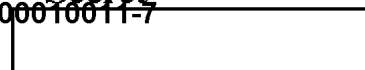




National Foreign Assessment Center

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# International Issues Review

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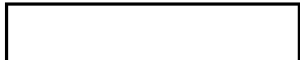
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INTERNATIONAL ISSUES REVIEW



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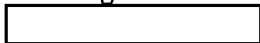
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WESTERN EUROPE AND THE INTERNATIONAL NUCLEAR SYSTEM

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DISCORD AMONG LDCs THREATENS GLOBAL NEGOTIATIONS

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INTERNATIONAL NARCOTICS

ILLICIT ECONOMIES: A FOUNDATION FOR UNDERSTANDING THE  
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This article assesses the economic structure and impact of the international narcotics traffic. It places drug production and trafficking within the framework of a larger illicit economy that often develops from local black markets and concludes that the large quantities of money these illicit activities generate may harm a country's social and economic development. [Redacted]

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INTERNATIONAL TERRORISM

INTERNATIONAL TERRORISM IN 1979: A PRELIMINARY  
ASSESSMENT [Redacted]

35

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Although most established patterns of international terrorist behavior continue, the overall number of attacks has decreased, including those against Americans. Nonetheless, several groups stepped up the scale and lethality of their operations. [Redacted]

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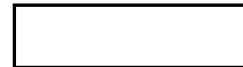
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Western Europe and the International Nuclear System

The growing problem of nuclear proliferation and the prospect of a severe energy crisis in the coming decade underscores the importance of the attitudes of advanced industrial nations toward the future use of nuclear technology. During the past 20 years, a number of interrelated institutions and organizations have emerged to govern and regulate international nuclear commerce. The West Europeans play an important role in these institutions and their role will become increasingly significant as they expand their capacity to supply each other and non-European countries with advanced nuclear technology and services. This paper examines the attitudes of West European countries toward the International Atomic Energy Agency (IAEA) and the willingness of these countries to give continued support to international regulation of the world market for nuclear technology.

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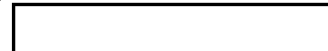


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Introduction

One of the most important factors bearing on West European attitudes toward international regulation of nuclear commerce is the fact that the current system is largely US-inspired. The IAEA, for example, was initially established as a vehicle for implementing the Eisenhower administration's Atoms for Peace Program. The nuclear Non-Proliferation Treaty (NPT), too, was largely a product of American diplomacy. During the past decade, there have been additional US initiatives--such as the London Suppliers Group and the current International Nuclear Fuel Cycle Evaluation (INFCE)--that have been intended in part to further tighten the rules governing international nuclear commerce.

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Most West Europeans never have questioned the need for or the value of measures to prevent the proliferation of nuclear weapons. In fact, some West Europeans,

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such as the Swedes and the Dutch, are deeply concerned about the proliferation threat and strongly endorse US initiatives to tighten control over nuclear commerce. Nevertheless, most West European governments long have differed with the United States over the extent of control needed. As a group, they tend to feel that the dissemination of knowledge concerning nuclear technology has reached the point where additional rules and regulations to govern nuclear commerce are likely to be ineffective, especially in the long run, and will only increase the economic and political cost to those nations still willing to abide by a rigorous international system of nuclear safeguards. Moreover, most West Europeans feel that one can maintain a legitimate distinction between civilian and military applications of nuclear technology and that the US emphasis on the potential misuse of this technology is too alarmist. [REDACTED]

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This growing disagreement with the thrust of US nonproliferation policy also reflects deeper doubts about the central role that Washington will continue to play as the principal architect of the international nuclear system. Many West Europeans were shocked by the Congressional passage of the Nuclear Non-Proliferation Act last year. From their standpoint, it was a unilateral action to establish new controls on the transfer of nuclear technology, in violation of an understanding that INFCE participants would refrain from such controversial actions as long as basic issues still were being debated in the evaluation. This legislation, particularly because of its requirement that the US Government renegotiate bilateral nuclear agreements with other countries to make them consistent with US laws, has had a negative impact on West European perceptions of the United States as a reliable supplier state. More fundamentally, the West Europeans anticipate further attempts by Washington to utilize existing international institutions to achieve the nonproliferation objectives of the recent legislation. [REDACTED]

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### An Era of Good Feelings

Current West European anxiety about the future of international nuclear commerce contrasts markedly with the opinion prevailing when the basic institutions, primarily the IAEA, were established in the late 1950s. At

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that time, the United States was the principal world supplier of nuclear fuel and technology. Other West Europeans thus found themselves dependent on the United States for their supplies of nuclear fuel and technology.

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This dependence did not generate much friction at first because Washington encouraged the development of nuclear technology in other countries during the 1950s and through most of the 1960s. Indeed, the IAEA in its early years was in many respects a conduit for US technical assistance to nuclear research and power programs both in nonindustrial and industrial nations. Under these circumstances, the West Europeans--initially in the process of economic recovery--had every reason to welcome American generosity and institutions like the IAEA. [REDACTED]

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Even the controversial issue of international safeguards for nuclear facilities, a prime responsibility of the IAEA, was not a serious bone of contention. The relaxed attitude on the part of the West Europeans was a direct reaction to two US actions intentionally designed to keep differences of opinion to a minimum within the Western alliance. Despite its desire for a universal nuclear safeguards system under IAEA auspices, Washington recognized the independent safeguards system developed by those West European nations participating in EURATOM (European Atomic Energy Community). Second, when the United States began to push for the development of the IAEA safeguards system in the 1960s, Washington used a case-by-case approach that allowed the implementation of safeguards only as new nuclear facilities came into being. [REDACTED]

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The Watershed

The Non-Proliferation Treaty drafted in 1968 constitutes an historical turning point because it inaugurated a far more rigorous regulatory system than had previously emerged under the IAEA. It has since been one of the primary factors conditioning West European attitudes toward the whole system of international institutions governing nuclear power development and regulating world trade in such technology. [REDACTED]

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There are at least four distinct problems connected with the NPT that have influenced Western Europe's nuclear energy programs and export policies. These issues, taken as a whole, help explain why since the late 1960s there have been some West European reservations about the IAEA and about initiatives to intensify the system of institutions responsible for regulating nuclear technology. These problems are:

- The US demand in conjunction with the NPT that EURATOM subordinate its own safeguards system to the broader IAEA safeguards program.
- The language in Article III of the NPT which, paradoxically, is interpreted to accord signatories freedom to require less stringent safeguards when exporting to nonsignatories than to other NPT parties.
- The clear distinction in the treaty between the status and obligations of nuclear weapons states and those of nonnuclear weapons states, which conflicts with the principle of European unity.
- The unwillingness of France and Spain to become parties to the treaty, which further complicates the effort to reach a European consensus on the control of nuclear technology.

These issues have not been serious enough to weaken West European support for the IAEA. Nor have they undermined recognition in Western Europe of the need for and value of safeguards. However, these issues do suggest some of the reasons why West European governments retain doubts about the effectiveness of international cooperation in this area.

