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**WESTERN EUROPE-
NICARAGUA: Criticism of Mining**

European government criticism of the alleged US role in the mining of Nicaraguan harbors is emerging slowly. 


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Prime Minister Thatcher yesterday condemned the mining and confirmed her government's uneasiness about US support for the rebels. She added that the UK does not have the resources in the region to send minesweepers to Nicaragua. 


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An Italian Foreign Ministry official who is preparing a report on the issue for Foreign Minister Andreotti implied criticism of the alleged US role in a discussion with a US diplomat last Friday. According to the US Embassy in Madrid, a Spanish Foreign Ministry official said yesterday the Spanish Council of Ministers was disturbed about the alleged US involvement and would discuss it at a regular meeting today. 


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Spanish Foreign Minister Moran met with his British and French counterparts in Luxembourg yesterday and expressed his country's "great concern" with the mining of Nicaraguan ports, but barred any joint action with France to send minesweepers. He added that the EC Council of Ministers had discussed the issue and that some members, led by French Foreign Minister Cheysson, had raised the possibility of a joint initiative. 

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Comment: European misgivings center on the question of freedom of navigation and the precedent such a violation of international law would set. Italian and West German press reports also say that the reported US action diminishes the difference Europeans see between the superpowers. 

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The issue may cause minor political problems for some West European governments. Italian leftist newspapers, for example, have repeated allegations in the US press that the mines are Italian-made. The US Embassy in Rome reports that the Communist Party may exploit the presence of Nicaraguan rebel spokesmen in the city as guests of the Social Democratic Party to embarrass the government in parliament. 

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SPAIN-NICARAGUA: Support for Election

Prime Minister Gonzalez may offer practical assistance to facilitate Nicaragua's general election scheduled for 5 November, because he believes it would help create an open political system and counter opposition in Spain to his conservative programs. [Redacted]

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The US Embassy reports that Spain may offer electoral administrative assistance, if requested by Nicaragua. Government officials claim that no formal request has been received, but Nicaraguan Junta Member Sergio Ramirez discussed the subject during his visit to Madrid late last month. Spanish officials are considering alternatives, including sending a team of experts from the Socialist Party on polling, propaganda, and campaign operations, to help prepare for the election. [Redacted]

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Comment: Madrid's interest is consistent with its position on Central America. Spain has strongly supported the Contadora group and is one of Nicaragua's largest European lenders. Gonzalez is more suspicious about the Sandinistas than some Europeans—having been shaken by Nicaraguan support for Basque terrorists—but he seems to view the holding of elections as a positive step. [Redacted]

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Gonzalez disagrees with US policy in Central America, but he has been careful to avoid actions that would result in direct conflict with Washington. Recently, however, a high-level Spanish official expressed concern about US involvement in mining Nicaraguan waters and warned that US policy in Central America could disrupt US-Spanish cooperation on security. [Redacted]

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In addition to his philosophical commitment to Nicaragua as a Socialist, Gonzalez may see assistance for the Nicaraguan election as a way to appease Spanish leftists who oppose his domestic economic austerity program and his policy of keeping Spain in NATO. [Redacted]

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ISRAEL-SYRIA: Concern Over Syrian Intentions

Israeli Defense Ministry officials have told the US defense attache they discount recent Israeli newspaper accounts that Syria is increasing its forces in the Bekaa Valley. [Redacted]

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The officials claim that Syrian troop levels there have actually decreased. They speculate the recent increase in Palestinian attacks along the cease-fire line may have resulted from Syrian distraction with internal affairs and the move south of PLO units from Tripoli. The Israeli Army, meanwhile, conducted a partial mobilization drill yesterday, its second since the nationwide exercise last November.

