



**Director of
Central
Intelligence**

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*Wednesday
29 June 1983*

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Top Secret



25X1

Contents

France-Egypt-Chad: Foreign Support for Habre 1

El Salvador: Military Activity 2

Netherlands: Announcement of INF Site 3

Western Europe-US: Concerns About RDF 4



25X1

Sudan: More Opposition to President 6

USSR-Iran: Tensions Over Afghanistan 7

International: Status of UNCTAD VI 8

USSR-Eastern Europe: Summit Statement 9

Poland: Pope's Reaction to Editorial 9

USSR: Anticorruption Campaign Continues 10

Turkey: Impending Changes in the Military Hierarchy 10

Chile: More Trouble Ahead 11



25X1

West Germany-East Germany: Major Loan Approved 12

USSR: Record Meat Production 12

Special Analysis

Greece-EC: Assuming the Presidency 13

25X1

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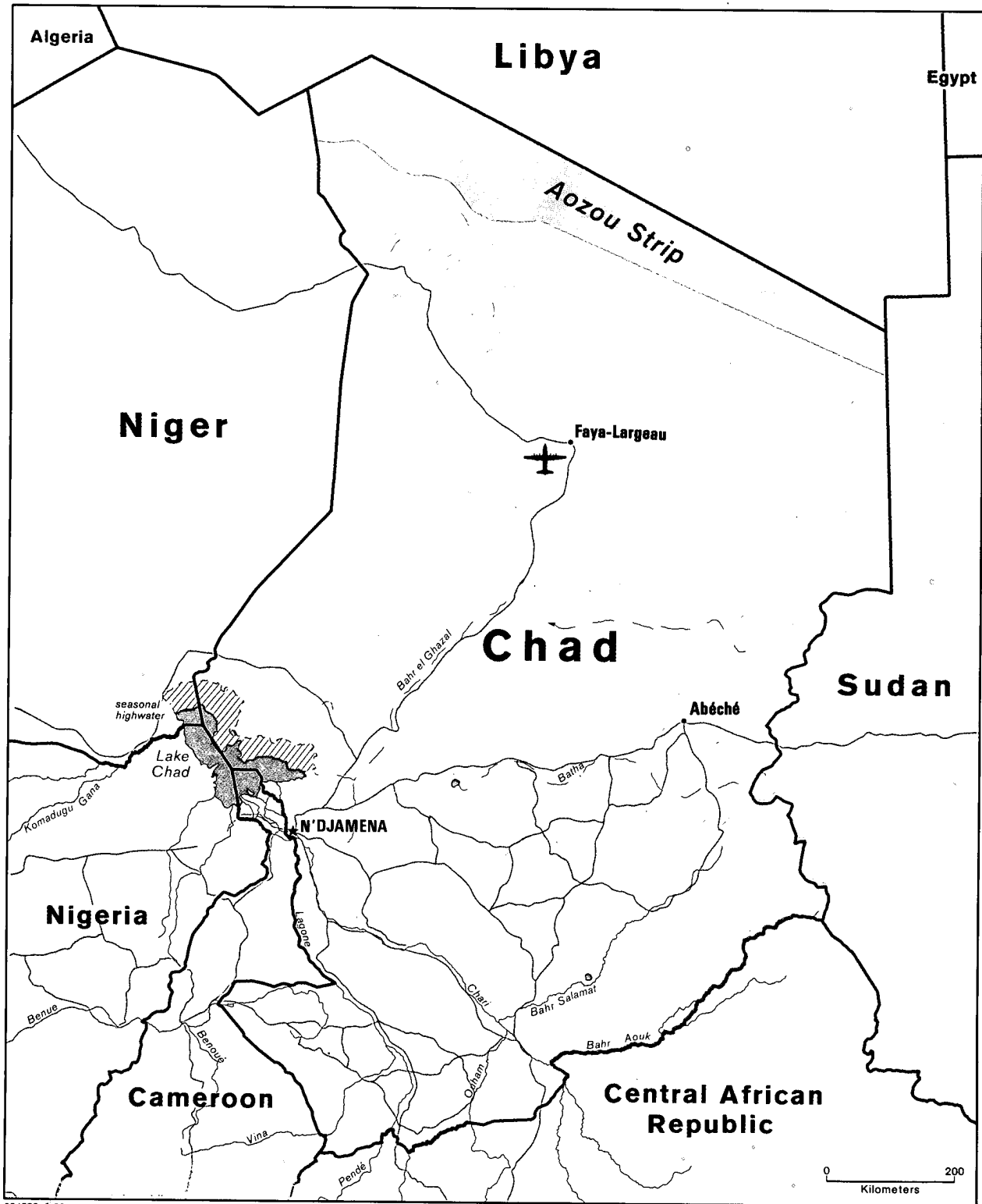
29 June 1983

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Top Secret



29 June 1983

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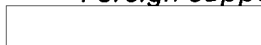
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FRANCE-EGYPT-CHAD: Foreign Support for Habre

Foreign support for President Habre's government is increasing.