#### Vested Interests

The other major development along with the Non-Proliferation Treaty that influences West European policy on nuclear technology regulation is the growing economic and political stake some West European countries have in nuclear technology. France and West Germany have become major exporters. The Italians, Swiss, and Swedes

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are other important suppliers. Increasingly, these countries have found themselves in fierce competition with each other and the United States as the international market for nuclear reactors has contracted. Indeed, the West German nuclear industry is in serious financial trouble, which often makes it difficult for Bonn to accept US policy on safeguards. [REDACTED]

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Furthermore, most West Europeans are convinced that it is imperative for them to close the back end of the nuclear fuel cycle by reprocessing spent fuel. Their argument for this position is political and emotional as well as economic. Most West European nuclear experts concede the US point that the recycling of plutonium in conventional thermal reactors does not yield major economic benefits. However, they argue that reprocessing will lessen their dependence on outside sources of nuclear fuel. [REDACTED]

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European dependence on the United States for fuel and technology is now admittedly much less than it was in the 1950s. The two uranium enrichment consortia, URENCO and Eurodif, could supply Western Europe with about 70 percent of its enrichment requirements between now and 1985. These developments have significantly eroded the kind of leverage the United States used in the past to advance its policies in the nuclear field. But the United States remains the single largest supplier of nuclear technology. Along with Canada and Australia, which also have stringent export controls, the United States also exerts considerable influence over the world uranium market. As a result, proposals to strengthen the system of institutions governing nuclear commerce tend to reinforce the suspicions of the West Europeans that the United States is attempting to prolong its privileged position and their dependence on it. [REDACTED]

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### The Current Scene

West European apprehensions are reflected in their behavior or reaction to current developments that impinge on the IAEA-NPT system as a whole. These developments can be separated into four categories:

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- IAEA politics, including the agency's negotiations with EURATOM over safeguards.
- The EURATOM-US discussions concerning the ultimate disposition of US-supplied nuclear fuel in Western Europe.
- The concluding phase of the International Nuclear Fuel Cycle Evaluation (INFCE).
- Relations among supplier states in organizations established to coordinate nuclear export policies. [REDACTED]

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With respect to the International Atomic Energy Agency, the West Europeans have concluded that this central institution is here to stay, whatever reservations they may have about US attempts to emphasize its policeman's role. Where possible, these countries have tried to balance US nonproliferation policy with strong support for the agency's technical assistance program. [REDACTED]

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This choice reflects their general preference that the IAEA fulfill its second function as a promoter of nuclear technology for peaceful purposes. However, none of the West European members have given unqualified support to the attempt of some less developed members to shift IAEA funds toward technical assistance programs. On the contrary, the West Europeans have avoided actions that would politicize the IAEA because they are disturbed about what has happened in other UN-affiliated organizations. Their behavior on budgetary debates and on the issue of the representation of less developed countries (LDCs) on the IAEA Board of Governors indicates that the West Europeans try to preserve their vital interests without becoming caught in the middle of the dispute between the United States and the Third World over the transfer of nuclear technology. The West Europeans have cooperated with the US effort to get the IAEA to develop a more effective safeguards system within what they regard as realistic limits. At the same time they have endorsed the LDC request for greater access to nuclear technology because this corresponds with their own vested interest in exporting such technology to the Third World.

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Despite this philosophy of accommodation, there is one issue related to the IAEA on which members of the European Community (EC) have long been adamant: their need to protect the integrity of the EURATOM safeguards system as an important instance of European integration. Ever since the United States requested that this regional safeguards system be more closely coordinated with the one administered by the IAEA, the EURATOM members have insisted on their right of self-inspection. This demand has been controversial and has deeply disturbed the Soviets, whose fears about nuclear weapons programs in Western Europe have led them to become strong advocates of the IAEA safeguards program. [REDACTED]

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It was not until 1977 that EURATOM and the IAEA finally agreed on an inspection system that would protect the interests of each party. Negotiations on the measures necessary to implement this system have been under way for the past two years. They have been acrimonious at times as several EURATOM members have tried to limit the scope of IAEA supervision as much as possible.

[REDACTED]

Last March, the deadlock was partially broken. EURATOM and IAEA officials developed formulas to govern the presence and activities of agency inspectors at West European nuclear facilities. These inspectors will not be able to conduct independent verification in the full sense of the word but they have been given greater rights to observe and confirm the records of EURATOM inspectors. The EC member states also were willing to commit themselves to comprehensive verification at fuel fabrication plants--an issue important to the United States and other IAEA members. [REDACTED]

This compromise does not resolve all the issues between EURATOM and the IAEA. Implementation of the IAEA presence still has not been worked out for all of the 240 or so nuclear facilities inside the European Community. For example, inspection procedures for uranium enrichment plants like the one operated by URENCO in the Netherlands have been a stumbling block. URENCO officials want to be sure that sensitive information concerning their centrifuge technology does not fall into the hands of their competitors as a result of IAEA inspections. Another issue that remains to be resolved is the

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need for a formula to allocate the additional financial costs associated with the new EURATOM-IAEA relationship.

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While it may take several months to iron out these problems, an agreement will probably be concluded this year or in 1980. This agreement, however, will be a delicate arrangement representing less than a universal safeguards system that treats all nations on an equal basis. The political and economic stake the West Europeans have in their own safeguards system is just too strong to permit a transfer of more responsibility and authority in this area to a central international institution.

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### The US Negotiations

Another problem area has been Washington's request to renegotiate its accord with EURATOM that governs the disposition of US-supplied nuclear fuel in Western Europe. The Carter administration, in accord with the Nuclear Non-Proliferation Act of 1978, has pressed the countries to begin discussions on this issue during the past year.

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[REDACTED]

Not surprisingly, the West Europeans were reluctant to begin talks on new export controls. Some EC member states, especially France, believe that the US attempt to impose further restrictions on the reprocessing of US fuel is designed to sabotage their plans to recycle plutonium for use in fast breeder reactors. Furthermore, Washington's demand for greater control over the retransfer of US-supplied nuclear fuel strikes at the heart of the principle of free trade within the European Community.

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[REDACTED]

The discussions which began last November are still at an early stage. EC representatives have given their preliminary reaction to a US draft for a revised nuclear cooperation agreement. They cannot negotiate seriously, however, until the EC Commission has been granted a formal negotiating mandate by the member states.

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[REDACTED]

It is not clear how flexible the members, especially the French, are ultimately prepared to be. The fear that the United States might eventually resort to selective

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or temporary embargoes on the shipment of nuclear fuel as a pressure tactic may incline some of them toward compromise. They are aware, however, that the Nuclear Non-Proliferation Act does not require the United States to take any immediate measures because the issue does not involve safeguards on nuclear facilities. This awareness might encourage EURATOM to test the US administration's determination to impose its maximum demands.

[REDACTED]

Whatever the final outcome of the negotiations, EURATOM already has won an important concession. There will be no further discussions concerning its agreement with the United States until INFCE concludes early next year.

[REDACTED]

#### INFCE Developments

The US-sponsored conference to evaluate all phases of the nuclear fuel cycle has been the principal battleground where the West Europeans have defended their need to close the back end of the fuel cycle. Nevertheless, their desire for greater energy independence which reinforces this interest in reprocessing spent fuel has not entirely precluded a cooperative attitude. On the contrary, their contribution to the Evaluation's eight working groups has been substantial and reflects a serious commitment to the search for more proliferation-resistant technologies.

Perhaps the most striking evidence in INFCE of West European sincerity has been their support of the effort to reduce the levels of highly enriched uranium used in research reactors. Furthermore, the British and French have accepted the US argument that the recycle of plutonium in conventional thermal reactors has little to recommend it on economic grounds. These two nuclear weapons states have indicated that they will forgo the reprocessing of spent fuel for such purposes--but not for purposes of fast breeder reactors.

These concessions to US nonproliferation policy, nevertheless, appear meager compared to the fact that the West Europeans, along with the Japanese, have largely forced the United States to abandon hope that INFCE would begin a new consensus on the international nuclear system.

