



**Director of
Central
Intelligence**

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National Intelligence Daily

***Thursday
24 September 1981***

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CO NID 81-2231X

24 September 1981

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POLAND:

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Soviets Maintain Pressure, Hint at Economic Sanctions

The latest letter from Soviet factory workers to their Polish counterparts contained a suggestion of possible Soviet economic sanctions. The message, from a metallurgical combine, pointedly juxtaposed indignation over the "wave of anti-Sovietism" in Poland with references to the quantity of metal products and technical assistance sent by the plant to Poland each year. [Redacted]

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Meanwhile, Soviet criticism of the Polish regime continues, despite efforts by Warsaw to appear responsive and gestures by the regime and Solidarity to reduce tension. Moscow apparently intends to continue voicing its displeasure, at least until satisfied that moderates have regained control within the union and that the regime will oppose a resurgence by the militants. [Redacted]

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Foreign Minister Gromyko apparently lectured Foreign Minister Czyrek about Warsaw's shortcomings in a meeting at the UN on Tuesday. He and Czyrek expressed "mutual striving" to develop bilateral cooperation and strengthen the Warsaw Pact. The unusual formulation suggests disagreement over how to achieve these goals. TASS, meanwhile, again charged Polish authorities with failing to rebuff "counterrevolutionary" leaders of Solidarity and with allowing the continued publication of "anti-Soviet" material. [redacted]

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A Leningrad lecturer on Sunday warned his audience that events in Poland are now affecting what Moscow has consistently claimed to be vital strategic interests. He asserted that pro-Solidarity sentiment is affecting the ability of the Polish military to carry out its obligations under the Warsaw Pact and charged that the US, by interfering in Poland on Solidarity's behalf, is seeking to weaken the Soviet-led alliance. [redacted]

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Comment From Romania

Bucharest yesterday issued its harshest public attack on Solidarity since last fall. The Romanians, who generally have refrained from open criticism of the Poles, condemned the union for launching "virulent attacks" against the "socialist system" and for seeking to seize political power. The commentary, which appeared in the party newspaper, called on the Polish party to take "firm measures" and expressed some confidence in its ability to do so. [redacted]

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The Hungarians have also stepped up the pressure campaign against Warsaw. Party leader Kadar reportedly sent a private letter to the Polish leadership urging it to use decisive action to keep Solidarity in check. [redacted]

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NICARAGUA: Additional Garrisons Built

The Nicaraguan military establishment is building additional garrison areas to support its continued expansion.

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Recent photography shows that rapid progress is being made in constructing a barracks area at El Tempisque to house the armored battalion recently equipped with about 25 T-54 or T-55 tanks. In addition, two other garrisons are under construction in the Managua area. The ground plans are similar to existing infantry battalion barracks that show a strong Cuban-Soviet influence.

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The completion of these facilities will give the Nicaraguan armed forces more than a dozen major military installations, most of them built within the last two years. The Nicaraguan armed forces have an estimated 22,000 to 27,000 men on active duty, plus an equal number of organized reservists. In addition to the new tanks, their arsenal includes at least 12 Soviet 152-mm howitzers, large numbers of Soviet anti-aircraft guns and SA-7 surface-to-air missiles, and several small aircraft and patrol boats.

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Given present goals and expansion patterns, together with a continuation of current levels of external supply, the armed forces probably will reach some 35,000 to 40,000 men within the next year or so. An equal number of trained reservists probably will also be available, along with substantial numbers of less-well-trained militia.

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The arsenal next year should include additional tanks and armored vehicles, MIG fighter aircraft, and more sophisticated air defense weapons and naval ships. These forces will be much larger and stronger than those of any of Nicaragua's Central American neighbors.

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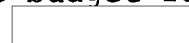


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JAPAN: Extraordinary Session of the Diet

The special Diet session, which opens today, probably will approve Prime Minister Suzuki's controversial administrative reform program, on which he is staking his political career. 