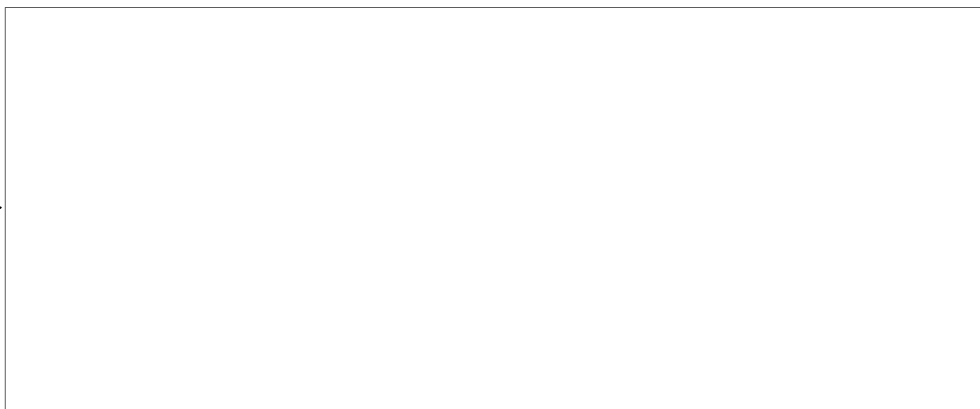
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President Mitterrand yesterday said that Libya is providing logistic support to dissident leader Goukouni's forces and stated that France would meet its commitment to provide military assistance to Chad under the cooperation agreement of 1976.



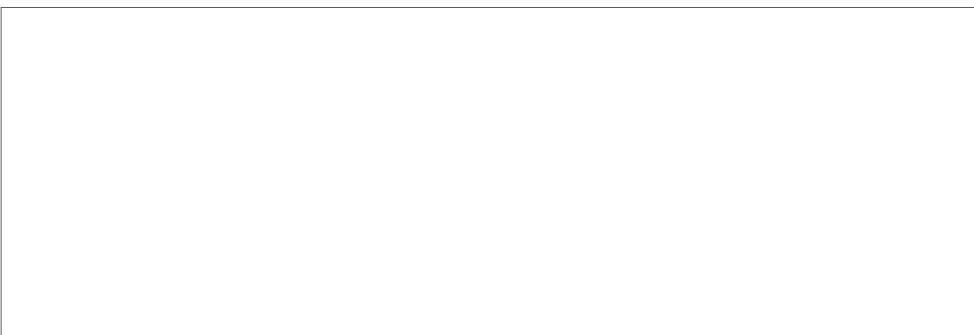
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Comment: Mitterrand's statements—his most explicit to date regarding Libyan involvement—put his personal prestige behind recent French diplomatic efforts to rally African support for Habre. His remarks probably also are intended to warn Libyan leader Qadhafi about the risks of continued support for the dissidents. If Libyan involvement increased significantly or if the safety of French citizens in Chad were threatened, Mitterrand almost certainly would seriously consider increasing support for Habre.



