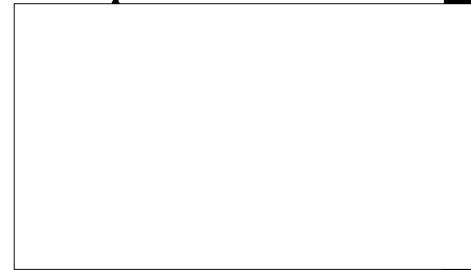
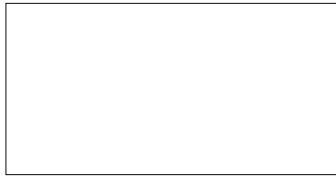




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# **National Intelligence Daily**

*Wednesday  
14 July 1982*

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*CPAS NID 82-163JX*

*14 July 1982*

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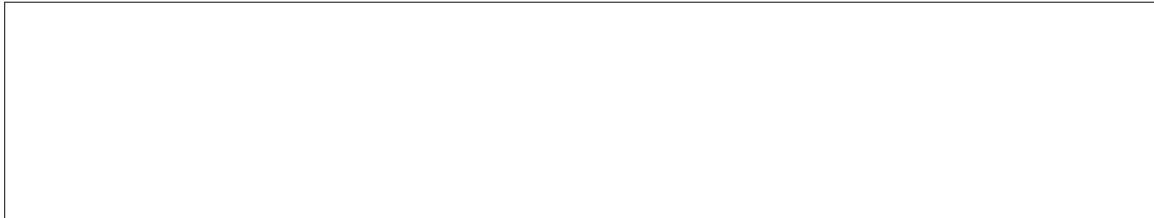
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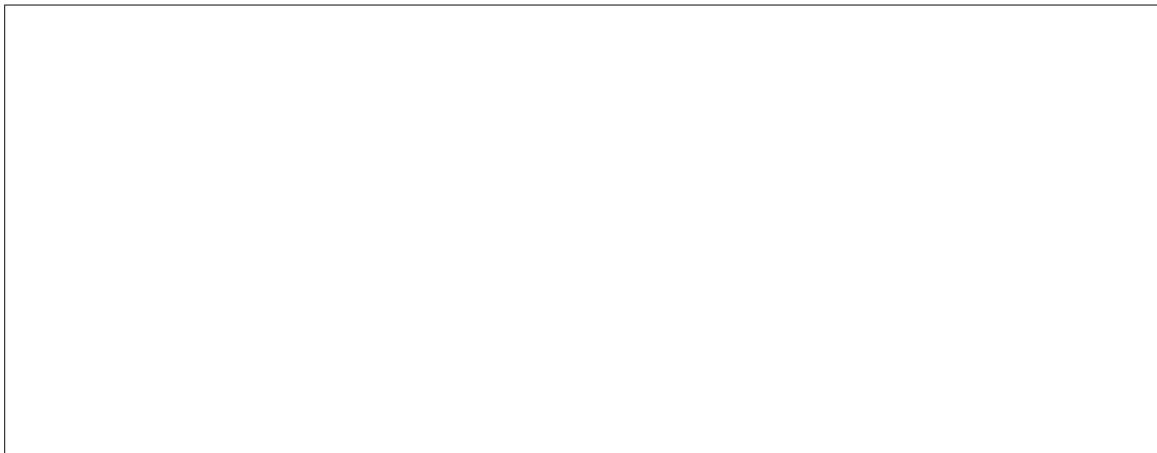
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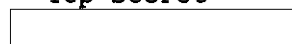
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④ VIETNAM: Repayments in Arrears

4 Hanoi's inability to meet payment obligations on \$3.5 billion of external debt will result in mounting arrears that will put pressure on non-Communist creditors for debt relief and on Moscow for a bailout. [Redacted]

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1/2 Reports in the Western financial press say that Hanoi wants a five-year deferral on all repayments, including interest. Of Vietnam's total debt, \$1.3 billion is owed to non-Communist countries, mostly on official loans at low rates of interest. [Redacted]

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[Redacted]

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3 Total Vietnamese debt service payments in 1981 reached \$284 million, or 77 percent of exports. For the non-Communist area alone, the ratio of debt service to exports was 218 percent. [Redacted]

