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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

NFAC-390-81
28 January 1981

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

THROUGH : Deputy Director for National Foreign Assessment
National Intelligence Officer for Warning

FROM : National Intelligence Officer for Latin America

SUBJECT : Monthly Warning Assessment: Latin America

1. Action Requested: none; for your information only.
2. El Salvador

The immediate military outcome of the insurgents' January offensive appears to be a continuation of the stalemate. The military and security forces contained the insurgents' widespread attacks and inflicted heavy casualties (perhaps 1,000 killed and wounded). But the insurgents remain intact as a potent fighting force. They apparently have large stores of arms on hand and are able to recruit in country. Moreover, arms supplies from abroad continue to arrive, along with Salvadorans returning after guerrilla training in Nicaragua and Cuba.

Despite government claims of victory, political tensions between the military and the Christian Democratic members of the government are likely to resurface. The military, smarting from its own high casualties and inability to deliver a knock-out punch, and egged on by rightist extremists, are likely to continue to employ repressive measures against real and suspected leftists. This will bring pressure on Junta President Duarte from Christian Democrats who prefer a political rather than a military resolution of the rebellion. The augmentation of US support of the government is likely to make civilian and military hardline rightists less concerned about Christian Democratic criticism of rightist violence, unless Duarte is seen as essential for securing US assistance.

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3. Nicaragua

Despite stern private warnings from the US, the Sandinistas continue their recent high level of activities in support of the Salvadoran insurgents, especially the movement of arms and trained guerrillas from Cuba through Nicaragua to El Salvador. If the Sandinistas decide they have little chance of continued cordial relations with the US under President Reagan, they are likely to use the US as a scapegoat for excusing their economic failures and for cracking down on domestic opponents.

In these circumstances, at the least, some harrassment of US officials and private citizens in Nicaragua can be expected. The use of force against US facilities and personnel, deliberate or "spontaneous", is also possible.

4. Cuba

The increased US security engagement in support of the Salvadoran government presents a major challenge to the Castro regime. Some advisors will probably counsel caution, so as to reduce the chances for direct US action against Cuba. Other advisors will probably counter that increased hostility from the US is inevitable under President Reagan and recommend that the best defense for Cuba is to confront the US with a Central American "Vietnam".

At a minimum, Castro will probably decide to bleed and embarrass the US, by providing sufficient support to maintain the current potency of both the Salvadoran and Guatemalan insurgents. He will especially not want the revolutionary momentum in El Salvador to be reversed for fear that this would endanger the Sandinista regime.

There is also an outside chance that Castro will decide to test the will of the US before it can bring its new policy of greater support to the Salvadoran government fully to bear. Cuba probably could insert a large force of third-country "volunteer" combatants into El Salvador, which could quickly transform the military situation from stalemate to one of insurgent advantage.

5. Mexico



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