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Central Intelligence Agency



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DIRECTORATE OF INTELLIGENCE

International Arms Transfers Report  
August-September 1985

Summary

Soviet arms shipments from Nikolayev Port Facility South through August of this year have fallen by about 25 percent compared to the same eight month periods in 1983 and 1984. Most Soviet buyers, including major recipients such as Iraq and Cuba, have experienced a decline in deliveries. The significant dropoff is probably the result of a sharp decline in observed Soviet military agreements with the Third World in 1983, but construction at Nikolayev and a possible diversion of arms shipping to other ports, such as Leningrad, may also be contributing to the decline. [redacted]

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Other significant developments include:

[redacted]

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- o In Asia, North Korea received 10 more MiG-23 aircraft and SA-3s and Japan has decided to purchase West Germany's 120-mm gun for its main battle tank.

This report, prepared by the Arms Transfers Branch, Office of Global Issues, describes significant new developments concerning conventional arms transfers. It includes major agreements and deliveries, important construction projects, and related financial issues, but is not a complete listing of all arms transfers. Comments are welcome and may be addressed to Chief, International Security Issues Division, [redacted]

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- o In Africa, the Soviets delivered SA-13s to Angola and MiG-21s to Mozambique.
- o In Europe, Britain, West Germany, Italy, and Spain have agreed to develop and produce a fighter jointly, and France will proceed with its own fighter project.

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Key Issue

Fall-Off in Soviet Arms Shipments in 1985

Soviet arms shipments from Nikolayev Port Facilities South (NPFS) for the first eight months of 1985 were about 25 percent below the same periods in 1983 and 1984. Virtually all Soviet shipments of arms to Third World countries leave from NPFS in the Black Sea--a port dedicated solely to the arms trade. As of 31 August, we recorded a total of 105 ship voyages from NPFS, compared with 139 ship voyages in the first eight months of 1984 and 138 for the same 1983 period. Similarly, the estimated tonnage of Soviet military cargoes exported from Nikolayev dropped by about 25 percent this year, compared with 1984. [redacted] deliveries of combat aircraft, jet trainer aircraft, artillery, and missile systems have declined substantially, although tank and armored vehicle deliveries appear to be up from last year. [redacted]

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A regional breakdown of deliveries indicates the decline is not limited in its extent. Most Soviet buyers experienced declines in deliveries this year, although a few countries, such as India and Vietnam, received more materiel. Deliveries to Iraq, the premier Soviet arms client, declined to 24 shiploads during January-August 1985, compared with 32 shiploads in 1984 and 31 in 1983 for the same time frame. Shipments to Cuba are down from the 17 received between January and August 1984 to 9 in the same 1985 period. [redacted]

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There are several possible explanations for the overall decline in shipments from Nikolayev. We believe the drop in identified deliveries is largely a result of a sharp decline in Soviet military agreements with most Third World buyers in 1983. Identified accords that year totalled only about \$4.5 billion, a five-year low, and fewer weapons may have required delivery in 1985. The number of new accords accelerated considerably in 1984, however, and the pace of deliveries may pick up again in 1986. [redacted]

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Ongoing construction to expand Nikolayev may also be hindering current shipments, although Baltic ports such as Leningrad may be taking up some of the slack caused by construction at Nikolayev. Preliminary evidence covering the past several months suggests the pace of ship transits through the Danish Straits has increased, but we lack evidence to determine whether increased shipments in the North are related to or independent of the construction at Nikolayev. Moscow could be embarked on a general effort to diversify military shipments among more ports, but analysis of major weapons deliveries indicates the decline in shipments of weapons from Nikolayev is not being compensated by shipments from other ports, which traditionally have handled nonlethal items such as trucks. [redacted]

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Regional Issues

Persian Gulf

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Iran. Iran has intensified its efforts to improve air defences and long-range strike capabilities since July.

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[Redacted]

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o [Redacted]

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[Redacted] Iran probably purchased Chinese-made SA-2s during Assembly Speaker Rafsanjani's visit to China in late June.

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Saudi Arabia. The Saudis continue to receive equipment and services from France under the terms of the 1980 "Sawari" contract. Most significant is the arrival of the first of four F2000 frigates, armed with Otomat MK2 anti-ship missiles, Naval Crotale SAMs, and a 100mm gun. Also delivered were six of the 24 Dauphin helicopters on order; four are search and rescue variants and two are armed with missiles.