[Redacted]

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Comment: The Israelis are concerned about the situation in Damascus and the possibility that President Assad will provoke an incident to turn the attention of Syria's armed forces away from the internal conflict. Israel will continue to retaliate against Palestinian targets for attacks along the cease-fire line, but it probably will avoid Syrian positions in order not to give Assad a pretext for raising tensions. [Redacted]

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If Palestinian attacks from Syrian-controlled territory increase, however, Tel Aviv is likely as a last resort to authorize selective strikes on Syrian targets in Lebanon. Although the mobilization exercises are not directly related to the press accounts of Syrian preparations, they reflect a determination to ensure that Israel will be ready for any eventuality. [Redacted]

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**CZECHOSLOVAKIA-
HUNGARY:**

Policy Differences Aired

A recent Czechoslovak press attack on Hungary for its "independent" policies probably reflects Prague's belief that the new Soviet leadership will favor greater orthodoxy in the foreign and domestic policies of the Warsaw Pact states. [Redacted]

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A senior Czechoslovak foreign policy official writing in the party newspaper late last month criticized Budapest, although not by name. He charged Hungary with attempting to develop a special foreign policy role for itself as a mediator between the superpowers and with following policies toward the West that differ from the line agreed upon in joint Warsaw Pact meetings. [Redacted]

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[Redacted] Prague is particularly unhappy that the Hungarians allegedly broke a Warsaw Pact agreement to curtail relations with NATO countries that accepted INF deployment. [Redacted]

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The article also attacked the Hungarians for seeking unilateral advantages from Western countries, institutions, and banks. It described this approach as encouraging differentiation by Western countries and says it threatens "socialist" unity. [Redacted]

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Hungarian party Secretary Szuros, who has been closely associated with Budapest's more activist foreign policy, defended the Hungarian position in a press interview last week. He argued that Budapest's more open policy toward the West not only conforms with actions of other members of the Pact, but serves the interests of the Pact as a whole. [Redacted]

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Comment: The attack by the conservative Czechoslovak leadership reflects its longstanding disapproval of Hungary's innovative foreign and domestic policies. Prague's decision to publicize its views suggests that it believes its lobbying for more orthodox policies will be well received in Moscow and may influence the Soviet position at impending Warsaw Pact summit meetings. [Redacted]

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Although Prague may be criticizing Budapest at Moscow's instigation, Hungary's public defense of its position makes this less likely. Nevertheless, the Hungarians probably will go slowly in taking initiatives while attempting to build support in Moscow. [Redacted]

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GUINEA:

New Leadership Charts Course

The new regime is winning public backing at home and foreign diplomatic support, as it seeks badly needed economic aid. [Redacted]

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Guinea's new leaders say their priorities are to introduce civil liberties and rebuild what they term the "devastated" economy. They have promised a free press, unfettered labor unions, and open trials of former officials charged with administrative or economic abuses. According to the US Embassy in Conakry, the regime is appealing for food, fuel, and other aid from the US and France. [Redacted]

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President Conte has told the press that his government will remain in power until tribalism, regionalism, and sectarianism are eliminated. Conte, 49, is a Sousou tribesman and has served in the Army for 29 years. Unlike younger, largely Soviet-trained Guinean officers, he was schooled by the French in Ivory Coast and Senegal. [Redacted]

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The government has been endorsed by neighboring moderate states. [Redacted]

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The new regime says it will support changing the location of the next OAU summit, scheduled for Conakry, if the majority of OAU states prefer. [Redacted]

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Comment: The government's characterization of the economy is apt. The regime intends to work to provide the essential needs of the population, but encouraging a large influx of exiles will add to the economic pressures. [Redacted]

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The pragmatic and pro-Western leaders will need large amounts of aid to reverse two decades of deterioration. Without such aid, the Soviets and Libyans may be able to develop new influence. Moscow, however, is unlikely to offer significant amounts of economic assistance. [Redacted]