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1/2 Comment: Japanese and Western creditors probably would prefer some form of debt relief rather than declare a formal default, which would allow commercial banks to recover portions of the loans guaranteed by their governments and lead to confiscation of the Vietnamese assets within legal reach. A default declaration would be an unattractive precedent, however, and Vietnam has few attachable assets. [Redacted]

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[Redacted]

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1/2 Creditors may look to the USSR to bail out Vietnam. Soviet officials are unhappy that Hanoi has wasted much of the aid it has received, however, and will be reluctant to raise current outlays. [Redacted]

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1/4 Even if the repayments are deferred, the Vietnamese will gain only temporary relief. Their balance-of-payments situation is not likely to improve in the near future. Hanoi will sooner or later again face technical default on a large portion of its debts. [Redacted]

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[Redacted]

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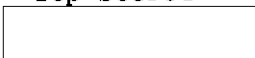
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SPECIAL ANALYSIS

(12)

USSR - SOUTHERN AFRICA: Changing Soviet Relations



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*The possible diminution of Soviet influence in Angola, should a settlement on Namibia be achieved, and instability in Mozambique have prompted Moscow to take steps to protect its position in southern Africa. The deteriorating situation in Mozambique may present the USSR with opportunities to increase significantly its influence there if it is willing to underwrite the growing costs of supporting the regime.*

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15  
Angolan President dos Santos's continued willingness to deal with the US on Namibia and related issues has intensified Soviet anxiety over his intentions, particularly because this might affect the Cuban troop presence in Angola. Moscow is concerned that dos Santos might call for the removal of most of the Cubans in exchange for a security guarantee for Angola's southern border. The departure of the Cubans, coupled with better ties with Western countries, would jeopardize Soviet influence in Luanda.

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Dos Santos's handling of the Namibia problem and his efforts to improve ties to the West reportedly have intensified factional dissension in the ruling Popular Movement for the Liberation of Angola. If the President's efforts show progress, he may face a coup attempt by his party's pro-Soviet faction, which stands to lose the most if his policy initiatives succeed.

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The Soviets may hesitate to encourage a coup. It would risk Moscow's position if it were to fail and would jeopardize the USSR's equities among the other Frontline States.

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A pro-Soviet coup plot in Luanda could develop without direct Soviet instigation, and, if it succeeded, Moscow presumably would endorse it. For now, however,

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the USSR will try to retain its influence in Angola by using its connections with the hardliners in the ruling party to impede the negotiations on Namibia. [redacted]

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Decisions Ahead in Mozambique

Soviet-Mozambican relations have become strained over the past year, largely because of President Machel's dissatisfaction with Soviet assistance and his overtures to the West. [redacted]

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The Soviets have shown concern over the strains. They have exchanged high-level military delegations and sent a naval ship to visit Mozambique. [redacted]

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Moscow may view the insurgent threat as another opportunity to enhance its influence in Maputo. If Machel is impelled to ask for major increases in military assistance--possibly including Cuban combat troops--the USSR might try to extract concessions from the regime. The Soviets might hope to secure air and naval facilities, which so far have been refused, and to make further use of Mozambique as a channel of support to South African guerrillas. [redacted]

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A secondary consideration for Moscow would be that a large Cuban military presence in Mozambique would cause Pretoria to veto any settlement on Namibia, with the Cubans leaving Angola only to reappear in Mozambique.

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[redacted]

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Although President Castro probably would be reluctant to introduce Cuban combat troops into a potentially dangerous military situation, he probably would accede to a Soviet request. [redacted]

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A major Soviet military assistance commitment would entail new costs and risks, especially if it included Cuban forces. South Africa, for example, probably would intensify its efforts to undermine the Machel regime. This would raise the military and political costs in southern Africa for both Moscow and Havana. [redacted]

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1/5 Moscow also would have to bear new financial costs. Unlike Angola, Mozambique has few resources with which to pay for such support. It is already in arrears for much of the roughly \$200 million in Soviet military assistance that has been delivered. [redacted]

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Prospects

The USSR's financial problems have caused it to reduce assistance to other clients, and a decision to expand its involvement in Mozambique in a major way would underline Moscow's determination to play a leading role in southern Africa. The USSR's sustained interest in exploiting the opposition of the Frontline States to South Africa and in supporting the guerrillas there, as well as its uncertain future in Angola, suggest Moscow is likely to increase assistance to Mozambique. [redacted]

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[redacted]

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