

~~Top Secret~~**SUDAN-US: Accusations at Trial**

Sudan's Attorney General Atti virtually cast the US as a codefendant in the first days of the treason trial of former Vice President Tayyib that began last Saturday. Atti is arguing that Tayyib's involvement in the exodus from Sudan of the Falasha—Ethiopian Jews—constituted strategic support to Israel. Detailed accounts of the trial, including allegations of US involvement and names of US officials, have been carried in Khartoum's media; the Communist Party paper has called for the expulsion of the US Ambassador and other Embassy officials allegedly implicated. [redacted] four other defendants in the trial have turned state's evidence; former President Nimeiri is to be tried later in absentia. [redacted]

**Comment:** The freer political atmosphere in Khartoum since the coup makes it unlikely that Sudan's leaders can contain damage to US-Sudanese relations during the long trial, especially if it inspires demonstrations and attacks on US citizens. Khartoum probably is concerned that the US will retaliate by cutting off aid and apparently has already begun seeking alternative sources. [redacted]

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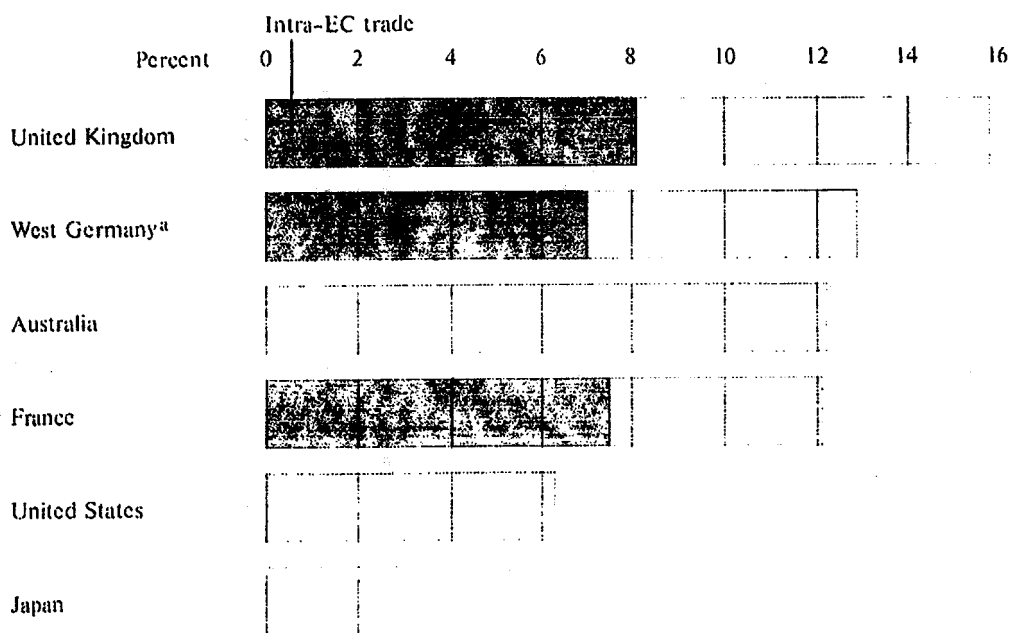
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**Imports of Manufactures as a Share of GNP:  
Selected Industrial Nations, 1984**