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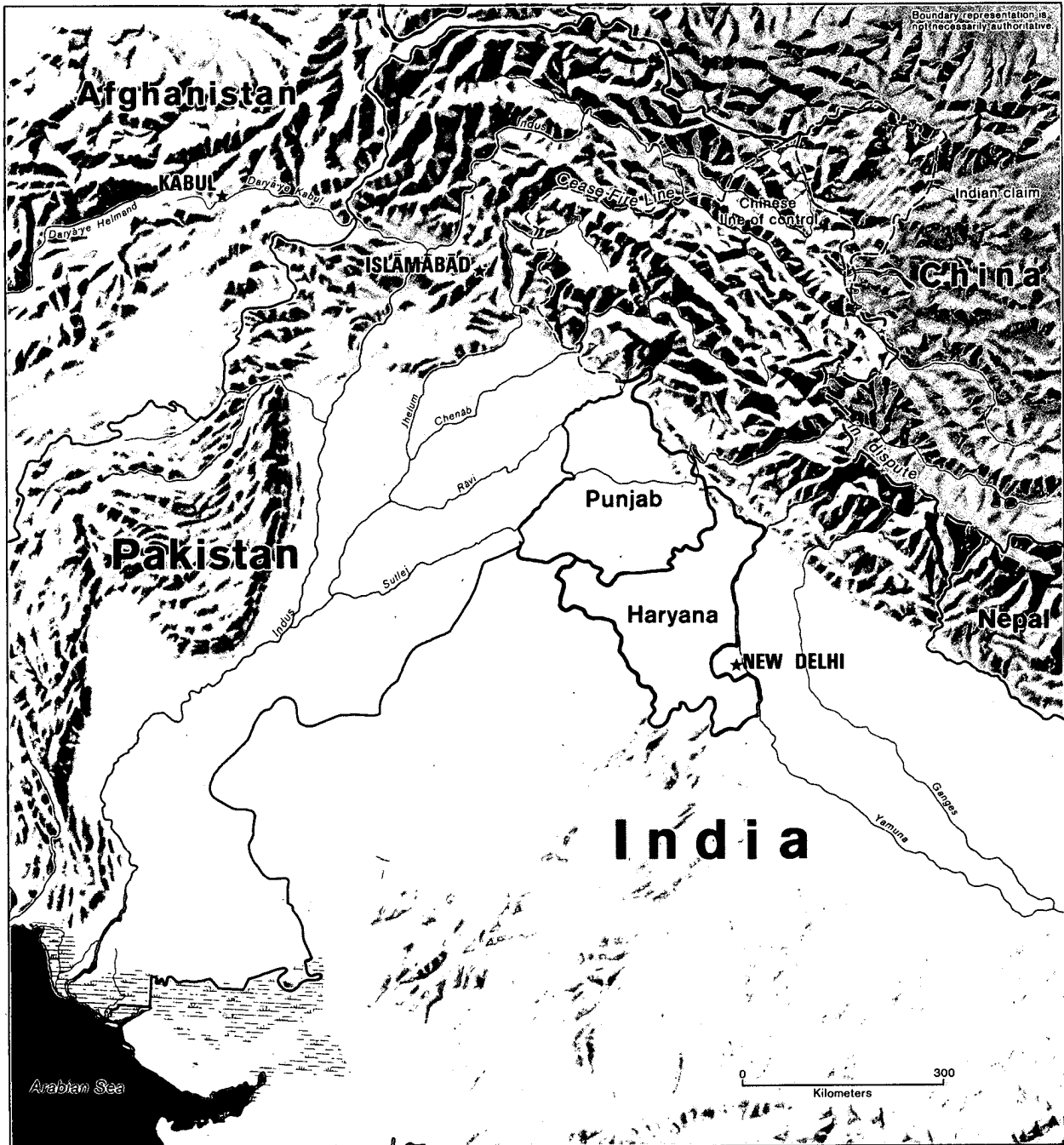
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INDIA:

Implications of Unrest in Punjab

Prime Minister Gandhi's inability to control terrorism by Sikhs in the Punjab helps her political opponents and threatens relations with Pakistan. [Redacted]

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The stalemate in negotiations between Sikh leaders and New Delhi has increased the prominence of more militant Sikhs who are challenging government authority. Press accounts state that nearly 30 people were killed this past week bringing the total to over 130 dead and more than 500 injured since the fighting broke out six weeks ago. The violence has spread into the neighboring state of Haryana. [Redacted]

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The US Embassy in New Delhi reports Gandhi has taken increasingly forceful measures to halt the unrest. She has extended federal government rule in the Punjab for another six months, has sent additional paramilitary forces, and has given them extraordinary search, arrest, and detention powers. Gandhi also has banned the leading Sikh student organization. [Redacted]

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The Prime Minister has shown some willingness to discuss Sikh requests for special religious privileges. She has, however, refused to consider the Sikhs' demands for increased political autonomy or control of territories and waters shared with adjacent states for fear of setting a precedent. [Redacted]

