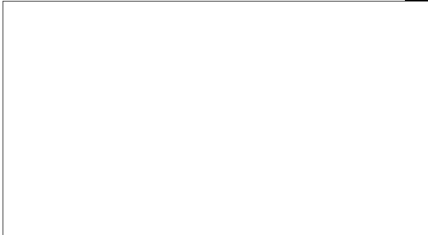




Director of
Central
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Friday
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7 January 1983

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Contents

Warsaw Pact: *Summit Declaration Stresses Disarmament* . . . 1

Israel-Lebanon: *Status of Talks*. 2

Lebanon-Syria: *Trouble in the North*. 3

USSR-Cuba: *Military Deliveries in 1982* 4

India: *Setback for Gandhi*. 5

Africa: *Shortage of Oil*. 6

UK: *New Defense Secretary*. 7

Ireland: *Terrorist Organization Banned* 7

Mexico: *Widespread Protests*. 8

Nicaragua-US: *Protest Note* 8

Angola: *Possible Talks With Insurgents* 9

EC: *Steel Output Drops* 9

Special Analysis

South Africa: *Coloreds Support Participation* 10



Top Secret



7 January 1983

25X1

25X1

Top Secret

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WARSAW PACT: Summit Declaration Stresses Disarmament

The declaration issued yesterday stresses disarmament, avoids harsh rhetoric, and seems intended primarily for West European audiences. [redacted]

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The declaration reiterates the whole range of Soviet disarmament proposals over the past decade, portrayed against a background of escalating international tension. Like the brief communique on Wednesday, it highlights a proposed NATO - Warsaw Pact treaty mutually renouncing the use of military force. [redacted]

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The statement "supports and welcomes" unspecified Soviet initiatives to end the arms race and "notes" the "contribution" General Secretary Andropov made on 21 December, when he offered to reduce Soviet intermediate-range missiles in Europe to the combined total of British and French missiles. It also expresses hope that "all European states" will contribute to progress in US-Soviet talks on limiting medium-range nuclear weapons. There is no call for increased Warsaw Pact military capabilities, despite Andropov's allusion to the need for this in a subsequent interview. [redacted]

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Comment: The restrained tone, comprehensive reiteration of disarmament proposals, and call for a European contribution to US-Soviet talks represent an open appeal for West European support. The gloomy assessment of the international situation seems intended to add new urgency to the proposals. The absence of a call for more defense and the subdued reference to Andropov's proposal of 21 December--on which Romanian President Ceausescu has his own view--suggest there were some differences among the party chiefs. [redacted]

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West European reaction to the declaration has been cautious. Allied officials recognize its intended purpose and are anxious to avoid a flat rejection that could play into Soviet hands. [redacted]

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7 January 1983

Top Secret
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ISRAEL-LEBANON: Status of Talks

After four meetings, Lebanese and Israeli negotiators have not yet agreed on an agenda because of continuing disagreement over a formula on normalizing relations. [redacted]

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Israel continues to insist that the Lebanese have to commit themselves to the principle of normalization before meaningful discussion can take place on withdrawal of Israeli troops. The Lebanese, seeking to avoid antagonizing the other Arab states, say they cannot accept normalization under pressure of an Israeli military presence or apart from progress in a broader peace process. [redacted]

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Following the third round of talks on Monday, Israel agreed to drop its insistence on the phrase "normalization of relations" as a specific agenda item in exchange for language meaning essentially the same thing. The Israelis accepted Lebanon's proposal for a discussion of "mutual relations," which would include issues that they insist upon, such as trade and travel across the border. [redacted]

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The Lebanese Government subsequently backed off, however, after strong objections by Prime Minister Wazzan, an important Muslim leader. Wazzan argued that the Israeli demands go far beyond legitimate security concerns. [redacted]