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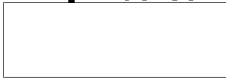
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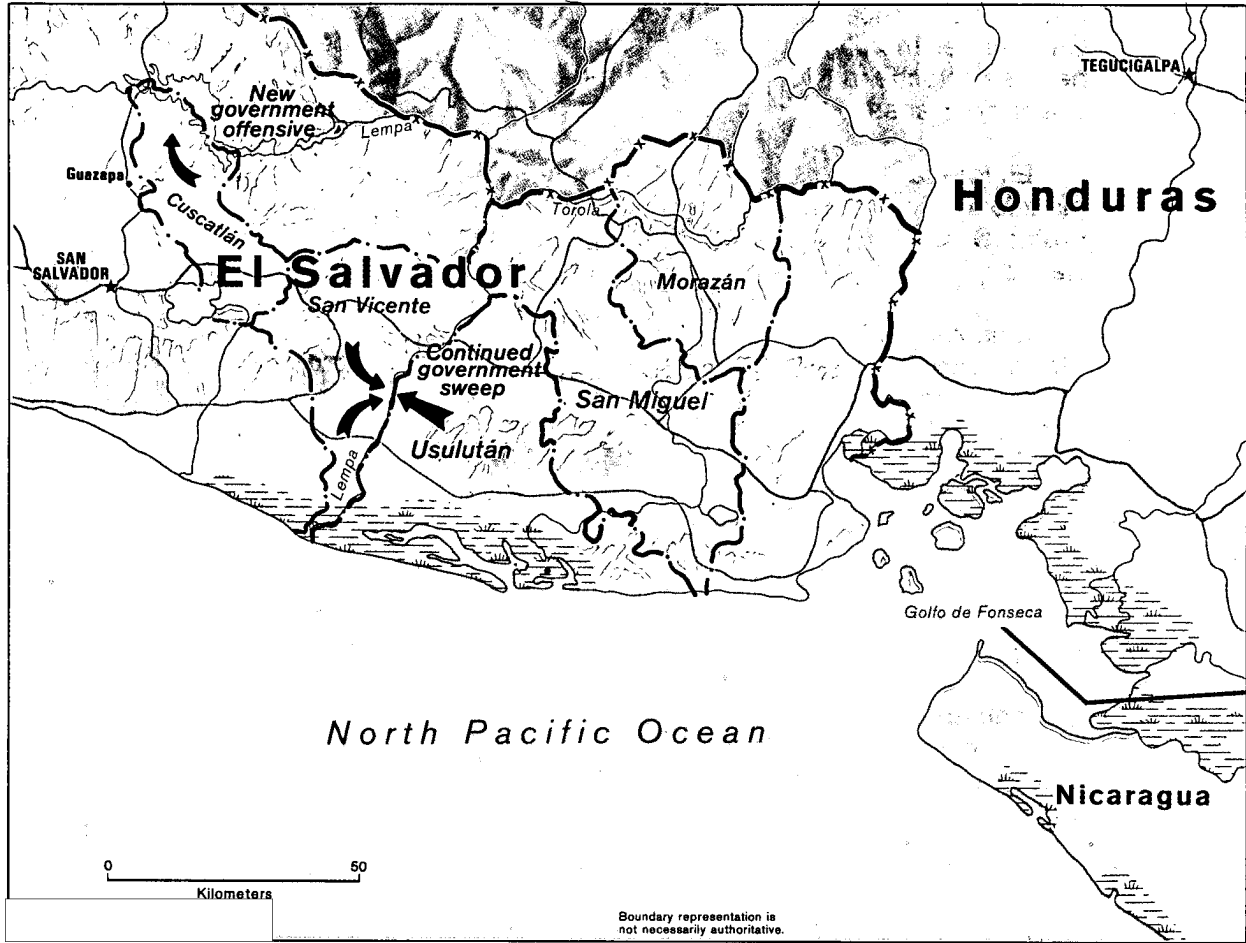
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29 June 1983

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EL SALVADOR: Military Activity

Government forces continue to conduct operations in the eastern and central portions of the country in an effort to establish and protect the civil action program in the agricultural sectors. [Redacted]

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US defense attache reports state the military has decided to secure the eastern and northwestern portions of San Vicente Department in order to protect the civil defense groups rather than pushing north as planned. Two elite battalions continue to sweep eastern San Vicente while coordinating operations with a third battalion in western Usulután. There have been no major clashes with insurgents, and military casualties have been light. [Redacted]

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Meanwhile, government forces have launched an operation in Cuscatlán to keep guerrillas fleeing from San Vicente from massing for a large attack. The Army also is moving against insurgent strongholds in San Miguel and northern Morazan. [Redacted]

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[Redacted]

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Comment: The government's campaign evidently has disrupted the insurgents' plans for large-scale coordinated attacks this month. Guerrilla forces usually recover quickly from such setbacks, however, and their supplies of weapons probably remain intact. To regain the tactical initiative, they are likely to launch new attacks soon in several areas. [Redacted]

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Top Secret
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29 June 1983

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Top Secret

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NETHERLANDS: Announcement of INF Site

The Dutch Government's decision to announce the selection of an INF base site probably will be approved by parliament. [redacted]

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Defense Minister de Ruiters, in a letter to parliament yesterday, stated that Woensdrecht Airbase on the southwestern coast is the preferred location and emphasized that selecting a site is necessary to maintain Dutch support for NATO's "dual track" decision of 1979. He asked the US not to suggest that the announcement means the Netherlands has made a decision to accept INF deployment. [redacted]

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Comment: Identification of a basing site is the minimum step required of the Dutch to allow preparations to proceed without delay. The current plan is to place 48 cruise missiles in the Netherlands in 1987. [redacted]

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Although the announcement will provoke considerable domestic opposition, government spokesmen will emphasize that a decision on deployment still depends on progress in the Geneva arms talks. They also will stress that the site selection was required by the Christian Democratic-Liberal coalition agreement in order to encourage progress in Geneva. [redacted]