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Comment: The turmoil in the Punjab is undercutting Gandhi's claim that she can effectively maintain law and order. She is trying to avoid measures that would further alienate Sikh leaders, reduce the chances of a negotiated settlement, or lead to more violence. [Redacted]

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The unrest threatens to worsen India's ties with Pakistan. Gandhi claims Pakistan is contributing to unrest in the Punjab in order to work against her government and to damage her election prospects. She has not, however, adduced persuasive evidence to support her accusation. [Redacted]

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Soviet Foreign Trade*Billion US \$*

	1982			1983		
	Exports	Imports	Balance	Exports	Imports	Balance
Total	87.2	77.8	9.4	91.6	80.4	11.2
Communist	47.1	42.5	4.6	50.9	45.5	5.4
Eastern Europe	36.3	33.6	2.7	39.4	37.2	2.2
Other	10.8	8.9	1.9	11.5	8.3	3.2
Non-Communist	40.0	35.3	4.7	40.7	35.0	5.7
Developed West	26.0	26.1	-0.1	26.5	25.3	1.2
Less Developed Countries	14.0	9.2	4.8	14.2	9.7	4.5

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USSR:

Foreign Trade Improves

Recently published Soviet data indicate that the USSR improved its foreign trade position last year. [Redacted]

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Moscow reduced its assistance to the East European nations by cutting its trade surplus with them. Nonetheless, the Soviets' trade surplus with Communist countries as a group increased slightly. [Redacted]

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A decline in imports from the developed Western countries allowed Moscow to increase its trade surplus with non-Communist countries, despite the slow growth of Soviet exports. Soviet purchases of grain and other agricultural products fell as a result of improved harvests in 1982 and 1983. Most of the reduction was in imports from the US. [Redacted]

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The USSR was able to increase export earnings from non-Communist countries for the second year in a row, despite a drop in world oil prices. The Soviets raised oil exports to the West by 150,000 barrels a day to about 1.7 million barrels, primarily by reexporting oil they obtained from OPEC nations. [Redacted]

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Military exports to the less developed countries, which rose substantially early in the year, dropped during the last quarter. [Redacted]

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Comment: Arms sales are second only to oil as a hard currency earner, but may have declined for the year as a result of the drop in the last quarter. [Redacted]

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Oil sales are likely to level off and could decline, if domestic production continues to slump. The USSR already has had trouble this year in meeting its obligations for oil deliveries to Western Europe and could have difficulty increasing hard currency earnings. Nevertheless, Moscow's overall hard currency position is likely to show another surplus this year, if it continues to hold down imports from the West. [Redacted]

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WESTERN EUROPE: Declaration on Latin America

The presidents of the Socialist, Liberal, and Christian Democratic Internationals yesterday issued a joint declaration on Latin America that generally agrees with US viewpoints. On El Salvador, the presidents expressed support for an open and constructive dialogue among all democratic forces after the presidential election there. The declaration welcomes Nicaragua's decision to hold an election but indirectly urges the Sandinistas to eliminate the state of emergency and to ensure a free and honest contest. The internationals also offer support for the Contadora peace negotiations and condemn the continuing violation of human rights in Chile. [REDACTED]

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Comment: Differences among the party internationals prevent the declaration from providing a firm indication of what each group might do in coming months. The decision to issue a joint statement was intended partially to help centrist Salvadoran presidential candidate Duarte in the run off election against rightwing candidate D'Aubuisson. [REDACTED]

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USSR: The Central Committee Plenum

General Secretary Chernenko, in his speech to the Central Committee yesterday, said that present policies were good ones and only needed to be properly carried out. He said that the bureaucracy must be reduced, and he hinted that the next party congress might be convened sooner than 1986. Secretary Zimyanin reported on an educational reform bill that will be introduced to the Supreme Soviet today. The plenum also approved unspecified personnel matters and other business to be raised at the Supreme Soviet. [REDACTED]

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Comment: Chernenko probably lacks the power to push for high-level personnel changes without more time to prepare the way. His purpose in calling an early congress would be to preside over the selection of a new Central Committee and place his stamp on policy, but other leaders might oppose such a plan. The Supreme Soviet is likely to elect a chairman of the Presidium today, and it has to approve a premier and members of the Council of Ministers. All signs still suggest Chernenko will be elected head of state and Tikhonov will remain as premier. [REDACTED]

