



DIRECTORATE OF INTELLIGENCE

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Summary

Overall trends in Central America generally have been favorable over the past month. The Salvadoran armed forces continue to hold the tactical initiative in that country, and there are more indications of disarray within the insurgent leadership. In Nicaragua, the anti-Sandinista insurgents have stepped up their operations after a prolonged lull, and outside pressures on Managua are forcing the regime to consider compromise on key negotiation issues. The coup in Guatemala has installed a new chief of state more willing to cooperate militarily with Honduras and El Salvador. The situation remains relatively calm in Honduras and Costa Rica, and in Panama political opinion is swinging to a more pro-US position. [REDACTED]

Nevertheless, there is still cause for concern. The Salvadoran insurgents appear determined to launch a major counteroffensive in hope of regaining the initiative. There are also some tentative indications that they intend to step up political action in urban areas. The Sandinistas, with Cuban advisory assistance, are mobilizing reserve and militia units to

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[REDACTED]

confront the insurgents. In Guatemala, there is a risk Mejia may be replaced in a rightwing coup. Finally, in Honduras, the Cubans and Nicaraguans continue to try to set up an insurgent infrastructure to pressure the Somoza government. [REDACTED]

## EL SALVADOR

### Military

Government forces during August continued to press the guerrillas throughout most of the country. They swept northeastern Chalatenango Department in early August, and were [REDACTED] active in nine of the 14 departments. On 17 August the Army began an operation in the Jucuaran area in southeastern Usulután, long a major guerrilla stronghold and a key infiltration point for arms and supplies from Nicaragua. [REDACTED]

Since June, the Army has used improved small unit tactics together with more effective civic action programs to seize the military initiative and keep the guerrillas off balance. Military leaders are encouraged by the performance of the troops in the field--especially the three US-trained immediate reaction battalions--and by what several amnesty seekers have described as a deterioration of insurgent morale. The high command [REDACTED] believes it could effectively eliminate the threat of large-scale guerrilla operations by the end of the year if it receives continued US weapons and logistic support. [REDACTED]

The insurgents remain largely on the defensive, only sporadically attacking government garrisons and installations. The guerrillas' planned major offensive evidently continues to be delayed by the government campaign as well as by coordination difficulties among the various insurgent factions. [REDACTED]

[REDACTED] that insurgents in Morazan may have already received at least two SA-7 launchers from Nicaragua. [REDACTED]

[REDACTED] that the guerrillas were to receive a supply of heat-seeking, individually operated antiaircraft missiles. The [REDACTED]

[REDACTED]

hand-held SA-7 would pose a threat to the Salvadoran Air Force as well as to [REDACTED] other aircraft operating in the area. [REDACTED]

#### Arms Flow

[REDACTED]

that the insurgents [REDACTED] arms from Nicaragua prior to [REDACTED]

[REDACTED] Sandinista military officials claim that deliveries ceased by that date. [REDACTED]

#### Recent analysis

[REDACTED] that La Pelota Island off northwestern Nicaragua is an arms transshipment point. [REDACTED]

[REDACTED] that arms and munitions were sent from Managua to La Pelota for onward shipment by canoe to El Salvador. [REDACTED]

[REDACTED] the Salvadoran Army intercepted a 300-man guerrilla force en route from supply depots in the coastal area of southeastern Usulután to a base area on the Guazapa Volcano. Prisoners and captured documents indicate the group was transporting 170 rifles and a large quantity of ammunition to replenish depleted arsenals in San Salvador and Cuscatlan Departments. [REDACTED]

#### Political

The recent successes of the Salvadoran armed forces reportedly are causing anxiety among Christian Democratic Party leaders, who fear that these gains will tend to reinforce the Army's traditional role as political arbiter. They are also worried that President Magana's sympathies lie with the National Conciliation Party--traditionally aligned with the Army--and believe he supports that group's presidential candidate. They cite the fact that Magana recently replaced several Christian Democratic governors with Conciliationists while reducing the participation of their party at official functions. [REDACTED]

Human rights issues and the prospect of peace talks with the insurgents are worrying extreme rightist leaders. Efforts by Defense Minister Vides to investigate human rights cases involving military personnel reportedly resulted in threats from [REDACTED]

The amnesty program ended on 15 August, but the processing centers will remain open for another month or so to resettle those still living there. A total of 554 political prisoners were released and 585 adult insurgents turned themselves in under the program. [REDACTED] approximately 250 of the 400 male insurgents who turned themselves in were actual combatants, although this number is probably exaggerated. Canada, Australia, and Belgium accepted about 185 amnesty beneficiaries along with more than 200 family members. [REDACTED]

The Constituent Assembly continues its careful and deliberate review of the draft constitution. A number of non-controversial articles have been approved, but popular opposition has developed over several items. On 16 August, the campesino faction of the Popular Democratic Union demonstrated against draft articles concerning agrarian reform, unionism, and human rights. The organization fears that as written these articles will end the three-phased agrarian reform, inhibit trade unionism, and restrict social justice. The Catholic Church also wants changes in articles it feels would permit abortion and restrict the church's role in education.

Meanwhile, the Assembly has drafted transitory articles slating presidential elections for the first quarter of next year, with inauguration on 1 May 1984. The Constituent Assembly will become a Legislative Assembly when the constitution is promulgated, and the current deputies will end their terms on 30 April 1985.