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A parliamentary vote on the issue will test the strength of dissent in Prime Minister Lubbers's Christian Democratic Party. Continued basing preparations are a specific part of the coalition program, however, and the government should win the vote. Victory on the site question would not guarantee a parliamentary majority for deployment, but it would be encouraging to supporters of INF. [redacted]

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The early announcement of the site, which until recently had been expected to coincide with publication this fall of a long-term study of Dutch defense policy, evidently is designed to fend off NATO pressure for a decision on INF. Lubbers probably hopes the announcement can be used to induce Liberal support for reductions in current Dutch nuclear tasks, a tradeoff the US Embassy reports the Liberals thus far have rejected. [redacted]

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WESTERN EUROPE-US: Concerns About RDF

Most West European Allies are concerned that US plans for a large Rapid Deployment Force will create unrealistic demands on them to increase their own forces. [Redacted]

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A British official said this week that West European governments are worried that, if they commit themselves now to help meet contingencies in Southwest Asia, they will be giving an open-ended endorsement to US plans. He said the Allies believe the planned seven-division RDF is being created to respond to the unlikely possibility of a full-scale Soviet attack in Southwest Asia. They also believe focus on a larger force ignores the more likely threats to NATO security arising from regional instability or internal subversion.

[Redacted]

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In the West Europeans' view, the deployment to Southwest Asia of such a large US force, including some units committed to reinforce NATO, would leave gaps in Alliance defenses they would be unable to fill. The Allies also are concerned that a confrontation between the US and the USSR in Southwest Asia would spread rapidly to Europe. As a result, NATO—with fewer available reinforcements from the US—would have to use nuclear weapons against the Warsaw Pact.

[Redacted]

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Comment: The Allies prefer to base out-of-area planning on the current four- to five-division RDF. Although they share Washington's view that events in Southwest Asia affect Western security, they will remain reluctant to provide forces to compensate for out-of-area deployments by US forces that have NATO assignments.

[Redacted]

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Several NATO members face economic constraints, and they already are having difficulty meeting existing Alliance force goals. Moreover, some Allies—notably the West Germans—will soon suffer shortages of military manpower as a result of declining birth rates.

[Redacted]

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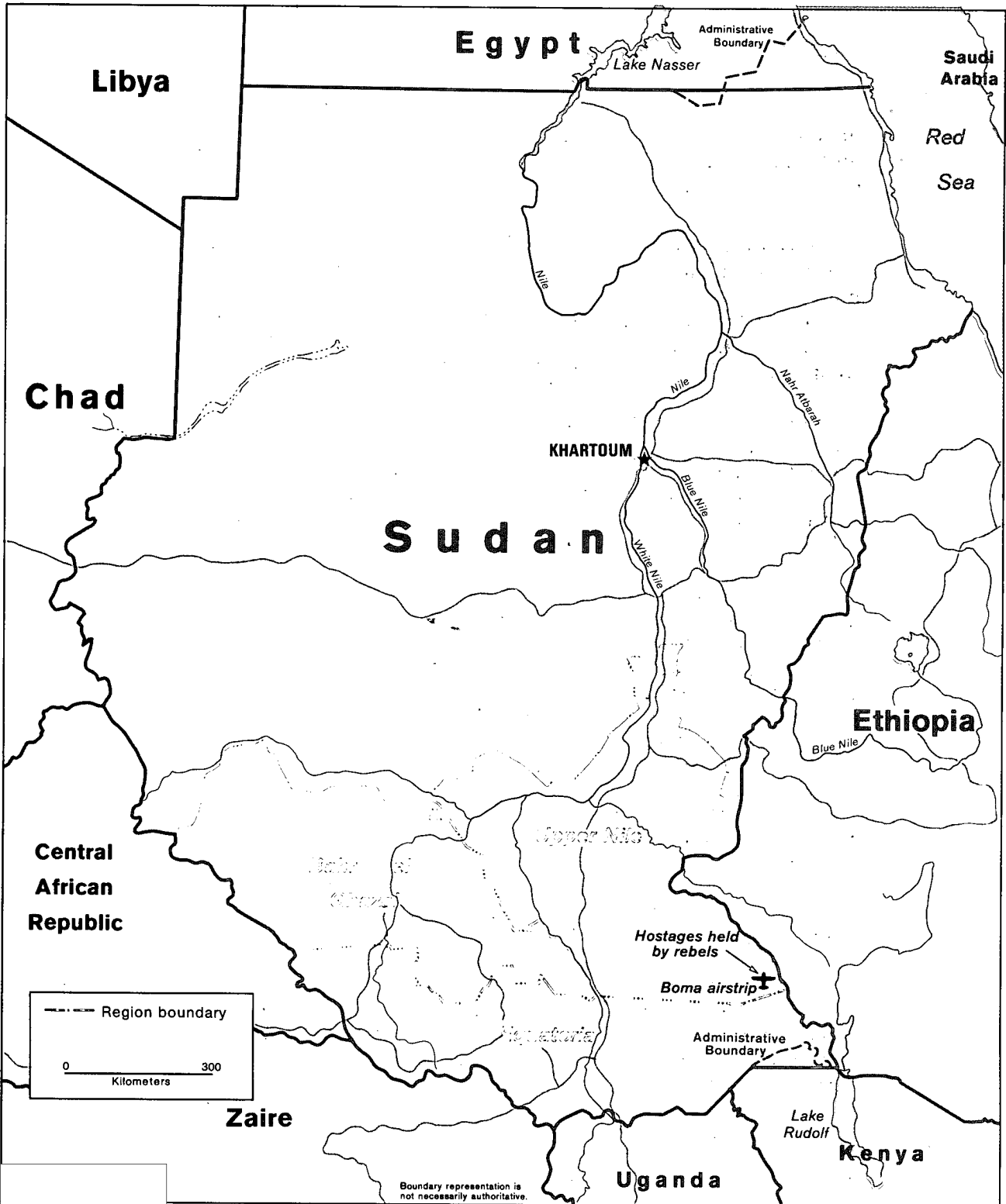
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Top Secret