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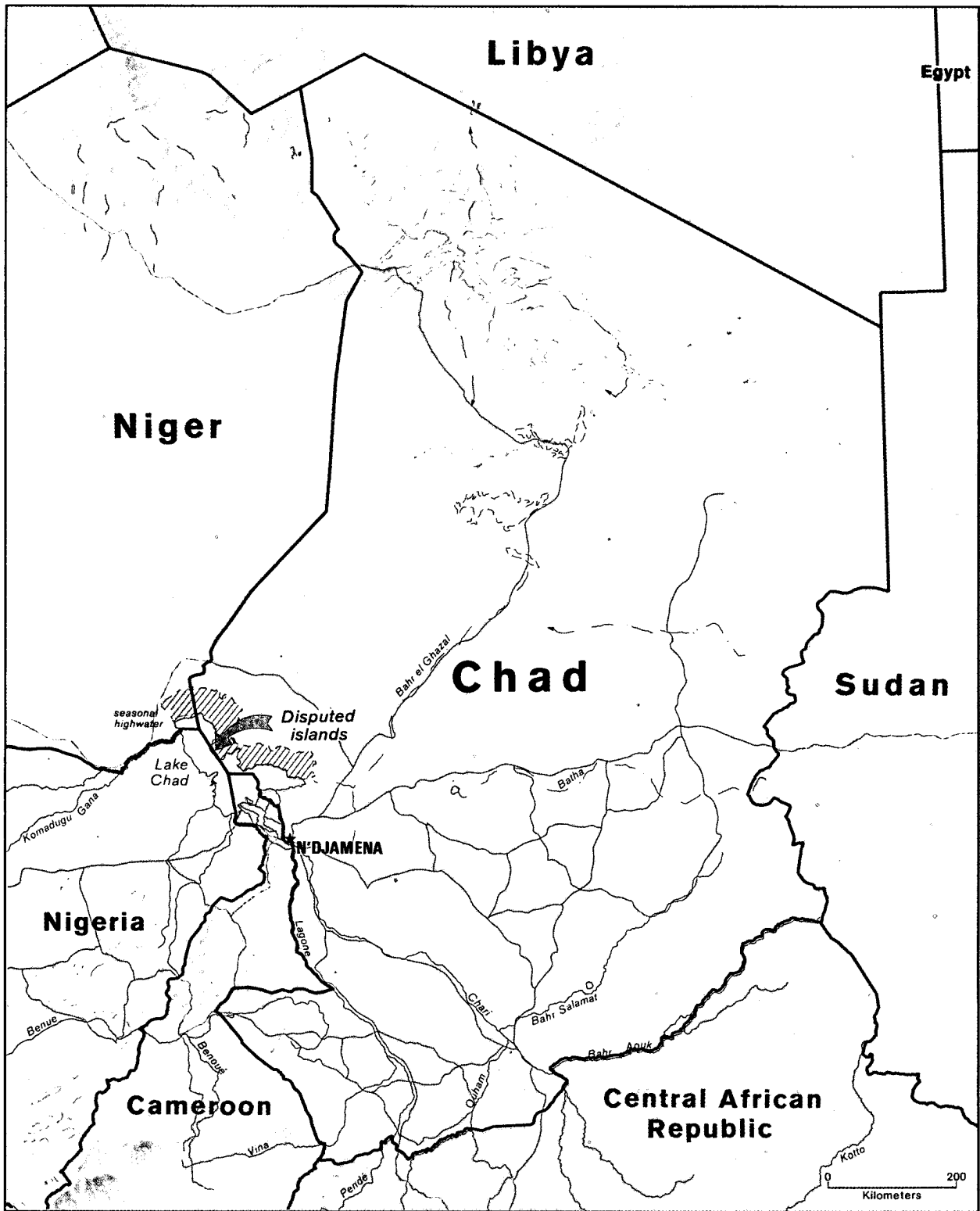
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NIGERIA-CHAD: Border Tensions