<sup>a</sup> 1983

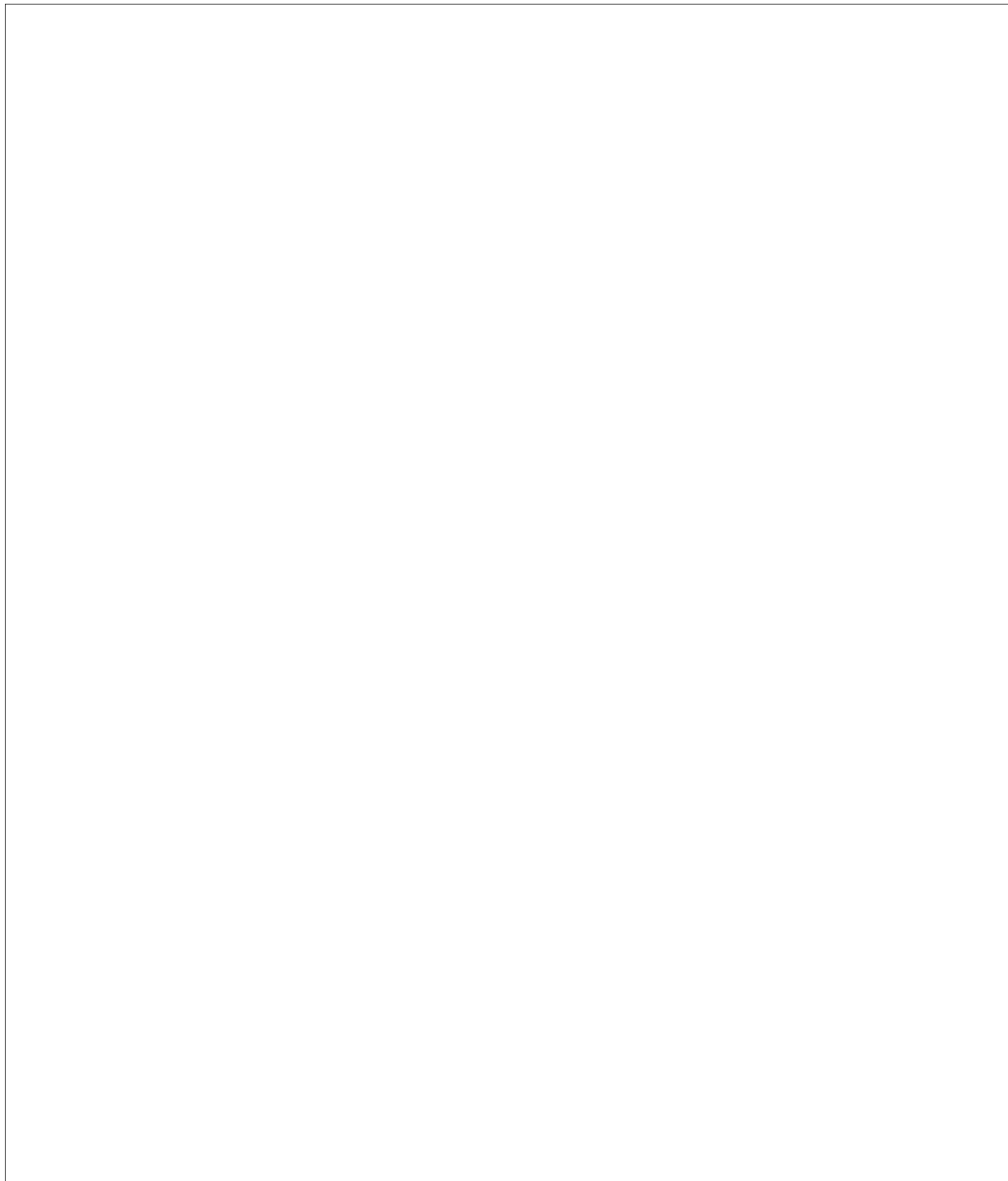
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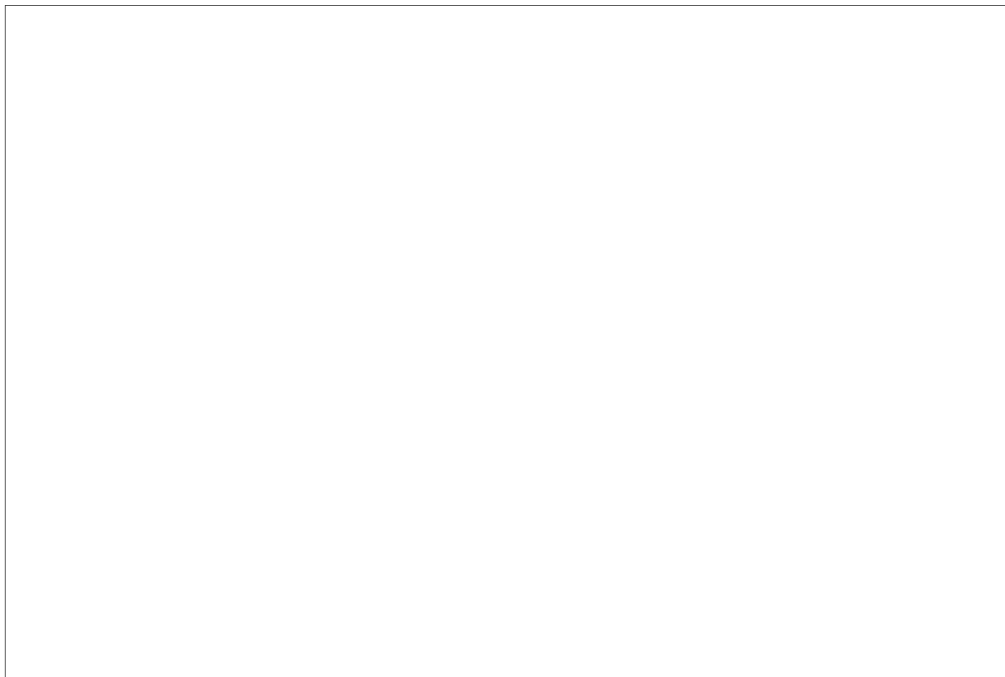
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~~Top Secret~~**CANADA: Energy Policy Revised**