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Even before the evaluation began in October 1977, the West Europeans, led by the French, insisted that INFCE remain purely a technical exercise that would not bind the participants to policies which they did not approve. Furthermore, the West Europeans have not been content to view INFCE as a "damage limitation" exercise. Indeed, they have been aggressive in advancing their position in the various working groups on the controversial issues of uranium supply, reprocessing, and the fast breeder reactor. Their argument is that the recycle of spent fuel in fast breeder reactors is essential in the long run because it promises to reduce their dependence on supplier states whose export policies have made ready access to uranium less certain. [redacted]

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The effort to compile and summarize the results of the evaluation's working groups is nearly complete and most West European participants are now convinced that they have succeeded in blunting the impact of US non-proliferation policies on their domestic nuclear programs. Washington, for example, has dropped its objections to reprocessing if it is essential to existing research and development programs for the fast breeder. Thus, most West Europeans feel INFCE has been valuable because the technical exercise has encouraged a more pragmatic American policy. [redacted]

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Despite this reaction, it is doubtful that the West Europeans will support proposals to "institutionalize" INFCE as a permanent organization. Most will prefer that future work on proliferation be handled within the various working groups supervised by the IAEA. More importantly, Western Europe's significant exporters of nuclear technology believe that the special organizations designed to coordinate export policies are more appropriate forums for the proliferation problem. [redacted]

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#### Suppliers Organizations

The West Europeans play a major role in the two institutions created to coordinate the export policies of supplier states, the London Suppliers Group and the NPT

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Exporters Committee or "Zangger Committee."\* Participa-  
 tion in these organizations obligates suppliers to insist  
 on IAEA safeguards as a precondition for the transfer of  
 nuclear fuel and equipment. Yet this obligation repre-  
 sents only a minimum consensus. Some West European sup-  
 pliers will insist, as a matter of their own policy or  
 as a result of US pressure, that the recipient country  
 accept "full scope" safeguards applying to all its nu-  
 clear facilities, acquired or indigenous.\*\* However,

\*The Zangger Committee was established in 1970 to implement arti-  
 cle III of the NPT which obligates supplier states to adhere to  
 a common export policy. All the West European nations except  
 France and Spain--which have not signed the treaty--and Portugal  
 belong to the Committee. The London Suppliers Group lies outside  
 the NPT regime. It is a smaller consultative body formed under  
 US leadership in reaction to the Indian nuclear explosion in 1974.  
 The group's guidelines on export policy are not legally binding,  
 but the criteria and trigger list of sensitive nuclear material  
 and equipment are virtually identical to that employed by the  
 Zangger Committee. Seven of the group's 15 members are West  
 European, including the French who feel that a "gentleman's  
 agreement" on nuclear export policy is compatible with their tra-  
 ditional concern with national sovereignty and independence.

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\*\*The complex question of nuclear safeguards may be summarized  
 as follows: All states that have joined the IAEA must adhere to  
 an organization document (INFCIRC 66) which first specified the  
 agency's role in administering safeguards and conducting inspec-  
 tions of nuclear facilities. Those nations that have also signed  
 the NPT are committed to a more stringent safeguards system as  
 outlined in INFCIRC 153. This document goes substantially beyond  
 INFCIRC 66 because it provides for the use of containment/sur-  
 veillance equipment and requires states to establish a State Sys-  
 tem of Accounting and Control (SSAC) for nuclear facilities.  
 This more rigorous system is sometimes referred to as "NPT safe-  
 guards" to distinguish it from the earlier system. As a matter  
 of practice, NPT safeguards are often equivalent to "full-scope  
 safeguards" because NPT signatories are required to accept safe-  
 guards on all nuclear facilities within their territory. However,  
 as suppliers NPT parties can export nuclear technology to non-NPT  
 countries under the less stringent guidelines outlined in  
 INFCIRC 66.

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efforts to bind the West Europeans legally to this stringent safeguards policy have not had much success. Most West European suppliers balk because it might cost them the export contracts they need to keep their nuclear industries in business. [REDACTED]

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Resistance to full scope safeguards is not the only obstacle to the effort to create a broader consensus. The London Suppliers Group is an ad hoc organization which only obligates its members to consult and exercise restraint. The Zangger Committee trigger list to control the transfer of sensitive nuclear materials and equipment has a legal foundation in Article III of the Non-Proliferation Treaty. But France is not a signatory and, therefore, not represented in the committee. Furthermore, the Belgians, Italians, and Swiss have refused to go along with the decision to harmonize the trigger lists of the two suppliers organizations. These nations took particular exception to Washington's position that heavy water production technology should be on the Zangger trigger list because they do not consider this technology sensitive. [REDACTED]

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These factors suggest that the effort to coordinate export policies may have gone about as far as possible. The future of the London Suppliers Group in fact is uncertain. Member states agreed not to hold meetings as long as INFCE is in progress. There is a possibility that the group may become dormant, though members would probably still abide by its guidelines and trigger list. The Zangger Committee meets once every six months to review the activities of its members. [REDACTED]

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Recent developments suggest that active West European involvement in the movement to tighten export criteria in the future will take place directly with the United States on a case-by-case basis. This has been true since developments in Pakistan's nuclear program heightened awareness of the danger of proliferation. Numerous informal consultations concerning this problem have taken place between US and West European officials, often on the fringe of INFCE. [REDACTED]

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Other such consultations, however, have only demonstrated the degree to which commercial rivalry among suppliers makes a consensus difficult to obtain. As if

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to highlight the difficulty caused by commercial rivalries, less stringent safeguards policies have apparently enabled West Germany and Switzerland to make a major technology sale to Argentina, at the expense of more proliferation-conscious Canada. [REDACTED]

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Prospects

An attempt to summarize West European attitudes toward the international nuclear system can be misleading but it appears that these nations as a whole feel they are in a limbo. On the one hand, they have for the large part resisted intense US pressure to revise the rules of the game to any substantial degree. In this sense, they have won a breathing spell. Indeed, some West European officials expect that US nonproliferation policy will become even more flexible, or change direction, especially if a new administration comes to power late next year. This expectation, though possibly misguided, may encourage the EURATOM countries to drag out negotiations with the United States over export controls as long as possible. [REDACTED]

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Developments unrelated to US policies, on the other hand, will almost certainly force the West Europeans to acknowledge the need to reassess the rules governing nuclear commerce. Evidence that Pakistan is developing a nuclear weapons option underscores the dangers in the unrestricted spread of advanced nuclear technology. Few West Europeans, including the French, are willing to deny their responsibilities in this area. [REDACTED]

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[REDACTED]

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Even if there are no nuclear explosions or accidents in the coming year, the West Europeans will find it difficult to strike a balance between nonproliferation objectives and their desire to accommodate the demand in the Third World for nuclear technology. The second NPT Review Conference will commence next summer. At that time, the less developed countries will bring great pressure on the West Europeans to live up to Article IV in the treaty which obligates supplier states to share nuclear technology for peaceful purposes. West Europeans are acutely sensitive to accusations from Third World nations that industrial nations are participating in a nuclear cartel designed to deny the less developed countries the fruits of Western technology. [REDACTED]

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Perhaps the most decisive factor in the long run for the West Europeans will not be their support for nuclear programs in the Third World, but their attitude toward technological progress in the nuclear field within their own region. At the present time, nuclear energy programs in several West European countries are in serious trouble. A combination of circumstances relating to the antinuclear movement and the political problem of storing spent fuel has forced a number of governments to postpone reactor construction as in West Germany and Sweden or cancel plans altogether as in Austria. The Three Mile Island nuclear accident has strengthened the public appeal of critics of nuclear power in several other West European countries. [REDACTED]

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In contrast, the French and British Governments have strongly renewed their commitment to nuclear power in response to the long-term economic and political implications of a tight petroleum market. The French, within the next five years, will outstrip the West Germans in nuclear technology as numerous reactors come on line and as the first commercial-scale fast breeder reactor becomes operational. [REDACTED]

