



**Director of  
Central  
Intelligence**

**Top Secret**

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# **National Intelligence Daily (Cable)**

**14 April 1982**

DIA review  
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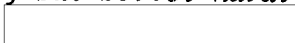
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UK-ARGENTINA: Status of the Crisis

*//The British and the Argentines are continuing to make statements designed to appeal to their hardline supporters but have not closed the door to a negotiated solution. Although the Argentine fleet remains in port, reinforcement of troops in the Falklands is continuing by air. Soviet media increasingly are attacking the US role in the dispute, but Soviet naval activity related to the crisis remains limited.//* 

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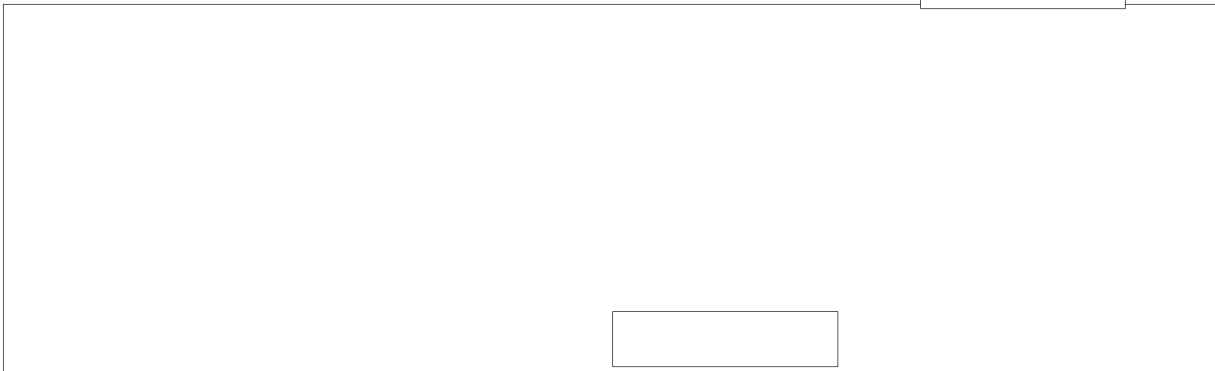
*//British Foreign Secretary Pym claimed to the press yesterday that Argentina has backed away from the initial negotiating positions it conveyed to Secretary of State Haig, and he blamed the Argentines for the lack of progress in the talks.//* 

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*//Citing a Foreign Ministry source, press reports from Argentina denied that US efforts to resolve the dispute had failed. The source was quoted as saying that talks are still under way and that new suggestions would be sent to Secretary Haig. Argentine Foreign Minister Costa Mendez had stated earlier, however, that there had been no progress and indicated that Buenos Aires would reject further diplomatic moves.//* 

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*//The mixed signals from Buenos Aires may reflect the government's efforts to appear tough to hardliners in the military at home while showing some flexibility to interested parties abroad.//* 

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Argentine Military Moves

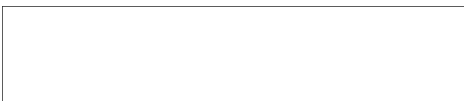
*//The Argentines continue to move troops and supplies by air to the Falklands. In addition,  the *

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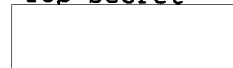
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9th Infantry Brigade is in the Falklands and that an artillery battalion and an armored regiment--totaling about 1,100 troops--are being redeployed to the south. Previous reports indicated that some 5,000 military personnel have already relocated to southern Argentina.//

[Redacted]

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//Despite an Argentine pledge to abstain from entering the maritime exclusion zone, there are indications that the Argentine fleet may be preparing to sail.//

[Redacted]

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Economic Measures

//Argentina has banned imports from the EC in retaliation for the EC's ban against Argentine products and arms sales to Buenos Aires. Canada and New Zealand have followed the EC's lead by breaking trade links with Argentina. Ottawa also announced a freeze on export credits to Buenos Aires.//

[Redacted]

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Comment: //If the crisis is drawn out, Buenos Aires's move could be costly. The EC supplied Argentina with products difficult to secure elsewhere, including parts for its auto industry.//

[Redacted]

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Diplomatic Developments

//The OAS yesterday adopted a resolution offering its "friendly cooperation" in helping to resolve the crisis. Although the resolution did not take sides, it made no reference to the UN Security Council resolution that calls on Argentina to withdraw its troops.//

[Redacted]

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//Argentine political and labor leaders departed yesterday for the US, Western Europe, and other Latin American countries to defend Buenos Aires's case. They claim that they are under intense pressure from the government to undertake the mission.//

[Redacted]

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Comment: Buenos Aires is concerned that its position is not well understood internationally, and that the level of anticipated diplomatic support has not materialized.