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The program is designed to reduce Japan's massive deficit spending and trim the bureaucracy. It is to be in effect through fiscal year 1984, when the government hopes to balance the budget. Debate on the reform program will highlight the need for fiscal austerity and thus reduce the chances of significant increases in defense spending and foreign aid in the budget for fiscal year 1982, now under consideration. 

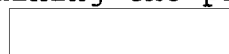
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Suzuki has carefully prepared for this Diet session--the first on which he will be able to put his own mark--by building support for the reform program, but it remains controversial even within his own party. The reforms would reduce the pork-barrel spending on which the Liberal Democratic Party has depended for its majority for 25 years. Opposition parties object to proposed cutbacks in social services and in the number of government employees. 

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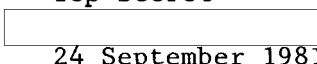
The opposition parties will be noisy but generally ineffective. They may attempt to use delaying tactics, however, which could prevent Suzuki from addressing other urgent issues, including a reorganization of the cabinet. 

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If Suzuki is successful in shepherding the administration reform bill through the Diet, he will renew confidence in his leadership, which was called into question during a series of crises last spring, and improve his chances of retaining the prime ministership beyond November 1982. 

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PLO-JAPAN: Arafat Likely To Visit Tokyo

The long-delayed trip of PLO head Arafat to Japan probably will begin in early October, according to a Japanese Foreign Ministry official. The invitation to Arafat was issued last December by a nonpartisan group of Japanese Dietmen, and Tokyo does not regard this as an official visit. Prime Minister Suzuki and Foreign Minister Sonoda, however, reportedly will be receiving Arafat "in their government capacity" instead of privately as was previously planned. The apparent concession by Tokyo probably is an attempt to cultivate the good will of oil-exporting countries friendly toward the PLO. In addition, the Japanese Government believes that the PLO must participate in the resolution of the Palestinian issue to make long-term stability possible in the Middle East. [redacted]

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To reduce US unhappiness over the visit, the Japanese have refused Arafat's demands that they recognize the PLO as the sole representative of the Palestinian people and grant the organization's Tokyo office full diplomatic privileges. Arafat, nevertheless, will see the visit as a success for his campaign to win wider diplomatic recognition for the PLO. Although he has also met unofficially with some heads of government in Western Europe, the Tokyo visit will mark the first time he has met with a prime minister of one of the larger non-Communist countries. [redacted]

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WEST GERMANY - USSR: Energy Deliberations

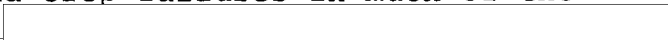
The talks in Moscow this week on a Siberian synthetic fuels project reflect West Germany's continued strong interest in expanding its commercial relations with the USSR. Bonn probably will eventually offer a demonstration plant in return for Siberian natural gas or possibly synthetic fuels. The Soviets have been seeking Western help to develop the capability to convert part of their vast Siberian coal reserves into more widely usable liquid fuels. Economics Minister Lambsdorff, who leads the German delegation in these regular bilateral economic discussions, is likely to use the visit to reiterate Bonn's support for the gas pipeline. Both sides would like to announce agreement on the pipeline during Brezhnev's visit to Bonn this November. The current talks also are expected to produce a new Soviet - West German energy commission tasked with formulating and coordinating other joint projects.



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KAMPUCHEA: Food Situation

Kampuchean refugees arriving at the Thai border report food shortages and crop failures in much of the Kampuchean countryside.



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the gravity of the situation also is indicated by People's Republic of Kampuchea Head of State Heng Samrin's unprecedented appeal to international organizations to continue their aid.



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The People's Republic of Kampuchea Vice Minister of Agriculture has indicated that 10 percent of the rice planted through late August and 19 percent of other crops such as corn, cassava, and vegetables have been destroyed by the drought and flooding. These losses will reduce overall planting to levels below those achieved at the same time last year. Phnom Penh, however, has attempted to place the current planting effort in a good light by comparing it favorably to the disastrous crop in 1979 that resulted in an exodus of refugees to the area of the Thai border.