29 June 1983

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SUDAN: More Opposition to President

President Nimeiri's recent actions have resulted in growing criticism of his regime and increased antigovernment activity in the south. [Redacted]

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The US Embassy reports mounting disenchantment with Nimeiri because of his recent decisions to divide the southern region and to dismiss several senior officials, military commanders, and judges. More than 200 judges have resigned to protest the summary firing earlier this month of 40 of their colleagues for alleged corruption.

[Redacted]

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The situation in the south remains unsettled, and the Embassy has noted reports of increasing sympathy for southern rebels in the Upper Nile and Bahr el Ghazal Regions. One insurgent faction late last week seized several Westerners—including two Americans—as hostages, demanding money, supplies, and the broadcast of a statement publicizing its cause. Some southern critics of the regime also are trying to establish a central organization to coordinate opposition activities in the south.

[Redacted]

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Comment: Nimeiri's opposition in the south includes politicians resisting division of the area, a number of insurgent groups—some of which are Libyan-backed—and recent Army mutineers. Any attempt to unite these diverse foes will be hampered by tribal and personal rivalries. Nonetheless, there are indications that some of these elements are beginning to cooperate to a limited extent.

[Redacted]

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For now, Nimeiri's position seems secure. The situation in the south is not yet out of control, and his other opponents show little inclination to try to overthrow his regime.

[Redacted]

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The military is the only group with the power to oust the President. Although it is increasingly dissatisfied over a variety of issues, it still appears to support Nimeiri.

[Redacted]

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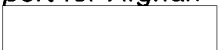
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USSR-IRAN: Tensions Over Afghanistan

The Soviets' increasing concern about Iranian support for Afghan insurgents is putting new strains on bilateral relations.

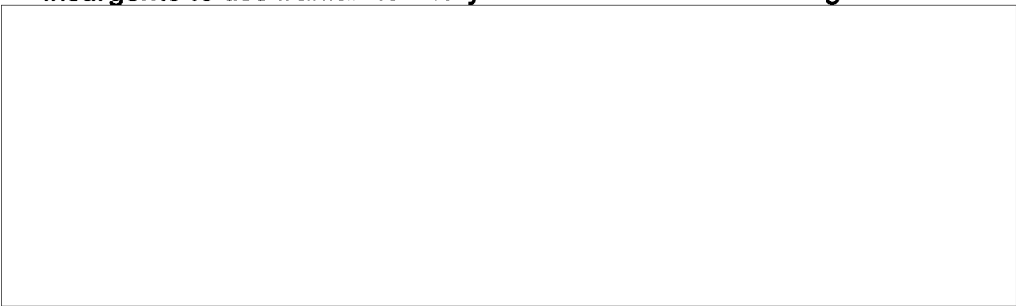


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For the first time, the Soviets also are openly criticizing the Khomeini regime in their official media for its aid to the guerrillas. An article in *Izvestiya* late last month alleged Tehran is allowing the insurgents to use Iranian territory as a base for raids into Afghanistan.



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Comment: Moscow's irritation over Iranian support for the insurgents may prompt it to stage a border incident as a warning to Tehran.