[Redacted]

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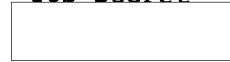
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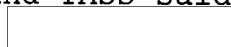
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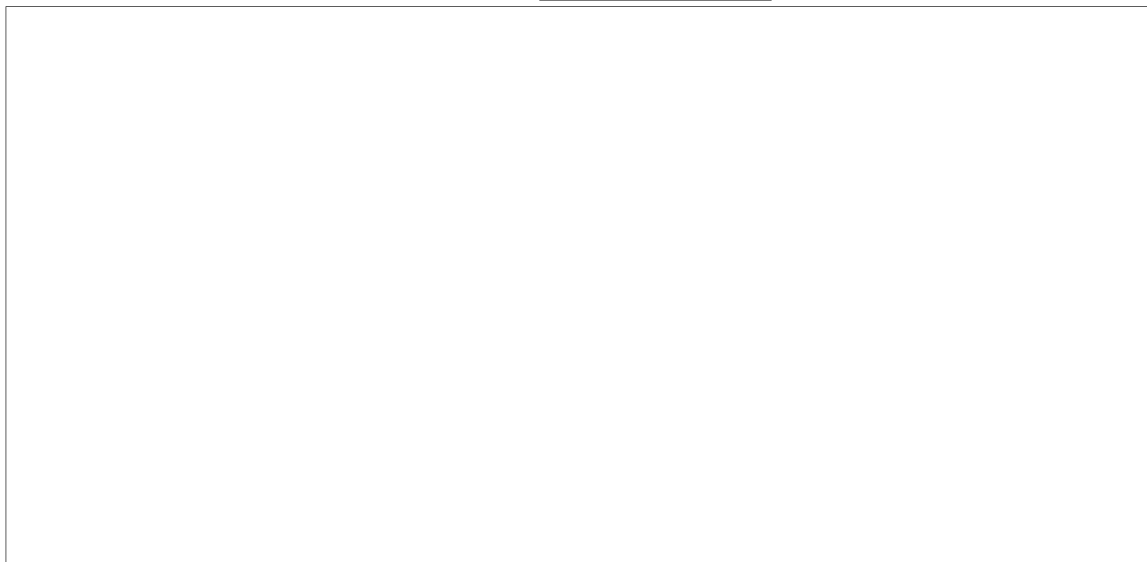
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//Soviet media are taking a tougher line on the US role in the Falklands dispute, saying that Washington is giving "secret military-political cooperation" to London. *Pravda* said yesterday the US role of honest broker is not believed by either side, and TASS said the US has a "clearly biased" stand.//



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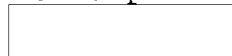
FRANCE-JAPAN: Mitterrand's Visit

*President Mitterrand's official visit to Japan that begins today promises to be long on atmospherics and short on results.*



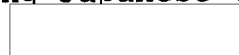
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Comment: This is the first time an incumbent French President has paid a state visit to Japan. The trip will be portrayed and received as a measure of Mitterrand's higher regard for Japan's world role than was held by his predecessors.



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Both sides see the trip as preparatory to the Versailles economic summit in June, and discussions between Mitterrand and Prime Minister Suzuki will range over international economic and political issues that are likely to arise at the summit. Mitterrand will express concern about the growing Japanese trade surpluses with France and the EC.



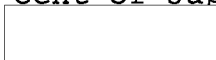
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The French leader will seek concessions on imports of aircraft and agricultural products. He also will push for expanded technical and industrial cooperation. Mitterrand will argue that without some relief, protectionist pressures in France and the EC will become overwhelming.



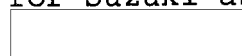
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There is virtually no chance that Japan will offer major concessions. France accounts for less than 2 percent of Japanese exports, and thus has little leverage.



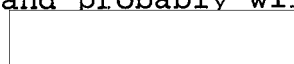
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Tokyo resents France's stringent restrictions on Japanese exports and does not believe that Paris can muster the united support of the EC. Moreover, reducing import restrictions presents as large a domestic political problem for Suzuki as rising unemployment does for Mitterrand.