The Tories have completed dismantling the energy policy of their predecessor in order to encourage foreign firms to develop Canada's frontier energy resources. Ottawa announced yesterday that it had eliminated the National Energy Program's controversial "back-in" clause, which gave Canada a 25-percent share of energy discoveries on federal lands. Ottawa plans to be less rigorous in requiring that energy projects on federal lands be 50-percent Canadian owned before granting production licenses. At the same time, however, it also replaced a system of direct grants for energy exploration with tax incentives. 

**Comment:** The new policy abandons discrimination in favor of Canadian energy firms for development of energy resources; as a result, US-based multinationals probably will play a much larger role in exploration and production. Ottawa's new exploration policy is not as generous to developers as its predecessor, however, and is unlikely to offset the decline in investment in offshore oil exploration caused by depressed world energy prices and a string of disappointing test-well results. The political opposition, moreover, will almost certainly charge that Prime Minister Mulroney has given away too much to accommodate the US by scrapping discriminatory policies. 

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~~Top Secret~~**Special Analysis****LIBYA-FRANCE-  
CHAD:****Aircraft Deployment**

*Libya's deployment of combat aircraft to the recently completed airfield at Ouadi Doum is the most provocative move in Tripoli's six-month effort to strengthen its military capabilities in Chad and is a strong indication Libyan leader Qadhafi intends a more aggressive posture there. Libya is likely to support probes by Chadian rebels south of the 16th parallel to test French resolve. Any attempt to seize southern Chad, however, would require further preparations and is not likely unless Qadhafi concluded French forces would not intervene.*

Meanwhile, Libya has been working to rebuild the military capabilities of Chadian dissidents.

Qadhafi told a group of Libyan officers early last month that they would soon participate in renewed fighting in Chad. He also told a visiting Sudanese military delegation that Libyan military operations in Chad should not be regarded as a threat to Sudan.

**Testing the French**

Qadhafi's deployment of combat aircraft to Ouadi Doum—which may be temporary—probably is a test of French resolve to support Chadian President Habre. Qadhafi knows the French are sensitive about Ouadi Doum; French Foreign Minister Dumas confronted Qadhafi with photography of Libyan construction activities there last April, and Libyan military commanders almost certainly know about French overflights of the area.

Qadhafi probably is less reluctant to antagonize the French since Paris recently ruled out any early strengthening of France's arms supply relationship with Libya. The French have always maintained, however, that they will reconsider arms sales if Qadhafi scales down his activities in Chad, and they may hope that this reminder will induce him to deal with Habre.