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If it widens, this disparity between those countries in Western Europe that succeed in reducing their dependence on fossil fuels via nuclear power and those nations that do not could further complicate their ability to reach a consensus on European and extra-European issues. The French and British, for example, will probably find themselves much less vulnerable than other EC countries

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to outside pressure whether from OPEC or the United States. Whatever impact the nuclear energy issue has on the ability of the West Europeans to reach common policy positions, those countries whose nuclear programs are now stalled face serious consequences if they fall behind in the search for energy security. In the long term, this problem rather than the proliferation issue or US policies may become the key factor in shaping West European views on the value of and need for institutions to regulate the growth of nuclear power. [REDACTED]


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Cooperation Among Emerging Nuclear States\* 

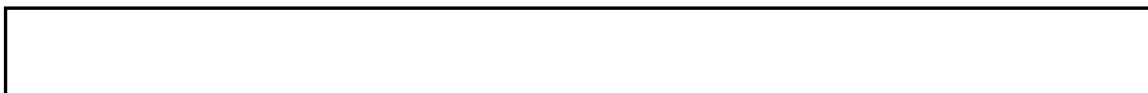
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25X1 There is growing concern among the nuclear supplier states that countries outside their ranks could effectively combine to frustrate their efforts to prevent the spread of nuclear weapons. This apprehension is based on recognition that the consumer states are increasingly sensitive to--and may attempt to resist--what they perceive as a discriminatory, unnecessarily rigorous non-proliferation regime. 

25X1 Their resentment has been expressed at such international forums as the United Nations Special Session on Disarmament of 1978 and the ongoing International Nuclear Fuel Cycle Evaluation (INFCE), and it will probably play a major role in determining the atmosphere at the Nuclear Nonproliferation Treaty (NPT) Review Conference of June 1980. The growing availability of the resources--skills, technology, money--required to support a modest nuclear program contributes to the possibility that the nuclear consumers may circumvent supplier-imposed controls, either individually or in collaboration. 

Additional factors that may encourage collaboration among nuclear consumers include:

- Common perspectives, problems, or enemies in the international arena.
- Common ideology, religion, or ethnic identity.
- Complementarities in resources, technology, or other fields.



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- Desire to exploit the commercial potential of nuclear exports.
- Desire to build new regional bonds or acquire prestige through sharing advanced technologies.
- Desire to cement a relationship in order to assure access to scarce resources such as oil. [REDACTED]

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Against these considerations, a number of factors can operate to inhibit collaboration in the nuclear field. First, governments normally attempt to preserve existing or prospective national advantages, including "nuclear secrets"--unique technologies and the so-called sensitive technologies--that are closely linked with nuclear weapons development. They might do so in order to maintain:

- Potential military advantages and reduce the chances for acquisition of nuclear weapons by other, particularly hostile, nations.
- Perceived political advantages, both domestic and foreign, of possessing an elite technology.
- Potential commercial advantages from unique national nuclear technologies. [REDACTED]

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A second deterrent to nuclear cooperation, especially with another threshold state, is the possible damage to a country's relations with those major nuclear suppliers that are strongly opposed to the spread of sensitive technology. Countries contemplating nuclear transfers outside the international safeguards system must consider the impact this would have on their security and economic ties with these suppliers, including probable termination of nuclear aid. [REDACTED]

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Finally, a potential nuclear sharer might avoid collaboration because it requires all of its nuclear materials, technology, and skilled personnel for its domestic nuclear programs. [REDACTED]

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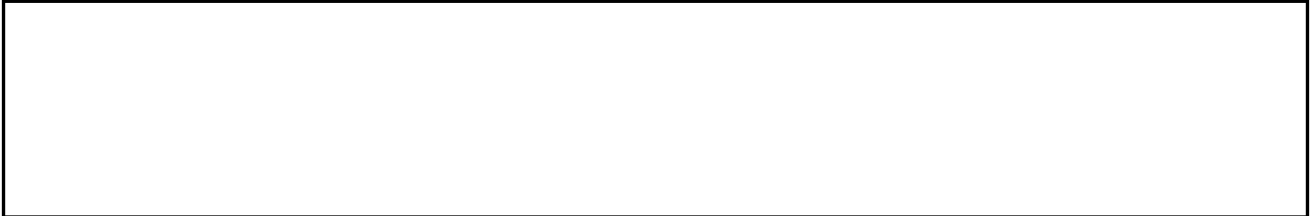


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One example of actual nuclear sharing is provided by Peru's acquisition from Argentina of nuclear technology for peaceful uses. Buenos Aires favors such assistance because it constitutes formal recognition of Argentina's leading role in Latin America in the field of nuclear energy. Both nations also see peaceful nuclear cooperation as a means of strengthening bilateral relations generally, a goal that has become increasingly important because of common border tensions with Chile. The likelihood of substantially increased cooperation in the future, however, is limited both by Peru's serious financial problems and by its lack of trained personnel and of guaranteed access to necessary nuclear material.



At present, the factors working against nuclear cooperation that might lead to a weapons capability appear to outweigh those that would encourage such a development. Nevertheless, a variety of changes in the international environment could affect this equation in




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North-South Dialogue: Discord Among LDCs Threatens  
Global Negotiations 

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The less developed countries (LDCs) are demanding a new round of negotiations on global economic and development issues. Nonetheless, the LDC position on the agenda and structure of such talks is uncertain, largely because influential factions among them hold widely varying views on the priority of issues to be discussed and the goals of the negotiations. 

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While these types of disagreements are not new, increasing internal squabbling will make it even harder than in the past for the LDCs to develop compromise positions. Within the past year:

- Higher energy prices have exacerbated tensions among oil importers and exporters.
- No strong LDC leaders have emerged, making it more difficult to develop strategies and tactics.
- Institutional problems--mainly infighting between G-77s (Group of 77) New York- and Geneva-based delegates--have increased and diverted attention from negotiations. 

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As a result, before the LDCs' UN caucus--the Group of 77--can focus on another round of North-South discussions, it will have to establish a unified LDC position, paying particular attention to tensions between oil-importing and oil-exporting LDCs. These problems undoubtedly will surface at the round of South-South talks scheduled for New York in January 1980. 

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How the G-77 works out its internal problems will help determine the ability of the developed countries to cope with global negotiations. If the G-77 papers over internal disputes on energy, for example, the LDCs' final position would probably be too general to elicit a specific response from the developed countries. On the other hand, continued discord within the G-77 could present the industrialized countries with several proposals on one issue, also making a reply difficult. [REDACTED]

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\* \* \*

### The Setting

In general, the less developed countries believe that their economic position has deteriorated, that industrialized nations have become less responsive to LDC demands-- in part because of energy and economic concerns within the developed countries--and that the concept of a North-South dialogue has lost considerable momentum. [REDACTED]

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To regain the momentum, the G-77 has proposed that the UN launch a new round of global negotiations at the 1980 Special Session on Development.\* The G-77 has not specified an agenda and structure. Instead, the resolution restricts itself to a general outline which calls for:

- A broad-ranging discussion on energy, raw materials, trade, development, and money and finance.
- Participation by all countries within the UN framework.

\*Dates for the Special Session will be decided by the General Assembly. Most observers believe the meeting will not take place before September 1980. [REDACTED]

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- Use of the Committee of the Whole (a committee established by the United Nations to monitor progress in the North-South dialogue) to work out the agenda and procedures. [redacted]

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While there is a consensus among LDCs that global negotiations are one way to move the North-South dialogue in a more action-oriented, constructive direction, and that energy issues should be addressed, there is still no unified G-77 position on the priority of various issues. These issues include:

- The extent to which energy will be discussed, particularly the importance of Mexican President Lopez Portillo's recent energy proposals.
- How new global negotiations will mesh with talks already under way in other forums, particularly the UN Conference on Trade and Development.
- The role and importance of the UN's International Development Strategy, designed to promote economic cooperation and development in the 1980s.