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Nevertheless, the Soviets probably want to avoid major trouble with Tehran over Afghanistan. Moscow's restrained reaction to Iran's dissolution of the Tudeh Party and expulsion of 18 Soviet diplomats in May



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indicate that it remains interested in stabilizing relations with Tehran.



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29 June 1983

Top Secret
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INTERNATIONAL: Status of UNCTAD VI

Representatives of developing countries and some industrial nations attending the UNCTAD VI meeting in Belgrade appear ready to press the US to become more involved in discussions of an international monetary conference. [Redacted]

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The EC may propose a resolution on such a conference that is similar to the Williamsburg Summit declaration. The draft language mentions the possibility of a high-level conference to be held in the framework of the IMF, but it does not specify the participants. The UK and West Germany have indicated that they will propose the EC language only as a last resort and with US concurrence. [Redacted]

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[Redacted]

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Comment: France and the Nordic countries probably will urge the US to agree to some mention of an international monetary conference as a way to placate the developing countries. The industrial countries, however, are unlikely to agree to a conference outside the IMF, which they dominate through weighted voting. [Redacted]

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The developing countries probably would argue that a resolution on an international conference issued by UNCTAD—an organization with universal participation and equal voting—means that the monetary conference should be open to all states and use the one state-one vote principle. [Redacted]

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USSR-EASTERN EUROPE: Summit Statement

Party and state leaders of the USSR and the other Warsaw Pact countries who met in Moscow yesterday called on the West to cooperate in halting the arms race and pursuing detente. Their joint statement, which was published in *Izvestiya* today, reiterates that they seek an accord precluding any new US missile deployments in Western Europe and that they will not allow the West to gain military superiority. The statement, however, does not allude to any specific countermeasures to NATO INF deployments. [Redacted]

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Comment: The Soviets evidently were not able to secure unanimous endorsement of their threat of 28 May to renounce their moratorium on SS-20 deployments, undertake new missile deployments with their Warsaw Pact allies, and take measures directly threatening US territory if planned NATO deployments proceed.

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[Redacted]

[Redacted] The Soviets probably will portray the statement to West German Chancellor Kohl in Moscow next week and to other West European leaders as proof that the Warsaw Pact is united in opposition to NATO's INF plans. [Redacted]

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POLAND: Pope's Reaction to Editorial

[Redacted] the Pope objected strongly to the recent editorial in *L'Osservatore Romano* that said Solidarity leader Walesa is no longer a political force in Poland as a result of the papal visit. The Pope demanded and received the author's resignation and has sent letters to the Polish Episcopate and Walesa disavowing the editorial. [Redacted]

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Comment: The Pope's quick response clearly suggests he did not strike a deal with Premier Jaruzelski to withdraw the Church's support for Walesa or his goals. The Polish Government will continue to use the editorial to try to demoralize and discredit Walesa and to create divisions between the Church and the regime's opponents. Walesa, who probably was advised by the Pope to be careful in choosing his tactics, may conclude he has to show publicly that he is not ready to quit. [Redacted]

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USSR: Anticorruption Campaign Continues

[Redacted] former Krasnodar First Secretary Medunov is awaiting trial for corruption, and press reports indicate former Minister of Internal Affairs Shchelokov is facing similar charges. The two men—both former proteges of Brezhnev—were expelled by the Central Committee two weeks ago in a rare action that cleared the way for their prosecution. *Pravda* yesterday charged the police chief of a city in Georgia with covering up numerous crimes.

[Redacted]

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Comment: A decision to prosecute Medunov and Shchelokov would indicate General Secretary Andropov intends to make clear that Central Committee members are not above the law. Publicly announced sentences and dismissals of lower level officials could backfire by rallying support for party secretary Chernenko or others who might want to impede Andropov's consolidation of power.

[Redacted]

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TURKEY: Impending Changes in the Military Hierarchy

President Evren will retire from the military on Friday, according to the US defense attache. General Ersin, the Ground Forces Commander, will replace Evren as Chief of the General Staff. General Urug, the Secretary General of the ruling military council, reportedly will assume command of the Army.

[Redacted]

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Comment: The changes suggest the generals are preparing for the resumption of the normal promotions and retirements cycle, which has been frozen since 1980, either in the traditional month of August or after the general election on 6 November. Urug had been favored to succeed Evren, but the generals apparently decided not to break with the tradition that calls for the Army commander to assume the post. The changes may be designed to put Urug in position to move up to the top military job in a few months. If so, Ersin probably will join the Presidential Council, a civilian advisory body to the President to be established after the election.