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~~Top Secret~~**JAPAN-USSR:****Nakasone Eager To Visit Moscow**

*The Prime Minister's interest in a summit meeting with General Secretary Gorbachev next year is becoming entangled in domestic politics, as his rivals start shooting at his proposal.*

After proposing two weeks ago to resume talks on a peace treaty in a letter to Gorbachev, Nakasone in a press conference last week indicated he might visit the USSR after assessing the US-Soviet talks and Foreign Minister Shevardnadze's January trip to Japan.

he expects no major concessions on the Northern Territories and would be satisfied if Gorbachev would work toward reducing Soviet military strength on the disputed islands.

Nakasone's chief aide has stated any visit must occur after the Tokyo economic summit in May—during the buildup to elections in November for party president. Foreign Minister Abe, who hopes to succeed Nakasone, told the press on Sunday that he wants to go to Moscow, while other party leaders have denounced the Prime Minister for grandstanding. Senior Foreign Ministry officials are calling Nakasone's idea "absurd."

**Comment:** Nakasone's strong suit has always been foreign policy, but this is the clearest sign to date that he hopes to engineer a foreign policy spectacular in Moscow that will ensure his place in history and perhaps improve his chances of continuing in office. The initial hostile reaction to his initiative suggests he will have a hard time outmaneuvering his rivals. In addition, the Foreign Ministry is certain to resist strongly any attempt to sidestep the territorial issue.

The Soviets, although extremely critical of Nakasone over the past three years, may be willing to give him a political boost. They now appear to be seriously interested in improving bilateral relations, may see Nakasone as their best bet, and may offer minor concessions on the Northern Territories to encourage talks on a peace treaty.

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~~Top Secret~~**PHILIPPINES-JAPAN: Visit of Imelda Marcos**

Imelda Marcos arrives in Japan today following a short-notice request to meet with Prime Minister Nakasone, Foreign Minister Abe, and other Cabinet members. [ ] she will meet with government leaders on Tuesday and may discuss a \$230 million Japanese loan package and political relations. Japanese Foreign Ministry officials have said they are engaged in a major policy review because of their concern about Philippine political and financial stability. The Japanese have hinted they would, for the first time, join the US in backing IMF efforts to foster a more market-oriented economy and may raise the issue of free elections with Manila. [ ]

**Comment:** Even if Tokyo goes forward with a tougher policy, its new loan package—a 16-percent increase over the one last year—is likely to draw criticism from the opposition parties, which may argue that new credits should depend on the adoption of democratic reforms and welfare projects. [ ]

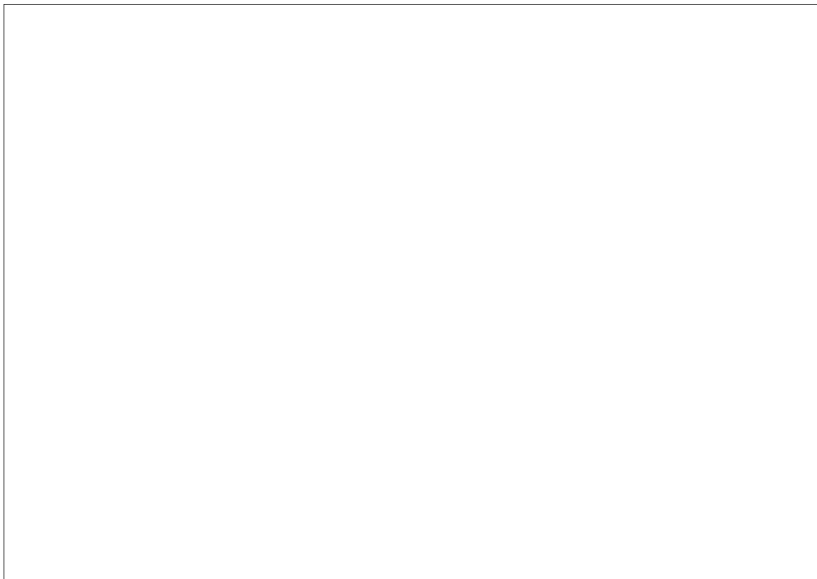
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#### **SOUTH AFRICA: Unrest Continues**

The government continues to make further arrests, prohibit gatherings, and restrict media coverage as it tightens security in areas under the state of emergency. [redacted] suspected collaborators are now being killed in western Cape Province, a common practice in eastern Cape Province and the townships around Johannesburg. The press reports that some black townships have established "people's courts" to try accused collaborators. [redacted]