Such differences among LDCs continue to reflect individual national political interests, disparities in levels of economic development, and splits among regional groupings. [redacted]

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While the hallmark of the G-77 in the past has been its ability to close ranks when facing the industrialized countries in negotiations, events over the past few months suggest that this solidarity will be much harder to come by in the future. Higher oil prices and the global economic slowdown have exacerbated factional disagreements. At the same time, in part because no generally acceptable leadership cadre has emerged, institutional and regional jealousies have intensified. [redacted]

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The Energy Issue

Higher oil prices have strained LDC solidarity because oil-importing LDCs have put increasing pressure on oil-exporting LDCs for relief and assistance. These tensions surfaced publicly at the Fifth Session of the UN Conference on Trade and Development (UNCTAD V) in May 1979 when a group of oil-importing LDCs demanded that energy be included on the conference agenda, breaking a longstanding unwritten agreement against discussing energy in multilateral forums. Oil exporters were able to avert these demands by promising to take part in intra-LDC energy talks in the future--a promise the LDCs pursued during the summer, mainly in nonaligned forums.

[REDACTED]

Immediately following UNCTAD V, the LDCs engaged in heated debates over OPEC pricing policies at the June 1979 meeting in Colombo of the nonaligned movement's Coordinating Bureau. The OPEC members that attended--Algeria and Iraq--became increasingly uneasy with the issue. In part to counter LDC criticism directed at itself, Algeria offered a proposal for global negotiations. Although the plan did not respond directly to LDC demands, it had some appeal. Without completely forgetting their energy concerns, most LDCs viewed global discussions as a vehicle to spur the North-South dialogue at a time when it was losing momentum after UNCTAD V. The members of the Coordinating Bureau recommended that the nonaligned summit in Havana make a final decision on Algeria's plan.

Further discussions were held among nonaligned members at a presummit meeting in Georgetown, Guyana, in late August.\* Although the ostensible purpose of the meeting was to develop proposals for increasing mutual assistance and solidarity within the nonaligned movement, energy issues dominated the discussions.

\*Nonaligned members attending the Guyana meeting were Algeria, Cuba, Guyana, India, Jamaica, Iraq, Nigeria, Sri Lanka, and Yugoslavia.

[REDACTED]

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Guyana had prepared and circulated a hard-hitting paper that analyzed the adverse impact of OPEC price increases on oil-importing LDCs. The paper proposed several potential schemes of direct assistance to non-OPEC LDCs including:

- A complicated scheme in which OPEC would levy a surcharge on crude exports and rebate the money to oil-importing LDCs.
- A discount on oil purchases for domestic use by oil-importing LDCs.
- The establishment of special funds to finance economic cooperation programs and development of energy resources in LDCs. [REDACTED]

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After several days of heated discussion--during which Iraq threatened to walk out--OPEC members managed to have only a severely watered-down version of the original draft released. Nonetheless, the meeting did highlight the concern of oil-importing LDCs over the supply and price of "raw materials" (a euphemism for oil) and did emphasize the "overriding importance of the economic dimension" of mutual assistance among LDCs (a muted call for more OPEC aid). Probably most important, however, the Guyana meeting ensured that the energy problem would be introduced at the Havana nonaligned summit. [REDACTED]

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Energy proved to be a divisive issue in economic discussions in Havana. Although the language in the economic portion of the final nonaligned declaration does not criticize OPEC, in order to pass the Algerian resolution oil exporters had to commit themselves to another resolution on collective self-reliance, which keeps the door open for more OPEC aid and assistance to other nonaligned countries. Most LDCs view the two resolutions as one package even though the OPEC commitments are more implicit than explicit. [REDACTED]

India, Jamaica, and Yugoslavia were reportedly instrumental in keeping the focus on energy issues. Even so, some member countries have argued that non-OPEC LDCs

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yielded to OPEC pressure in the last hours of the conference. Moreover, rumors persist that OPEC members worked to soften sentiment against the oil producers by making a number of special bilateral deals. [REDACTED]

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The collective self-reliance resolution does not contain specific promises of preferential pricing and rebate schemes sought by many oil-importing countries. Nonetheless, nonaligned members agreed:

- To grant priority of supply to each other for "primary products and commodities."
- To increase financial assistance to one another.
- To channel more investment funds into other non-aligned countries.
- To participate in joint energy projects, including research and development into new energy sources.

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Venezuela reportedly played an active role in persuading other OPEC members to agree to these guidelines.\* [REDACTED]

#### The Leadership Problem

As the pressures within the LDC camp have increased, it has become more difficult for any individual, country, or region to take a leadership role. At the UNCTAD V meeting in May, for example, the African, Asian, and Latin American groups each chose a regional spokesman to negotiate on individual agenda items, instead of one G-77 spokesman. In fact, numerous LDC representatives have admitted that the meager results of UNCTAD V reflect, in part, the lack of leadership within the Group of 77. [REDACTED]

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Moreover, it has become almost impossible for a spokesman for one faction or region to table a proposal

\*Saudi Arabia, although a nonaligned member, did not attend the summit. OPEC members have implied that their commitments as a group are not firm until all members are in agreement. [REDACTED]

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without running counter to the interests of another faction or region. For example, Mexican President Lopez Portillo's speech at the United Nations in September, in which he called for global negotiations on energy and other related issues, was criticized by several OPEC members for focusing too much on oil without the necessary links to development issues. [REDACTED]

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In another example, the G-77, after months of discussions, is still trying to hammer out a position on the UN's International Development Strategy (IDS). Some LDCs--led by India--believe that the IDS should be instrumental in establishing common LDC goals over the next decade. A few others argue that IDS has been a failure in the 1970s--largely because developed countries have not lived up to their commitments--and generally view the G-77 proposal for global negotiations as an alternative. Most, however, are searching for some compromise solution in which global negotiations would not overshadow or abandon IDS. [REDACTED]

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#### Institutional Disagreements

Further complicating G-77 efforts is a growing tension between its New York- and Geneva-based delegates--a somewhat lesser known, but not less serious problem. Each group desires to take the lead in North-South negotiations and in internal G-77 decisionmaking. [REDACTED]

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G-77 representatives in Geneva tend to be more concerned with progress in individual negotiations, are somewhat more pragmatic, and are less inclined than their New York counterparts to think about the North-South dialogue as a whole. Many Geneva delegates--as well as the UNCTAD Secretariat--oppose any activity in New York that they feel distracts from UNCTAD negotiations. In particular, they are suspicious of the Committee of the Whole and are generally opposed to Algeria's global negotiations proposal. [REDACTED]

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New York representatives, on the other hand, view UNCTAD with some disdain and view the UNCTAD delegates as merely technicians. To enhance their role as the Group of 77 policymakers, most New York representatives tend to favor new global negotiations centered in New York. [REDACTED]

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To deal with the problem, the Group of 77 established a committee of 21 representatives in Geneva in early 1979 to study the possibility of creating some mechanism to coordinate and carry through their policies. The strongly differing factions within the Group of 77 prevented the committee from reaching a consensus. Instead, the committee sent a report to the full Group of 77 that presented the differing points of view. Moreover, the G-77 foreign ministers at a recent meeting in New York also could not agree either to form the support group or to abandon the idea; instead, they instructed a committee in New York to continue studying the merits of the proposal. [REDACTED]