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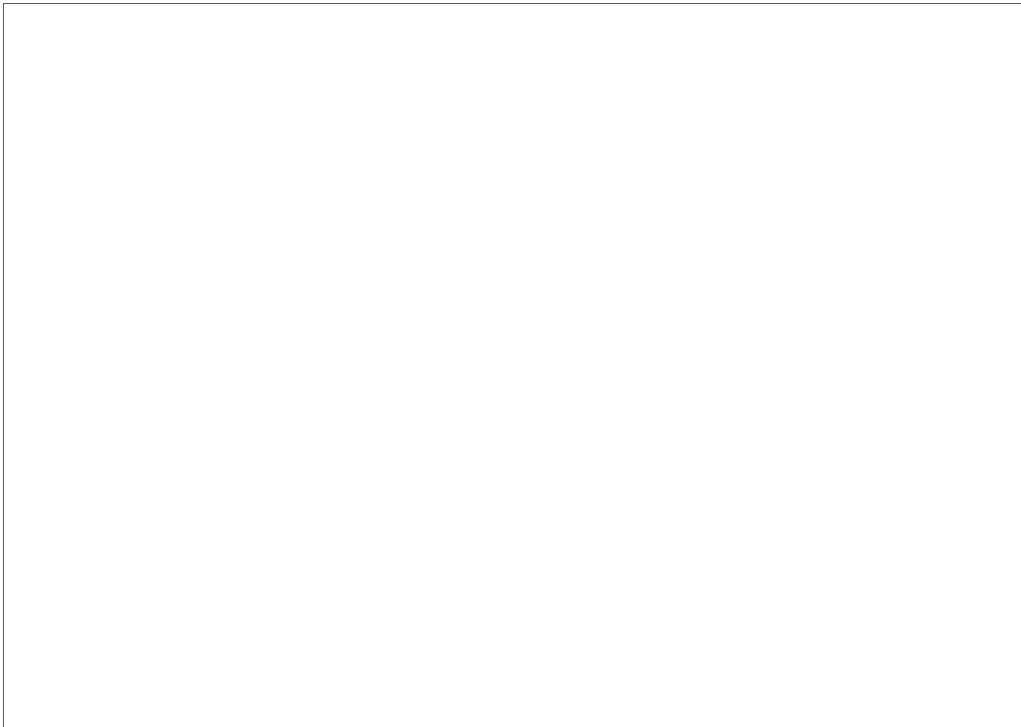
CHILE: More Trouble Ahead

The national strike last week failed to draw widespread support, but both opposition and government leaders are preparing for new protests in July. The response to the strike was limited by extensive government censorship, the arrest of union leaders, tactical differences among labor and political coalitions, and short preparation time. President Pinochet on Monday reiterated that further protests would not be tolerated. Representatives of the political parties claim another "day of national protest" is inevitable next month, however, if the government does not respond to calls for dialogue. [Redacted]

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Comment: Pinochet is likely to continue to mix firm policies with some concessions in an effort to split opposition forces and buy time. He probably hopes that the economy will improve and that this will undercut much of the opposition's support. Unless he agrees to restore some democratic processes before 1989, however, he is likely to face a series of strikes and other protests. [Redacted]

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WEST GERMANY-EAST GERMANY: Major Loan Approved

Bonn has decided to approve a five-year loan of 1 billion marks—about \$400 million at current exchange rates—from West German banks to East Germany. If it fails to make scheduled principal or interest payments, East Berlin agreed to forego billing the West German Government for transit services. A West German official told the US Ambassador the agreement would bring West Germany no political concessions. [Redacted]

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Comment: The loan will ease East Germany's financial problems. It also will tend to confirm many Western bankers' belief in a West German financial umbrella and thus will encourage them to resume lending to East Berlin. Although Bonn may be criticized for failing to demand political concessions, the government can argue that East Berlin bears final responsibility for guaranteeing the loan. [Redacted]

[Redacted]

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USSR: Record Meat Production

Meat production on collective and state farms reached a record level during the first five months of this year—about 7 percent above the comparable period last year and 6 percent above the previous high achieved in 1978. Good weather is largely responsible for the increase, which has improved the feed supply situation. [Redacted]

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Comment: Herd sizes are at record levels, and substantial growth in meat production is likely after three years of stagnation. Output this year could approach a record high of 16 million tons if grain production reaches about 210 million tons and if there are grain imports of 30 million tons and ample supplies of forage crops. Even at this production level, however, 400,000 tons of meat would have to be imported in order to maintain per capita meat consumption at the level of 1982. Imports of 400,000 tons would be roughly half of the total in 1982. [Redacted]

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Special Analysis

GREECE-EC: Assuming the Presidency

This week Greece begins its six-month term as president of the EC amid some concern in the Community about the commitment of the Papandreou government to EC membership and its ability to handle the demands of the office. Prime Minister Papandreou, who previously opposed Greek accession, now seems to believe the prestige and benefits of membership outweigh the disadvantages. EC financial aid, for example, has been largely responsible for alleviating Greece's balance-of-payments worries this year. The responsibilities of office, pressure from other EC governments, and a desire to perform well will discourage Athens from taking extreme positions on EC political issues. Nonetheless, these factors will not prevent the Greeks from occasionally dissociating themselves from Community policy or seeking to give prominence to issues of special concern, such as Cyprus.