In addition, there have been scattered instances of vigilante action by whites, who this week fired on a group of children near a disabled school bus. There is no evidence so far that security forces are carrying out orders reportedly issued last week to shoot to kill rioters throwing projectiles. [redacted]

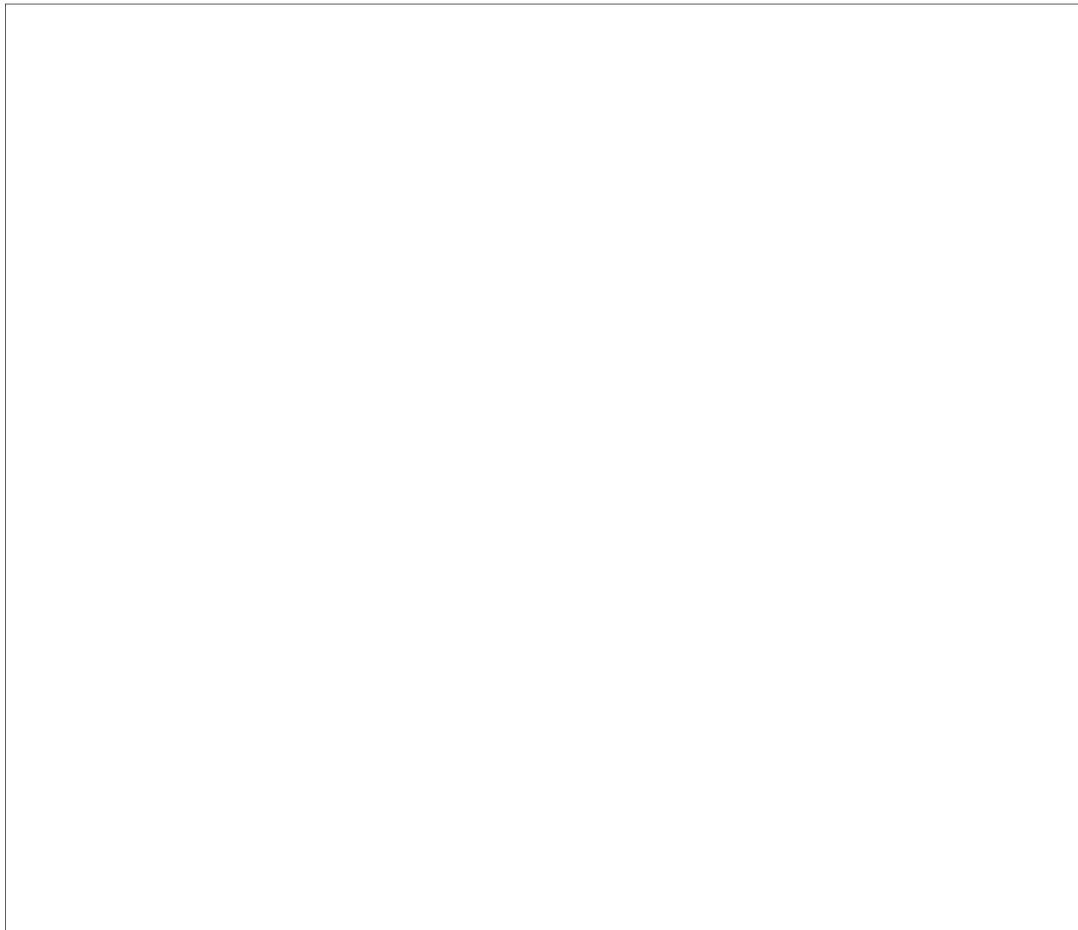


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Qadhafi has said he is willing in principle to enter into direct negotiations with Habre, perhaps only to keep the Chadian leader offguard and mask Libyan military intentions. He will not foreclose any option to further his aims in Chad and might postpone military action if talks appeared promising.