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Lagos claims Nigeria's land border is officially open for shipments of food and fuel through Cameroon to Chad. Nonetheless, [Redacted] some trucks destined for N'Djamena have not been permitted to cross, while others face long delays and harassment by customs officials. Lagos repeatedly has rebuffed President Habre's calls for face-to-face meetings to resolve the problem. [Redacted]

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Comment: Nigeria's military believes the civilian government failed to support it during border clashes last year. The military could be planning an action to reclaim several disputed islands in order to reestablish its credibility. Any such action by the armed forces, however successful, would only temporarily deflect popular attention from pressing domestic economic and political problems. Moreover, new hostilities would destroy what little opportunity Lagos has to become a mediator between France, Libya, and various Chadian factions. [Redacted]

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MOZAMBIQUE: Insurgent Offensive

The Mozambican National Resistance has cut power supplies to Maputo during the past week and attacked commercial traffic on the previously secure main road from Maputo to South Africa. [Redacted]

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[Redacted] the insurgents destroyed 200 meters of the Beira-Mutare pipeline in central Mozambique and prevented the government from repairing the damage. [Redacted]

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[Redacted] the group is launching an offensive against the capital to demonstrate that it retains the strength to force President Machel to negotiate. Press reports state that the government has launched a counteroffensive in the Maputo area. [Redacted]

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Comment: The guerrilla offensive presumably is intended to offset the public boost the Machel regime has received as the result of the nonaggression agreement. If the offensive continues, it could cast doubt on the agreement and erode Machel's domestic political backing. The insurgents probably have enough weapons and supplies to sustain a high level of action until late in the year. [Redacted]

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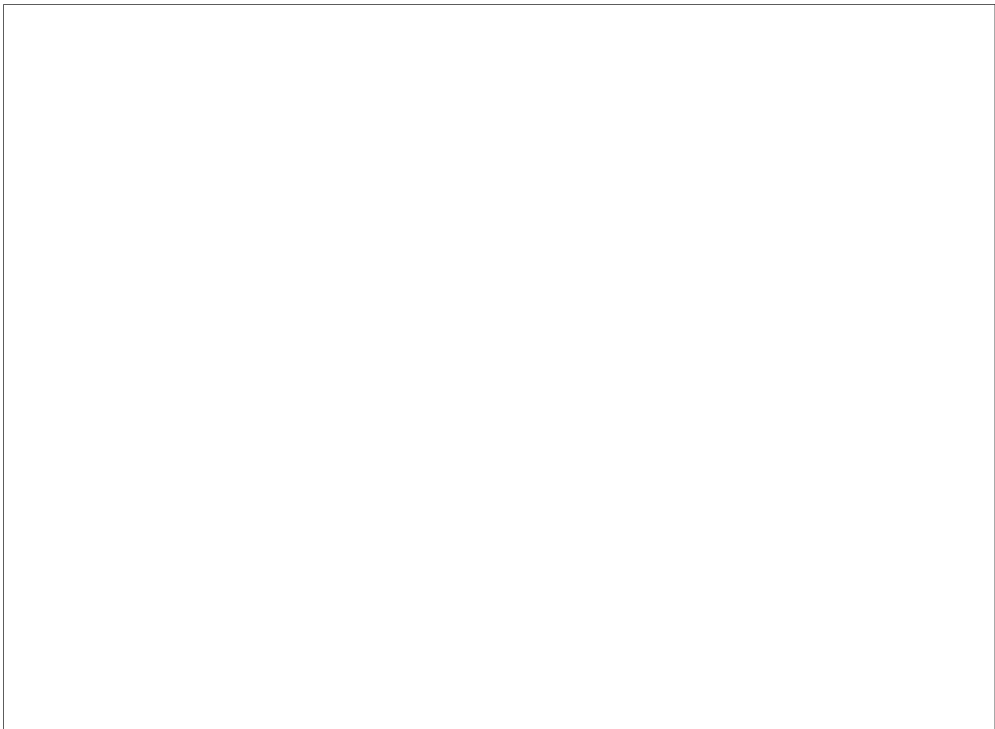
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FRANCE: New Missile in Production