[Redacted] the Saudis are now more than \$1 billion behind in payments to France. Construction and training activity in

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Saudi Arabia for the naval helicopter program has slowed, but deliveries of equipment have not been affected because France hopes to expand its arms sales to Riyadh in the future. [redacted]

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The Saudis have decided to buy 40 Tornado IDS fighters and 30 HAWK trainers from the United Kingdom, according to published reports. Embassy sources expect the contract to be signed in late September. The Tornados will allow the Saudis to replace their aging Lightning fighters, but will aggravate their shortage of trained pilots, [redacted]

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[redacted] In light of US unwillingness to offer F-15s, Riyadh cited its desire to diversify its arms sources as the key reason for the choice of the Tornado over the French Mirage 2000, but the observers speculate that France's reluctance to accept oil in partial payment was a factor as well. [redacted]

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Oman. Oman's navy took delivery of a new landing ship from the United Kingdom in late August. The ship can transport seven Chieftain tanks and 240 fully-equipped troops and has a landing pad for a Sea King helicopter. [redacted]

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Qatar has decided to purchase 25 tanks and \$30 million worth of artillery ammunition from France, [redacted] The tanks--either the AMX-32 or the AMX-40--will replace older AMX-30s in Qatar's inventory. The ammunition is probably destined for Iraq, which fields at least 60 French self-propelled guns. [redacted]

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North Africa/Levant

Egypt has signed deals to improve its missile inventory and Israel has given a final go-ahead for the Lavi Fighter program. [redacted]

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Egypt. [redacted] reports that Yugoslavia will overhaul Egyptian SA-2 air defense batteries. Aggressive Yugoslav marketing reportedly beat out a competing offer from China. [redacted]

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[Redacted]

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Israel. On 21 August the inner cabinet voted overwhelmingly to continue the Lavi program, according to Embassy reports. The only two dissenters in the 10-member cabinet were Minister of Finance Yitzhak Moday and Minister Without Portfolio Ezer Weisman; both voiced familiar concerns over Lavi's increasing technological sophistication and its resultant high cost projections. Lavi's central role in providing employment for Israeli aircraft industries and US financial support have kept Israel's fractious political leadership behind the program. [Redacted]

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Syria. In late July, Syria delivered at least 33 T-54 tanks to the Amal militia in Beirut, [Redacted] Syria gave the tanks to the Amal to confront pro-Arafat PLO militiamen in the three West Beirut Palestinian refugee camps. [Redacted]

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Latin America

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Nicaragua.

[Redacted]

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[Redacted] that Nicaragua has received 18 100-mm antiaircraft guns which were probably delivered on a Bulgarian merchant ship last October. [Redacted]

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[Redacted]

[Redacted] Nicaragua would need more advanced radars, [Redacted]

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surface-to-air missiles, or advanced fighters to threaten high-performance aircraft seriously. [redacted]

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Venezuela, Ecuador, Colombia, Mexico. [redacted]

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[redacted] in Hong Kong reports NORINCO recently opened offices in Panama, registered under the name "China United Trading Company." [redacted] China is creating a front firm to give local governments the opportunity to buy military equipment from China without using more visible government to government channels. Beijing is probably focusing on economic gains in these sales, rather than any effort to obtain political influence. [redacted]

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Peru. The new Peruvian president, Alan Garcia, announced in early August that his government will cut the number of Mirage 2000 fighters on order from France from 26 to 13. We believe Lima's continuing foreign debt problems forced a cutback in the size of the purchase, but President Garcia claims the reduction is part Peru's efforts to encourage restraint in South American arms purchases. Peru will have difficulty financing even a smaller number of aircraft. [redacted]

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[redacted]

East Asia

[redacted]

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North Korea. North Korea received 10 more MiG-23 fighter aircraft from the Soviet Union in late August. This brings the total number of MiG-23s in North Korea to 26, [redacted]

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[redacted] Soviets have delivered at least 30 SA-3 surface-to-air missile transporters, which will significantly improve the mobility of North Korea's low-to-medium altitude air defense equipment. [redacted]

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Japan. Japan announced in August it would buy up to 150 West German 120-mm guns for its next generation main battle tank. The decision was based on two factors: Tokyo decided the West German gun was superior to the Japanese 120-mm gun under development and hopes the sale is seen in Western Europe as a symbol of its willingness to reduce Japan's large trade surplus. Japan joins the US in selecting the Rheinmetall 120-mm gun for their respective main battle tanks. [redacted]

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South Asia

India continues to look to Western Europe to modernize its aircraft inventory and expand its naval presence in the Arabian Sea,

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India. India agreed to buy the aircraft carrier Hermes, 11 Sea Harriers, and 26 Sea Eagle missiles from the United Kingdom in August,

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[Redacted] The Hermes will give New Delhi the capability to deploy one carrier on each coast. India also decided to buy six Mirage 2000 fighters from France in the first follow-on to the 1982 deal for 40,

[Redacted]

New Delhi will

probably try to use the purchase to pry concessions from Moscow for MiG-29 fighters.