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### Outlook

How the Group of 77 manages its internal problems will largely dictate its position at new global negotiations. While it is too early to predict that the LDCs will be unable to reach a unified position, the coordination process will be more difficult this time around. The Group of 77 might work out some positions general enough to be acceptable to a large majority--that is, falling back to the lowest common denominator approach they have used in the past to work out contentious issues. Nonetheless, a growing number of countries would probably be dissatisfied. Under the rubric of collective self-reliance, these countries are looking for specific commitments--particularly from OPEC--on energy, aid, and development to help with immediate concerns of higher oil prices and slower growth. [REDACTED]

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Many LDCs will be looking for these responses at a promised round of South-South talks scheduled for January in New York. Moreover, the meeting could become very heated if it is preceded by an OPEC decision in December to raise oil prices again without a specific plan to aid oil-importing Group of 77 members. This would sharply reduce the Group of 77's ability to maintain a unified front against the industrialized countries and to negotiate on specific issues at global consultations. [REDACTED]


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Illicit Economies: A Foundation for Understanding the International Traffic in Narcotics\* 

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The following article focuses largely on the role played by narcotics in the flourishing illicit economies of many developing nations, but it also will be of interest to analysts looking into the institutional problems that generally inhibit development. The paper outlines the conditions necessary for the development of a sizable illicit economy, discusses the role played by government policy, and surveys the impact of illicit activities on domestic social and political institutions.

\* \* \*

The international traffic in narcotics can have a sizable economic impact on drug-producing as well as drug-consuming countries. The scope of this impact is difficult to measure because drug transactions, along with other contraband smuggling, occur within an illicit transnational market system. In most countries the network that criminal elements use to exchange illegal goods and services provides a foundation for a more widespread illicit economy. By steadily infusing large quantities of financial resources, the international narcotics traffic contributes significantly to the growth of an illicit economy. These infusions of money can place severe pressure on existing social structures by shifting traditional political and economic power bases, often as a result of bribery and corruption.

Illicit economies result from a complex interaction between political and economic processes and frequently reflect a society's pattern of socioeconomic development. Illicit economies are most frequently unintended consequences of government attempts to regulate behavior through law and policy. There are many types of



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illicit economic activity. For example, the unrecorded exchange of legitimate goods and services for cash in order to avoid taxes is common in most developed countries. On the other hand, international narcotics trafficking is a more organized criminal enterprise that uses a broad range of illicit services.

### The Origins and Development of Illicit Economies

The foundations of illicit economic development most often grow from a local black market in the host country. The distribution mechanism to supply the black-market system is smuggling. By providing channels for distribution of illicit goods and services, existing black markets and smuggling enterprises contribute to the organization of an illicit economy. Smuggling also links black markets in different societies. The trade and finance activities associated with this transnational network of illicit activity parallels the international economic system.

Black markets result from government regulation of the market. Through regulation of choice in the marketplace, governments attempt to reallocate resources in ways consistent with the purposes of national development. To the degree that the demands of the population differ from government objectives, the foundation for a black market emerges.

The purpose of government trade controls is to increase acquisition costs to the point where contraband that does enter has a negligible impact on the economy and society. While government policy may restrict supply, demand persists. The resulting scarcity of goods brings black markets into being to supply demand at artificially high prices. When no domestic source of supply is available, entrepreneurs smuggle commodities in from abroad.

### How Black Markets Operate

Black-market activity most frequently occurs under conditions of social disorganization or when there is a lack of consensus on the value of social and economic controls. In addition, the less developed countries (LDCs) frequently do not have the ability to govern.

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They also often lack the basic infrastructures, such as communication and transportation networks, necessary for a modern economy and society to function. The laws and regulations that have evolved to govern modern market societies often are absent or fail to govern behavior effectively in countries where national integration is minimal and where traditional cultural and social values and norms still predominate. Under such conditions, farmers and merchants often have great difficulty in perceiving their traditional pursuits as "illegal" activities, particularly if a government remote and alien to their daily existence makes the declaration.

Smuggling occurs to some extent in nearly every nation and can take several forms. Manufactured goods--such as appliances, automobiles, electronic devices, and firearms--can flow from industrialized countries, frequently through intermediary nations, to the LDCs. Contraband, particularly raw materials--like gemstones, precious metals, animal products, and some agricultural commodities--flow from the LDCs to the industrialized nations. These smuggling patterns parallel the regional division of labor and flows of trade and commerce that characterize the transnational economy. Also smuggling occurs locally between neighboring states; this pattern is particularly prevalent in those areas where a national boundary cuts across tribal and cultural groupings.

There are a number of places around the world--Lebanon, Hong Kong, Singapore, and Paraguay--that are long-established intermediate markets for smuggling activity between the source of supply and the point of final consumption. They exist for reasons of culture, geography, history, and law. Often, they are entrepôts for a particular region, have a cosmopolitan atmosphere tolerant of diverse lifestyles, and are trade and commerce centers with good communications and banking facilities. A legal environment conducive to international trade and finance--that is, one with few government constraints--is common. In such centers smugglers can acquire contraband legally, since contraband becomes illegal only at the points of origin and of final destination. Such an arrangement allows the smuggler to evade reexport controls, maintain warehouses, minimize taxation on the visible portions of his operations, and coordinate exchange activity.

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Within the LDCs an urban-rural dimension is fundamental to black-market and smuggling activities. In the rural areas of many LDCs there is only a barter and subsistence economy. In these areas black-market crops and commodities are often necessary adjuncts to subsistence farming. The farmer can barter to sell illicit goods in order to raise money for food, medicine, and weapons in local village marketplaces. Black-market agricultural commodities include not only opium gum, coca leaves, and marijuana, but also timber, coffee beans, and cocoa.

The more urban areas pose a different set of problems. In many cases the middlemen in black-market and smuggling activities, including drug trafficking, are members of minority groups whose opportunities for making a living are often limited to such areas as trade and commerce in which the dominant social groups have no interest. Like many rural groups, the minorities are not yet integrated into the dominant society and political system. Simple societies in similar situations have survived through mercantile activities, acquiring goods here and exchanging them there.

Traders and merchants are important links in the distribution channel, for they provide an exchange partner for someone in need of a product. In this sense, the trader is the point at which two societies, perhaps with considerably diverse forms of social organization and exchange activity, often interact. Contacts between rural and urban societies and between similarly situated minority communities overseas may facilitate the development of a trading network, using trade and communication routes that have persisted for centuries, for all types of goods. Extended entrepreneurial families commonly perform this middleman role. The overseas Chinese of Southeast Asia are an excellent example.\*

Black markets and smuggling possess a degree of coordination and organization that is uncommon in crimi-



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nal activity. Because distribution channels used for smuggling can cross great distances and several legal jurisdictions, they are often quite complex. Two factors contribute to this complexity: the number of different functions the division of labor within the distribution channel encompasses, and the degree of organization necessary to perform each of these functions.

### Impact

The institutionalization of an illicit economy within a nation can present serious political, economic, and social costs to a government. Production, processing, and distribution of narcotics are especially noteworthy as criminal enterprises within an illicit economy because they introduce relatively large amounts of money into local economies. In LDCs, for example, the immediate costs are inflation and the outflow of much needed foreign exchange to pay for consumer goods manufactured in industrialized countries. These costs detract from a government's ability to pursue more productive goals and, to this extent, detract from a country's potential for development.

Given the regional division of labor associated with the international narcotics traffic, the net flow of foreign exchange earnings from the international narcotics traffic probably favors the industrialized countries, which benefit from bank deposits and consumer purchases. To the extent that drug-related funds are used to purchase contraband items in the illicit economy, the legitimate economy suffers further. Such participation also weakens government authority because illicit economies almost always allocate goods and services in a manner inconsistent with government intentions and needs.