[redacted] the M-4 SLBM, France's first ballistic missile with multiple warheads, is in full series production, and the first missiles are being delivered to the Navy. [redacted] the submarine Gymnote has completed testing of the M-4, which has a range of 4,600 kilometers, after a total of six launches. The new ballistic missile submarine L'Inflexible is scheduled to begin sea trials in late 1984, and [redacted] the first launch of an M-4 from L'Inflexible should take place in early 1985. [redacted]

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Comment: The M-4 initially will be deployed on L'Inflexible and later on four of the five La Redoutable SSBNs, which will be modified for the M-4. Current plans call for conversion of operational SSBNs to accommodate the M-4 during their scheduled overhaul periods. With the deployment of the M-4, which carries six reentry vehicles, the total number of possible SLBM warheads in the French force will increase from 64 to about 500 by the early 1990s. [redacted]

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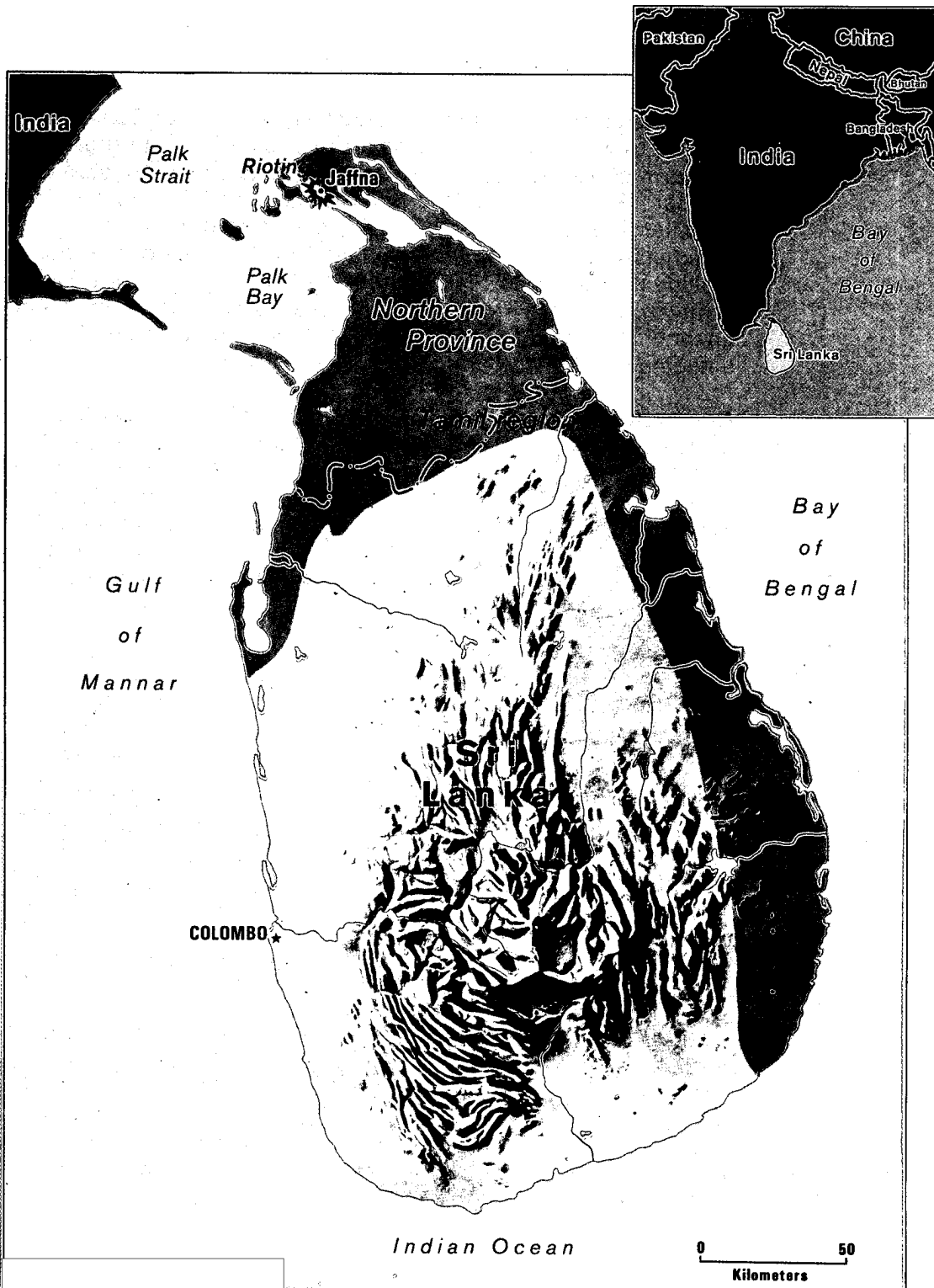
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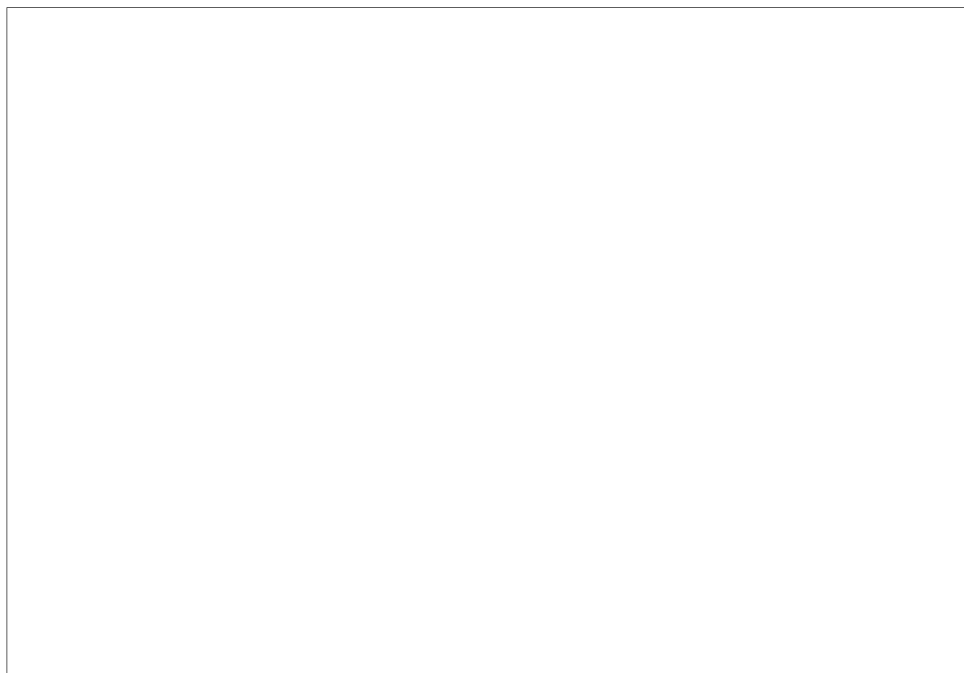
SRI LANKA: New Round of Violence