[Redacted]

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Looking Ahead

India may take delivery of its first SA-8 SAM system and KILO class submarine by the end of the year. Pakistan will probably decide whether it will continue with plans to buy 150 Chinese F-7 fighters and upgrade them with US engines and avionics. Argentina may finalize a deal to supply Indonesia with frigates, military aircraft, and other hardware in exchange for oil. Finally, the long delayed delivery of four Italian-built minehunters to Malaysia will likely occur in the next few months.

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Africa

The Soviets delivered air defense equipment and jet fighters to Angola and Mozambique.

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Angola. Angola continues to upgrade its air defense forces, having received SA-13 SAMs from the Soviet Union in late July.

[Redacted]

This

upgrade to the air defense network supplements earlier acquisitions of SA-2, SA-3, SA-6, SA-7, SA-8, and SA-9 SAMs. The delivery of this new weapons system reflects a continued Soviet commitment to enhance Angola's defenses against possible South African air attacks.

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Nigeria.

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[redacted] Lagos also is beginning to replace its aging L-29 jet trainers, having received six Aermacchi MB 339s from Italy recently and reaching agreement with Czechoslovakia for 24 L-39s. [redacted]

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Mozambique. In late July, [redacted] indicated a Soviet delivery of at least two MiG-21 Fishbeds. Mozambique has also reached agreement with Great Britain for approximately \$500,000 worth of quartermaster supplies and training. [redacted]

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Burundi. In late July, Libya delivered a large consignment of military equipment, including small arms, rockets, ammunition, and two Italian-made SF 260 Marchetti training aircraft, which can be armed. [redacted]

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Zimbabwe. Harare concluded a \$43 million deal with Agusta of Italy for 10 transport helicopters, [redacted] The aircraft may be used in a support role by Zimbabwe's forces in Mozambique. [redacted]

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Madagascar. The Soviet Union announced it will donate an MI-8 HIP helicopter to Madagascar. [redacted]

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Europe

Britain, West Germany, Italy, and Spain have agreed to develop and produce jointly a new air superiority fighter for introduction about 1995. The group was formed after the four countries could not accommodate France in a five-nation European fighter aircraft program. France had been demanding a major share of the plane's production work for French industry and wanted the fighter to be a relatively unsophisticated, export oriented, ground attack aircraft. France will now build its own fighter, called the Rafale, independently and procure 300 copies. [redacted] a prototype is scheduled to fly in mid-1986. The four partners plan to build about 700 fighters for their own air forces, and are scheduled to begin talks in September to settle the issues of project definition, administrative structure, harmonization of military requirements, and work shares. They hope to have these matters resolved in time for full scale development to begin in the spring of 1986.

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Looking Ahead

The meetings of the new fighter consortium should resolve all the outstanding issues easily, [redacted] While national military requirements predominate, the partners are united in their need for an air superiority fighter, and have worked together in similar projects--Britain, Germany, and Italy are veterans of the Tornado program and the three have already made plans to accommodate Spain, according to press reports. The major long-term problem for the group and for France's Rafale will be financial: each aircraft will

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[redacted]

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cost about \$5 billion to develop, according to our estimates, and the group fighter is already projected to cost \$30 million per plane. Cost overruns and the relatively small production runs for domestic services may create budgetary problems for each fighter, possibly resulting in fewer procurements or cuts in the producers' other military programs.

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Table  
Significant International Arms Transfers

Recipient	Supplier	Item	Amount (million \$)	Remarks
	China	SA-2s Unknown equip.	\$ 430	Delivery Agreement
Iraq	USSR	T-72 tanks, jet fighters	\$ 400	Agreement
Saudi Arabia	France	1 F2000 frigate missiles; 6 Dauphin helicopters	--	Delivery
Oman	UK	1 LST	--	Delivery
Egypt	Yugoslavia	SA-2 battery overhaul	--	Agreement
		5,000 Sagger msls.	\$ 22	Agreement
Nicaragua				
	Bulgaria	18 100-mm AA guns	--	Delivery
North Korea	USSR	10 MiG-23s	--	Delivery
		30 SA-3 transporters	--	Delivery

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Recipient	Supplier	Item	Amount (Million \$)	Remarks
Japan	FRG	150 120-mm tank guns	--	Agreement
India	UK	Hermes AC Carrier	\$ 56	Agreement
		26 Sea Eagle MsIs	\$ 260	Agreement
	11 Sea Harriers			
	France	6 Mirage 2000s	--	Agreement
Angola	USSR	SA-13	--	Delivery
Nigeria				25X1
	Italy	6 MB 339s	--	Delivery
	Czechoslovakia	24 L-39s	--	Agreement
Mozambique	USSR	2 MiG-21s	--	Delivery
	UK	Unknown items & Training	\$ .5	Agreement
Burundi	Libya	Small arms rockets Ammunition 2 jet trainers	--	Delivery
Zimbabwe	Italy	10 helicopters	\$ 43	Agreement
Madagascar	USSR	1 MI-8	\$ 3.9	Grant aid agreement

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