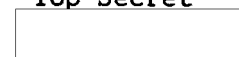
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//The two sides probably will be looking for ways to save Mitterrand the embarrassment of an unsuccessful trip. Tokyo may offer to buy more French helicopters or propose general agreements to explore technical exchanges in the area of nuclear energy. With an eye to the summit, Mitterrand probably will accept such face-saving offers.//



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USSR: Grain Crop Prospects

//Early prospects for grain production in the USSR continue to be favorable, despite gloomy predictions in the Soviet press. The weather has been mild so far this spring. [Redacted] soil moisture in the southern European USSR is more than adequate for planting spring grains.// [Redacted]

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Comment: //Pessimistic reports by the Soviet press are not unusual at this time of year, and, after three consecutive crop failures, farmers can expect frequent exhortations to overcome the challenges ahead. Crop problems appear to be confined thus far to areas that account for less than 3 percent of total grain output. There is still ample time to replant damaged areas with lower yielding spring grains to reduce possible losses.//

[Redacted]

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PORTUGAL-ANGOLA: Visit by President Eanes

President Eanes arrives in Luanda tomorrow for a four-day visit, the first by a Western head of state since Angola became independent in 1975. Like his trip to Mozambique last November, it reflects Portugal's desire to restore political and economic ties with its two principal former colonies. [Redacted]

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Comment: Lisbon lacks the resources to provide substantial aid, but the Portuguese would like to serve as a bridge between their Marxist-ruled former colonies and the West. Eanes recognizes, however, that better relations between Angola and the US probably are unattainable as long as Cuban troops remain in Angola and the Namibian problem is unresolved. He also is aware that Angolan President dos Santos does not have a free hand in dealing with Western countries. [Redacted]

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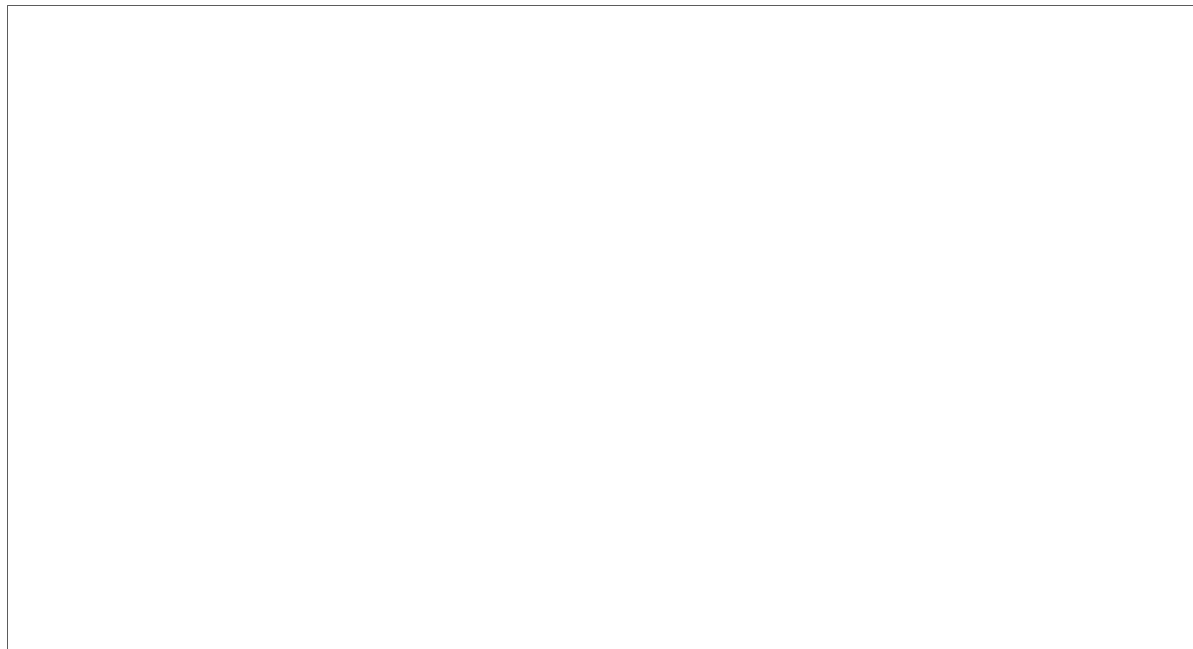
NAMIBIA: Guerrilla Activity

A group of South-West Africa People's Organization guerrillas, with a strength of about 90, clashed last weekend with a Namibian counterinsurgency unit more than 100 kilometers south of the Namibian-Angolan border. Eight guerrillas were killed, but the remainder reportedly escaped. White farmers in the area have been alerted to the possibility of SWAPO attacks. 

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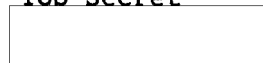
Comment: The group probably is the largest SWAPO force ever to operate so far south in Namibia. It may be planning a spectacular attack against a military or economic installation. 