### Outlook

Libya must still take into account Paris's commitment to support Habre against a major Libyan attack. Tripoli would therefore likely mount small-scale incursions by handpicked rebel forces below the 16th parallel designed to gauge the French commitment, stretch Habre's forces, and build rebel and Libyan morale. Libya probably would provide advisers and logistic assistance, and one or two battalions of Libyan armor and artillery might provide fire support. Frequent Libyan overflights of southern Chad in the last six weeks may have been reconnaissance for such probes, which could occur with no further warning.

Libyan military strength in Chad is still below that required for large-scale offensive action. The total Libyan presence probably remains at least 2,000 troops below the level reached in 1984.

More air defense missile batteries and tank transporters probably would be brought in from Libya if a large offensive were imminent.

Habre is aware of Libyan and rebel activities in the north and has strengthened his own forces near the 16th parallel. senior French officers there do not rule out a limited government operation above the parallel, probably as a preemptive move to keep the Libyans and rebels off balance.

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Director of  
Central  
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## National Intelligence Daily

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~~Top Secret~~**In Brief****Middle East**

— [ ] Iraqi attack Monday damaged pumping station on one of two pipelines to Tehran refinery ... could increase gasoline shortages. [ ]

**East Asia**

— **Vietnam** appealing for aid after series of typhoons ... lost near self-sufficiency in rice achieved in 1983 ... [ ] estimates 1985 rice shortfall at 500,000 tons ... foreign exchange insufficient to buy this quantity. [ ]