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The entry of Greece into the EC in 1981 marked a political turning point for the country. President Karamanlis, the main architect of membership, saw it as ensuring stability and democracy in Greece by cementing the country's ties to the West. At the same time, membership provided a painless way for Greece to assert its independence from the US.

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Economically, however, Greece was and still is the weakest member of the EC—with a large agricultural population, a weak industrial base, and a per capita income of around \$4,000. Despite government efforts over the past two years, inflation is still over 20 percent, unemployment has grown to about 8 percent, and private investment and industrial growth remain stagnant.

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So far, Community membership has been a mixed blessing. Before accession, Athens enjoyed regular agricultural trade surpluses with the EC. After accession, the increase in agricultural imports from the other EC countries and high EC prices pushed the Greek farm trade balance into deficit.

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At the same time, however, Athens has benefited from Community aid, which reached about \$950 million in net transfer payments and European Investment Bank loan commitments in 1982. This aid helped cover a balance-of-payments deficit of some \$2.1 billion. It probably also was the most important factor in allowing Greece to avoid application to the IMF and thus to carry through on some of its more important social programs.

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“Special Needs”

Since coming to power, Papandreou gradually has backed away from his call for a referendum on membership and his demand for “special status” that would give Athens many of the advantages of membership but require little in return. Instead, Athens has tried to convince the EC of Greece’s need for more aid and for an extension of the period during which Greek industries would be protected from competition within the Community. Most EC governments now admit that Greece’s accession to the EC was economically premature and that its terms of entry were overly ambitious. [Redacted]

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In response to a Greek request, the EC Commission in March completed a special study that recommends granting Greece about \$2.2 billion in aid between 1985 and 1991, including \$1 billion for agriculture and \$900 million for general economic development. The Commission, however, refused to bend on the question of industrial competition. It probably wanted to avoid the precedent the Greek example could set for Spain and Portugal. [Redacted]

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Although EC members are unlikely to act on the Commission’s recommendations until after Greece completes its term as president, they probably will accept the proposals as part of the inevitable cost of continued Greek membership. Papandreou is likely to settle for the promise of more EC aid, even though he still insists publicly that continued membership will depend on the EC’s willingness to help protect Greece’s infant industries. [Redacted]

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Prospects for Community Consensus

Greek officials have told their EC and US counterparts that Athens will work toward Community consensus on political issues, and Greece’s partners will be likely to prod their newest member in that direction. As EC president, Greece will be expected to represent Community views in the UN and other international forums. [Redacted]

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Although the responsibilities of office will discourage Athens from taking extreme positions, the Papandreou government probably will deviate on occasion from common EC positions. For example, the Greeks will be likely to have differences with their EC partners on INF deployment, Middle East policy, and possibly Central American affairs. [Redacted]

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Athens has promised not to use the EC as a forum to air its disputes with Turkey over the Aegean. At the same time, the Papandreou government has indicated that it wants the EC to play a more active role on the Cyprus issue, which it considers an international problem. Community members, however, almost certainly will avoid Greek efforts to draw them into the dispute. [Redacted]

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As spokesman for the EC, Greece will be the key interlocutor with the US and other third parties. A government official in Athens has assured the US Ambassador that Greece will "do no less than previous presidents" in sharing information with the US on issues of mutual concern—a pledge Papandreou later confirmed. Nonetheless, US relations with the EC may become less certain under Greek stewardship, as inexperience and the state of Greek-US relations are likely in part to color cooperation. 

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Outlook

Greece's tenure as EC president will be difficult for all involved, including the Papandreou government. The antiquated bureaucracy in Athens will face the demands of overseeing some 200 EC committees and working groups—a monumental task for a country whose own policy toward the EC remains ill-defined. 

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The Papandreou government, however, will be anxious to turn in a respectable performance. The presidency will bring responsibility as well as prestige and power. In the long term, Greece's commitment to the EC and the West in general could be strengthened by its experiences over the next six months. 

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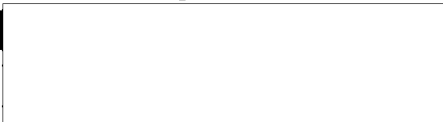
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