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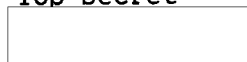
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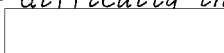
SPECIAL ANALYSIS

NORTH KOREA: Moving Toward Transition



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*The massive and lavish celebrations planned this week in P'yongyang to mark the 70th birthday of President Kim Il-song and Kim's plan to have his son succeed him point to an era of transition. P'yongyang has made steady progress in gaining international acceptance over the past decade and--at considerable cost--has built a formidable military establishment. The regime, however, remains frustrated over its inability to reunify the Korean Peninsula under North Korean control. By dint of one-man rule and a pervasive personality cult, Kim has kept these conflicting pressures in check, but any successor regime will have greater difficulty in calling for continued economic and social sacrifices.*



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Kim has ruled North Korea since 1945. To the populace, he is both a political leader and a father figure. The extravaganza this week is testimony to the extremes of the personality cult that has developed around the "Great Leader."



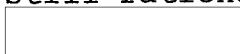
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Progress--and Problems

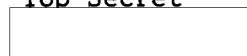
Kim is proud of the progress North Korea has achieved. The country is nearly self-sufficient in agriculture, has effective education and health care systems, and has made impressive gains in some industries. At the same time, however, North Korea has defaulted on debts both to Western countries and to its more traditional Communist trading partners. Daily necessities such as rice, red meat, and clothing are still rationed, and consumer goods are in short supply.



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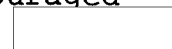
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//North Korea's difficulties reflect in part the problems associated with a tightly controlled socialist economy guided by an aging leadership ill-equipped to cope with the demands of modernization. In pursuit of his ambition to reunify the peninsula under P'yongyang's control, Kim has subordinated economic growth to the development of a substantial military force and an indigenous arms industry capable of equipping most of that force.//



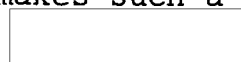
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On the diplomatic front, North Korea is recognized by almost as many states as is South Korea, which is twice as populous and more advanced economically. Despite P'yongyang's expanding diplomatic contacts, its xenophobia and emphasis on self-reliance have discouraged intellectual, scientific, and cultural interchange.



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//North Korea's refusal to accept the legitimacy of the government in Seoul continues to hamper P'yongyang's efforts to broaden its political and economic ties. Japan, for example, could assist the development of the North's civilian economy, but P'yongyang's hostility toward Seoul and the US makes such a course politically infeasible for Tokyo.//



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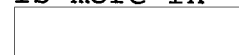
#### Reunification and Succession

Over the years Kim has had little success in advancing reunification, and the prospects remain bleak. South Korean President Chun has consolidated his position and has seized the initiative on the sensitive issue of the North-South dialogue on reunification. The US military presence in the South has been reaffirmed and augmented.



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China and the USSR have shown little interest in supporting Kim's reunification drive. An indefinite extension of the status quo on the peninsula is more in line with their broader strategic interests.

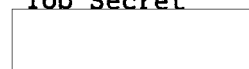


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Kim increasingly appears to realize that his goal of a reunified Korea will not be fulfilled in his lifetime. For the past 10 years, he has been grooming his

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eldest son, Kim Chong-il, as his successor. The son, who holds a number of high party positions, is now handling virtually all domestic political and economic affairs. 

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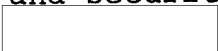
Although the younger Kim was not appointed to a post in the new government lineup announced earlier this month, he is likely to expand his involvement in the more sensitive areas of national security and foreign policy in the months ahead. We doubt Kim Il-song, who is active and in reasonably good health, will step down in favor of his son any time soon. He may decide to do more traveling abroad as a Third World statesman--a role that he enjoys--leaving the daily routine of running the country to the younger Kim. 

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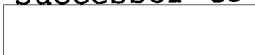
#### Kim Chong-il's Prospects

The intensity of Kim's campaign to legitimize his son as his political heir is unprecedented in the Communist world. It reflects the President's concern that his legacy be carried forward by someone closely identified with him and committed to the preservation of his policies. 

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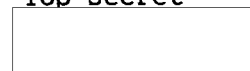
Nonetheless, Kim Chong-il probably will not be able to achieve the kind of absolute power and influence wielded by his father. Kim Chong-il will need to devote more attention to controlling the party, the military and security services, and the government bureaucracy. 

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If North Korea increases its exposure to outside influences, popular desires for economic and social advancement will increasingly reduce the ability of Kim Chong-il or any other successor to sustain Kim Il-song's reunification drive. 

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