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ZAMBIA: Unions Plan Work Slowdown

Zambia's powerful trade union movement reportedly will stage a general work slowdown next week in an attempt to force President Kaunda to release four labor leaders detained since July. The government will have several advantages in dealing with the slowdowns. Many labor officials have been intimidated by the arrests of their leaders, and major walkouts in January and July depleted union strike funds. The detained leaders remain popular with the union rank and file, however, and government overreaction to the work actions could lead to more serious labor unrest. Kaunda has handled labor problems adroitly in the past, but he is scheduled to be in Australia for the Commonwealth Conference at the time of the slowdowns.



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SPECIAL ANALYSIS

KENYA-US: Visit by President Moi

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President Moi is seeking commitments of greater US military and economic aid during his talks in Washington tomorrow. He views the US as Kenya's principal protector and wants to alleviate what he sees as his country's growing isolation.

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Moi will cite the recent alliance between Libya, Ethiopia, and South Yemen as evidence that Kenya may now be a target for Libyan and Soviet interference. The Kenyans have prepared a military shopping list that includes C-130 aircraft, anti-aircraft missile systems, armored personnel carriers, and missile patrol boats.

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The Kenyan President believes his acceptance of the military access agreement with Washington obliges the US to help Kenya. Although the agreement has generated little criticism in Kenya, Moi wants to avoid publicity about it. He probably will approve proposals for further US military use of Kenyan facilities under the agreement so long as they do not attract international press attention.

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As chairman of the OAU, Moi will raise issues of general African concern. He is trying to give the appearance that his government is in tune with the OAU majority and the Third World, but he shuns controversy and does not plan an activist role in issues such as the Chad and Western Sahara disputes.

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In an effort to strengthen his standing as a non-aligned leader, Moi has criticized Western and US policy, particularly with regard to South Africa and Namibia. Although the Kenyans are genuinely troubled about what they see as US support for South Africa, relations between Nairobi and Washington remain good, and Kenyan officials have privately urged the US not to be overly concerned about occasional criticism from Nairobi.

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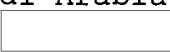
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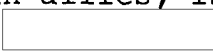


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Relations With Somalia and Ethiopia


Kenya's security concerns and economic needs are causing Moi to develop better ties with Somalia--long strained over Mogadishu's irredentist designs on north-eastern Kenya, which is inhabited by ethnic Somalis. Progress on a rapprochement will be slow at best because of lingering mutual suspicions. Both Moi and President Siad favor closer ties, however, in part because they are hoping for new aid from the US and Saudi Arabia, which are encouraging the reconciliation. 

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If relations with Somalia continue to improve, Moi may become less interested in military cooperation with Ethiopia. Ties with Addis Ababa are based on concern over Somali irredentism, and many Kenyans are concluding that Ethiopia, with its Soviet and Libyan allies, is the more serious long-term security threat. 

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Economic Decline

Kenya's economic problems stem primarily from declining revenues for coffee, the drought, and increasing imports of food and oil. Even with more aid, Moi would have difficulty maintaining his development plan, which is based on the unlikely assumption that world demand for coffee is going to rebound sharply. 

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The government's inaction has contributed to the economic slide. It has neglected the agricultural sector and has done little to try to reduce Kenya's population growth rate of 4 percent--one of the highest in the world. Moi realizes that the population growth is a burden on the economy and could cause further social unrest, but he has been unwilling to risk alienating the many Kenyans who put a high value on large families. 

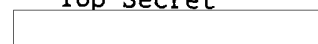
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Domestic Politics

Although Moi enjoys strong grass-roots support and has no serious challengers, the recurrent food shortages, rivalries among Moi's subordinates, and tribal tensions could become more troublesome, particularly if the economic slide continues. Moi is likely, however, to

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complete his present term and will stand a good chance to win reelection in 1984, if he can keep dissent about the economy within bounds. 

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If adverse developments should cost Moi the confidence of his usual supporters--including the apolitical military--and he were to depart, there probably would be little immediate change in Kenya's economic system or pro-Western foreign policy, which has the support of his leading potential successors and almost all the Kenya leadership. 

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