### The Role of Narcotics

In the LDCs, narcotics-yielding plants have increasing importance as agricultural commodities because of their unusually high value in the black markets of local economies. Narcotics require only simple processing before consumption, unlike many other raw materials. Except, perhaps, for bulk shipments of marijuana, illicit drugs are also compact and relatively easy to transport. Often, traffickers or their middlemen will transport the

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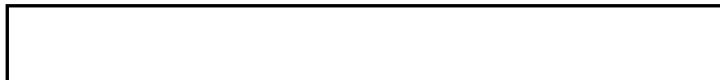
crop to market for the farmer, thereby lessening a potentially serious marketing problem and increasing the farmer's profit. Though initially the farmer participates in barter and subsistence economies, the returns from drug production may promote the development of a local cash economy. The profit margins become so high that crop patterns gradually shift.

The returns from drug production and trafficking within the LDCs impose additional costs on the government. First, these returns undermine traditional social elites by shifting political and economic power bases, a change effected in large measure through bribery and corruption. Second, the resources that a government must devote to controlling drug production, trafficking, and related activities in the illicit economy put an additional strain on public expenditures.

The large profits from narcotics trafficking and the organized structures required to process and distribute narcotics also encourage criminal enterprises to develop and persist. Often, existing criminal enterprises engaged in other types of black-marketeering and smuggling activities have already created conditions conducive to organized drug trafficking. These enterprises can bring financial and other resources to bear to ensure their continued functioning, principally by immobilizing the authorities with bribery and corruption. To the extent that monopolies can develop and persist, a significant sector of the illicit economy in a country becomes institutionalized, creating an environment favorable to an expansion of organized criminal activity in non-narcotics-related areas.

In extreme cases, a pattern of corruption--sometimes with roots in narcotics trafficking--can become so widespread as to undermine the political structure of the local government. In politically fragile situations, public knowledge of high-level corruption that greatly exceeds normal standards can lead to social and political upheaval.

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**Table 1**

**Casualties Due to International Terrorist Attacks**

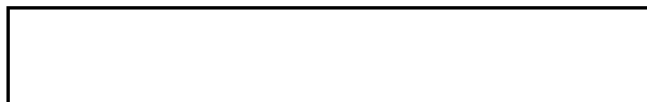
	January September 1979	Predicted 1979 Total	1978 Total
Total incidents	192	256	353
Incidents involving deaths	45	60	62
Incidents involving injuries	47	63	57
Total deaths	166	221	450
Total injuries	359	479	430

**Table 2**

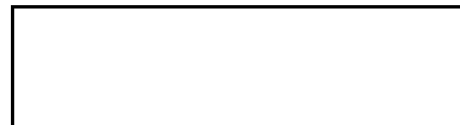
**Geographic Distribution of International Terrorist Incidents**

	January- September 1979	Predicted 1979 Total	1978 Total
North America	12	16	19
Latin America	28	37	61
Western Europe	105	140	166
USSR - Eastern Europe	3	4	3
Sub-Saharan Africa	8	11	24
Middle East - North Africa	30	40	61
Asia	9	12	16
Oceania	1	1	3

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International Terrorism in 1979: A Preliminary Assessment\*

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Most established patterns of international terrorist behavior recorded in 1978 have continued into this year, including attacks on Western diplomatic and business facilities, an emphasis on simple types of operations, and a preference for striking targets in industrialized democracies. Significant changes have included a major decrease in the number of attacks worldwide, as well as in the number and proportion of attacks against Americans. However, several terrorist groups stepped up the scale and lethality of their operations in order to publicize their respective "causes." Intergovernmental cooperation in combating terrorism was spearheaded by a West European agreement on extradition and prosecution and by the drafting of a UN convention on the taking of hostages.

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Trends

For the year as a whole, there was a decrease in the number of international incidents (table 1). If trends continue, 1979 will, in terms of the number of attacks, be the second least active year of the decade. There has been an even more marked decrease in the number of deaths from terrorist attacks, although one or

\*Data presented in the tables that accompany this study are based upon the same types of unclassified sources that have formed the basis for our previous annual surveys of international terrorism. Estimates for the final figures for 1979 were made by assuming that terrorism will follow exactly the same trends in the last quarter of 1979 as those experienced through September. While this assumption undoubtedly will result in some inaccuracies in our predictions, we have no theoretical or empirical basis for believing that there will be an overall increase or decrease in terrorism worldwide during the last quarter.

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**Table 3**

**Geographic Distribution of  
International Terrorist Attacks  
Against US Citizens or Property**

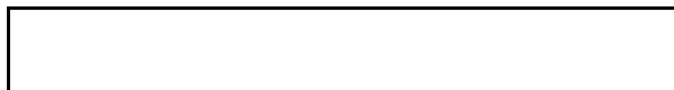
	January- September 1979	Predicted 1979 Total	1978 Total
North America	5	7	5
Latin America	9	12	19
Western Europe	14	19	47
Sub-Saharan Africa	1	1	3
Middle East- North Africa	10	13	40
Asia	3	4	9
<b>Total</b>	<b>42</b>	<b>56</b>	<b>123</b>

**Table 4**

**Nationality of Victims of  
International Terrorist Attacks**

	January- September 1979	Predicted 1979 Total	1978 Total
North America	45	60	127
Western Europe	105	140	113
Middle East - North Africa	34	45	70
Latin America	19	25	46
USSR - Eastern Europe	12	16	17
Asia	2	3	13
Sub-Saharan Africa	4	5	16
Oceania	1	1	2

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two incidents involving multiple casualties in the last quarter of 1979 could well skew these figures. There has not been a concomitant decrease in injuries from international terrorist attacks. However, as has been noted in our previous surveys, most terrorist incidents are not aimed at causing casualties, and only one-fourth of all attacks resulted in injuries. [REDACTED]

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Terrorists continue to prefer operations in the industrialized democracies of Western Europe and North America (table 2). More than half of all incidents were recorded in Western Europe alone, both by indigenous organizations and by groups that have chosen to export their grievances abroad. Perhaps due in part to increased governmental countermeasures, terrorism in Latin America and the Middle East has lagged far below the levels recorded last year. [REDACTED]

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There have been fewer attacks than the previous year, both in relative and absolute terms, on US citizens and property, but Americans this year were the victims of many more lethal incidents than before (table 3). At least six Americans (Ambassador Dubs in Afghanistan; Lewy in Rhodesia; Berkowitz in Iran; and Goodman, Mosley, and Claypool in Turkey) representing diplomatic, military, business, and private interests, were assassinated. Infrequent though deadly operations appear to have replaced the formerly preferred firebombings of American vehicles. [REDACTED]

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Officials and businessmen--especially individuals who are symbols of Western power and wealth--are still the primary targets (table 4). Tourists and other private citizens are victimized only incidentally (for example, as passengers on a hijacked airliner). West European nationals were victimized in over half of all reported incidents; North Americans are the second most frequent targets. Among US victims, businessmen continued to be the most numerous, although the absolute number of attacks against corporations has dramatically decreased (table 5). [REDACTED]

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Despite the publicity given to occasional sophisticated operations, most terrorist attacks continue to be simple in conception and operation (table 6). Bombings remained by far the preferred type of attacks,

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**Table 5**

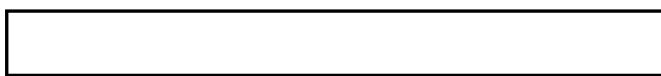
**International Terrorist Attacks on US Citizens  
or Property by Category of Target**

	January- September 1979	Predicted 1979 Total	1978 Total
Diplomatic	9	12	22
Military	6	8	30
Other US Government	4	5	2
Business	13	17	47
Private citizens	11	15	21
<b>Total</b>	<b>43</b>	<b>57</b>	<b>122</b>