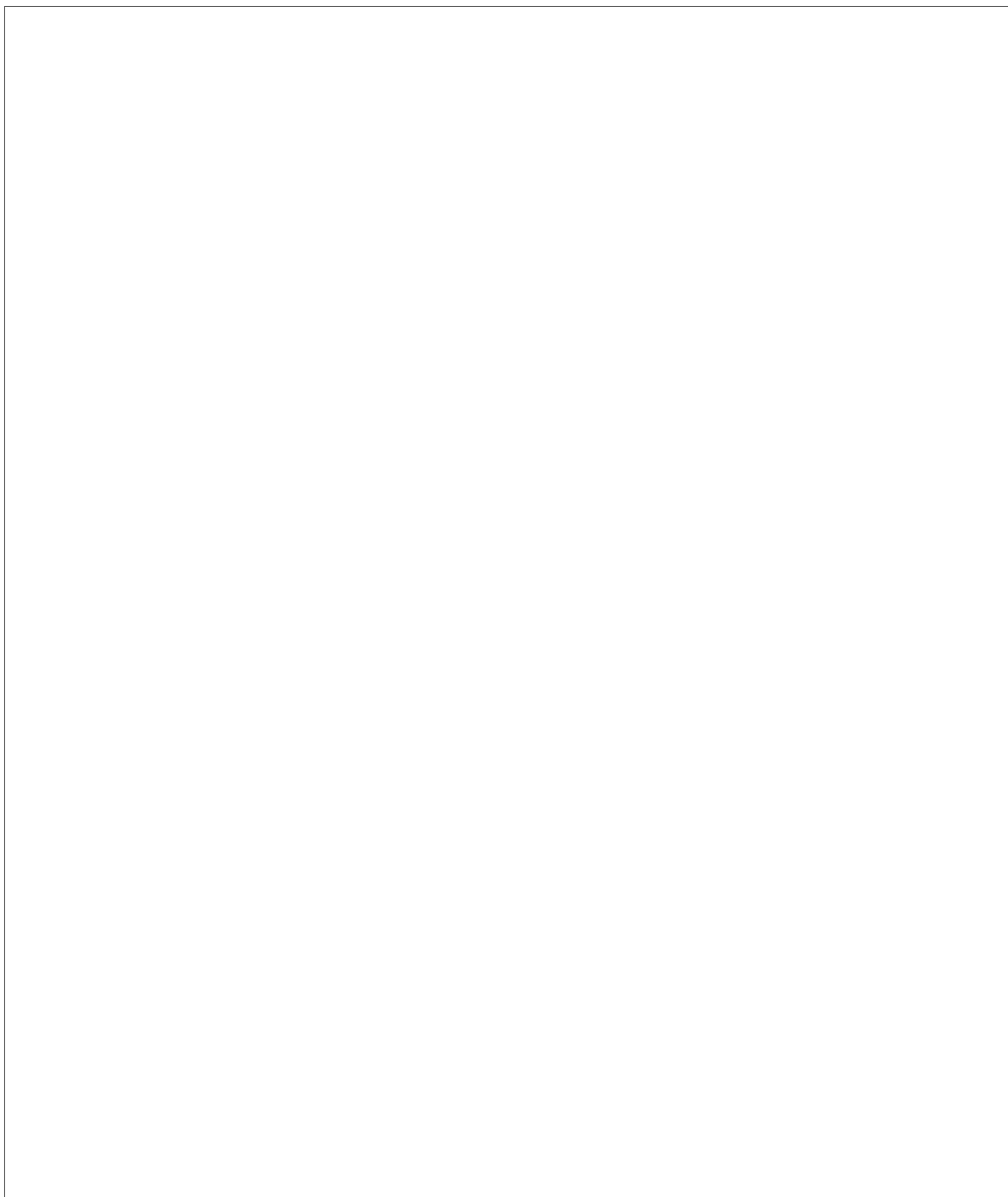
**Americas**

— [ ] Tupac Amaru group and People's Revolutionary Command may try terrorist attacks against US interests on 4 November anniversary of their founding ... Tupac Amaru recently became active after several month lull. [ ]

— **Nicaragua** Wednesday restored some judicial procedure rights recently suspended ... probably trying to blunt criticism of expanded state of emergency ... left intact new arrest powers, ban on strikes, assemblies, party organizing activities. [ ]

**South Asia****Europe**~~Top Secret~~

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~~Top Secret~~**USSR-CUBA: Comments on Shevardnadze's Visit**

Soviet press accounts of Foreign Minister Shevardnadze's three-day stopover in Cuba emphasize the two countries' unity of views on international issues. TASS says they condemned US actions in Central America and noted their solidarity in support of Nicaragua and Angola and for Namibian independence; the Cuban press, however, was more emphatic in the support voiced for Cuban and Soviet regional allies. According to TASS, President Castro and Shevardnadze also exchanged opinions on Soviet-Cuban relations, particularly party affairs and economic issues. [redacted]

[redacted] the visit was at Cuba's invitation. [redacted]

**Comment:** Questions of Cuba's economic development and the level of Soviet support to leftist regimes and insurgencies in the Third World have strained Soviet-Cuban relations for the last two years. The differing Soviet and Cuban commentaries and choice of language suggest that differences remain. Nevertheless, both nations used Shevardnadze's visit to emphasize broad agreement on policy issues and warmth in their relationship. Castro probably was interested primarily in seeking reassurance that Cuban interests would be protected during US-Soviet discussions on Latin American issues and during the meeting in Geneva between President Reagan and General Secretary Gorbachev. [redacted]

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~~Top Secret~~**GREECE:****Split in Ranks of Labor**

***A court has blocked an effort to unseat labor leaders who support Prime Minister Papandreou, but turmoil in the labor movement and strikes in protest against Papandreou's economic policies are likely to intensify.*** [redacted]

A coalition of disgruntled Socialists and Communists ousted the pro-Papandreou chairman and financial secretary of the Greek General Confederation of Labor in a vote on Tuesday. The dissidents demanded an end to recently announced austerity measures and called for a general strike on 14 November. [redacted]

An Athens court narrowly averted an embarrassing setback for the government by issuing a temporary order canceling the actions of the dissidents on the grounds that the necessary three-fourths of the members of the administrative council were not present for the vote. [redacted]

The labor action and court decision have envenomed an already bitter political climate. The government has accused its Communist and conservative opponents of forming a common front to destabilize the political situation. The opposition New Democracy Party has charged the government with manipulating the judicial system. [redacted]

**Comment:** The split in labor is another sign that Papandreou faces a long battle over his economic policies. Despite the continued likelihood of strikes, Papandreou shows no sign of giving ground. He has said both publicly and privately that his economic program is the only way for Greece to avoid the humiliation of turning to the IMF for assistance. [redacted]

Papandreou has a commanding parliamentary majority and is in a position to sweep aside his opposition. Over the longer term, however, he will have to be concerned about the erosion of his party's working-class support. [redacted]

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