New ethnic violence broke out this week in the northern provincial capital, resulting in more than 30 people killed or wounded before security forces were able to restore order. The US Embassy in Colombo reports that Tamil insurgents attacked a Sri Lankan Army convoy and that the Army retaliated, burning shops and killing four Tamil civilians. Tamil militants also attacked a Sinhalese Buddhist temple and a Sinhala-language school. The government has declared an 18-hour curfew throughout the province. 

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Comment: The new violence is the worst since the ethnic riots of last summer. Colombo has moved quickly to limit the new violence in the north and to forestall a Sinhalese retaliation in the south. Punitive action by the Army, however, will heighten Tamil resentment against government security forces, which increasingly are viewed as an army of occupation in Tamil areas. 

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In Brief

Latin America

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— New **Chilean** Finance Minister in US to confer with **IMF** and possibly seek new loans . . . hopes to persuade IMF to support economic policy aimed at reducing domestic discontent . . . failure may endanger \$780 million in pending bank loans. [Redacted]

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East Asia

— **Japanese** farming cooperatives and opposition parties have denounced US-Japan farm accord . . . calling for special session of Diet . . . LDP committees in Diet endorse accord but may support measures to protect against farm losses. [Redacted]

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[Redacted]

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Africa

— Ringleader of coup attempt last week in **Cameroon** reportedly under arrest . . . casualties and destruction in Yaoude may be greater than initially reported . . . President Biya maintaining low public profile as government tries to regroup. [Redacted]

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[Redacted]

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