**Table 6**

**Types of  
International Terrorist Attacks**

	January- September 1979	Predicted 1979 Total	1978 Total
Kidnaping	18	24	27
Barricade- hostage	6	8	11
Letter bombing	11	15	5
Incendiary bombing	6	8	69
Explosive bombing	89	119	133
Armed attack	21	28	36
Hijacking	5	7	2
Assassination	23	31	29
Theft/break-in	2	2	12
Sniping	3	4	9
Other actions	9	12	20
Nonterrorist hijackings	22	29	23



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accounting for nearly half of all terrorist operations. Unaccountably, incendiary bombings have plummeted from second to seventh place in frequency among terrorist attacks. Despite preboarding security precautions that make the smuggling of weapons on board airliners highly improbable, aerial hijackers have discovered that pilots generally assume that their claims of being armed are true, and have thus acquiesced to their demands. Hence, although few hijackers have been armed, hijackings--by terrorists and nonterrorists--have increased somewhat over 1978 totals. [REDACTED]

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#### Fortunes of Major Groups\*

The Irish Republican Army, as well as the Irish National Liberation Army, succeeded in generating substantial international publicity with several major operations during the year, particularly those aimed at symbols of the British Government and the Crown. They assassinated Airey Neave, would-be Conservative Secretary for Northern Ireland; Sir Richard Sykes, Ambassador to the Netherlands; and Lord Mountbatten, a member of the British royal family. The IRA also continued to inflict mass casualties, injuring 18 persons in a bombing in Brussels and killing at least 18 soldiers and wounding another eight in an ambush near the Irish border at Warrenpoint. According to a recent British military assessment of the IRA, the group has adopted a more clandestine structure, making it much more difficult to combat. While this reorganization has increased the clandestine security of IRA units and thus permitted successful major operations without leaks to the authorities, compartmentation may lead to operational errors. Many observers believed the IRA's successful assassination of a Belgian banker and the near-successful assassination attempt on SHAPE Commander Alexander Haig were both cases of mistaken identity. Despite popular outcry in the wake of these attacks, and a papal plea for a cease-fire, IRA operations are expected to continue to be successful in the near term. [REDACTED]

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\*Coverage of this topic necessarily touches on acts of domestic as well as international terrorism involving these groups. [REDACTED]

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On the European continent, the ETA, a Basque nationalist organization in Spain, met with successes similar to those of its Irish colleagues. The group assassinated several important military officials, leading to increased pressures on the government to adopt repressive measures that the ETA believes would ultimately redound to its benefit. Hoping to combat French-Spanish cooperation against Basque terrorists who slip across the border, the ETA declared war on French business and tourist interests in Spain, conducting a vigorous bombing campaign which in one week-end claimed 118 casualties at three airport and rail stations. Spanish rightists, despairing of a firm governmental response to this wave of terrorism, conducted a series of vigilante raids against Basque leaders in France. Despite the positive outcome of the 25 October referendum on Basque autonomy, some members of the ETA are expected to continue to use terrorism to press for complete independence. [REDACTED]

25X1

Italian terrorist attacks continue at their pace-setting rate, although there have been some noteworthy police successes against the major groups. Individuals believed responsible for the kidnaping and eventual murder in 1978 of Aldo Moro, one of Italy's leading political figures, were arrested in Italy and France. Other individuals responsible for major right-wing terrorist attacks were detained in Latin America during the year. Fissures within the Red Brigades, Italy's well-known leftist terrorist group, appeared to be growing, with an ideological battle between its factions appearing in the country's newspapers. [REDACTED]

25X1

International terrorism by Fatah was held in abeyance pending the outcome of Yasir Arafat's diplomatic offensive to obtain Western recognition of the Palestine Liberation Organization (PLO). Moreover, Fatah's capability to conduct international terrorist exploits was restricted by the assassination in Beirut in January of Ali Hassan Salameh, reputed planner of Black September's attack on the 1972 Munich Olympics. [REDACTED]

25X1

Saiqa, a Syrian-sponsored Palestinian group that had not conducted any international terrorist attacks since 1973, made headlines through a series of attacks

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under the name of the Eagles of the Palestinian Revolution, a fictitious name used to mask Saiga's attacks against Egyptian interests in Europe and the Middle East. Its most spectacular operation was the takeover of the Egyptian Embassy in Ankara, Turkey. After the takeover ended, Turkish authorities granted permission for the opening of a PLO office in Ankara, reputedly in return for PLO mediation with the terrorists. Saiga's terrorist activities were halted, if only temporarily, with the assassination in France of its leader, Zuhar Muhsin. [REDACTED]

25X1

Other Palestinian groups met with similar mixed success. The Black March Organization, believed by some observers to be either the Black September Organization or a cover name for the Popular Front for the Liberation of Palestine, underscored its opposition to the Egypt-Israel Peace Treaty with a bloody attack on Brussels Airport. West German authorities thwarted possible similar operations by arresting several would-be Palestinian terrorists entering the FRG in late April. [REDACTED]

25X1

El Salvadoran leftists were responsible for the most noteworthy international terrorist operations in Latin America, seizing several foreign embassies and private installations, assassinating diplomatic and business officials, and kidnaping still others, including Americans. These organizations hope to be as successful as the Sandinistas in Nicaragua. [REDACTED]

25X1

#### Antiterrorist Cooperation

Regional cooperation was especially evident among European countries faced by terrorism. Members of the European Community in October scheduled to open for signature a convention designed to resolve some technical legal difficulties experienced by its members in implementing the Council of Europe's Convention on the Suppression of Terrorism. The convention calls for extradition or prosecution of individuals suspected of certain offenses, whatever their motivation. In May, police chiefs of 17 major West European cities met to discuss means for combating terrorism and other forms of violent crime. [REDACTED]

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The most notable attempt to combat terrorism on a global scale was the drafting by a United Nations ad hoc committee of an international convention on the taking of hostages. The draft convention calls for the same judicial measures to be applied against the takers of hostages as have been previously advocated in three international conventions dealing with crimes on board aircraft. Despite some differences regarding the convention's scope, the draft is expected to be opened for signature by the end of this session of the UN General Assembly. [REDACTED]

25X1

Several nations joined the three international conventions on crimes against aviation, as well as the UN convention on internationally protected persons. The new round of demarches by the supporters of these agreements is likely to add further to the list of adherents. [REDACTED]

25X1

Several steps were taken by major Communist nations toward cooperating with the West in combating terrorism. China has expressed support for the draft UN hostages convention and has requested information from the United States on international terrorism, [REDACTED]

25X1

25X1

Cuba renewed its antihijacking agreements with Canada and Venezuela for another five years. The Soviets, concerned about dissidents using political violence to obtain publicity during the 1980 summer Olympics in Moscow, have requested counterterrorist aid from West [REDACTED]

25X1

Finally, a major nongovernmental actor joined the fight against terrorism in September, when Amnesty International (AI) announced that it would pay serious [REDACTED]

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attention to human rights violations by "liberation" movements and terrorist groups. Its willingness to look at abuses by both established governments and their politically violent opponents will enhance its international reputation for evenhandedness. [REDACTED]

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Outlook

While the statistical decreases in terrorist activity that we have noted are at first impression encouraging, the decline in incidents may be only a temporary phenomenon. Terrorist incidents have shown a two-year cyclic pattern during the 1970s, with 1979 having been predicted to be a valley. Several terrorist groups may have been improving operational security and sophistication, recruiting and training new members, and merely waiting out government dragnets. This would allow them to adapt further to governmental countermeasures, thus increasing the likelihood of more frequent--and occasionally more sophisticated--attacks. [REDACTED]

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