated economies. [redacted]

25X1

**Outlook**

A TASS commentary earlier this month, acknowledging the need for long and thorough preparation, suggests that failure to reach agreement on an agenda has dissuaded the Soviets from pushing for a summit now. Such pressure could lead to a more public airing of Moscow's differences with its allies. Even if a summit were convened, it probably would do no more than paper over differences. [redacted]

25X1

*continued*

**Top Secret**  
[redacted]

25X1

**Top Secret**

[Redacted]

25X1

The Soviets, however, are unlikely to abandon their efforts to transform CEMA. They probably will lobby intensively through bilateral channels in an attempt to wear down individual East European countries that are resisting closer integration. [Redacted]

25X1

Moscow will continue to argue that a summit is more urgent than ever in order to counter recent adverse publicity about the discord within CEMA and to respond to whatever transpires at Williamsburg. If the regular annual meeting of the premiers of CEMA countries convenes this summer, it is likely to provide indications of the degree of Soviet success. [Redacted]

25X1

**Top Secret**

[Redacted]

28 May 1983

25X1

**Top Secret**

25X1



**Top Secret**