25X1

Comment: The proposed agenda that emerged from the fourth round of talks yesterday still incorporates the phrase "normalization of relations" and therefore is likely to be rejected again in Beirut. Israel is unwilling to allow Wazzan and his Muslim constituency to have veto power over the negotiation process. The Israelis are convinced that Lebanon can make more concessions, and they accuse the US of stiffening Beirut's resolve not to do so. [redacted]

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7 January 1983

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LEBANON-SYRIA: Trouble in the North

The factional fighting in Tripoli reflects the struggle over Syria's continuing presence in northern Lebanon but will have no immediate effect on the stability of Lebanon's central government.
(S NF)


The major adversaries are the Syrian-backed, largely Alawite Muslim militia of the Arab Democratic Party and a loose coalition of Sunni Muslim militias called the Popular Resistance. The Arab Democratic Party represents both the Alawite Syrian regime and the interests of a growing Alawite population in Tripoli, a predominantly Sunni city. (S NF)




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Comment: Northern Lebanon has always identified more closely with Syria than with Christian Beirut, and Damascus has a strong interest in maintaining Syrian control over the area. Damascus views activities by the Muslim Brotherhood and Iraqi surrogates in Tripoli as threatening to the Assad regime. In the past, the Syrians have instigated civil disorder in the city to demonstrate the need for continuing their presence in Lebanon and to curb anti-Syrian factions. (S NF)

The presence of Syria's Defense Minister Tlas in Tripoli yesterday is an indication of the country's concern, but Damascus probably will not intervene militarily as long as local Alawite protagonists hold their own and fighting is limited to Tripoli. The Lebanese Government, while incapable of influencing events in the city, is not threatened by them.



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7 January 1983

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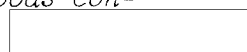
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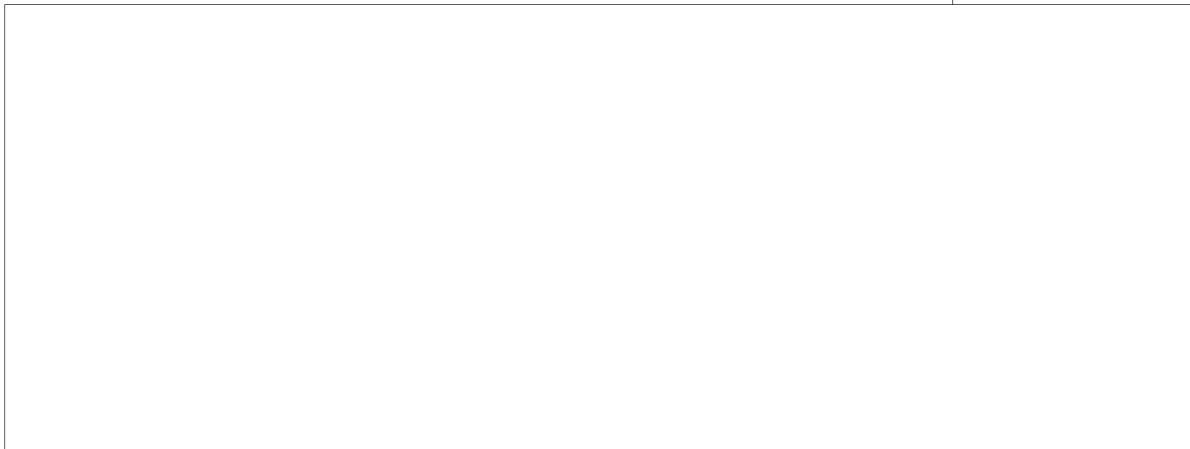
USSR-CUBA: Military Deliveries in 1982

Soviet shipments of arms and military-associated goods continued to improve Cuban military capabilities last year.

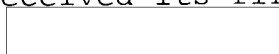


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Aircraft and air defense equipment included 20 MIG-23s, some 30 MIG-21s, and at least three SA-9 surface-to-air missile launchers. Thirty Czech-built L-39 jet trainers have been delivered, and they form the nucleus of a new fighter training school. Cuba received its first 12 MI-24 helicopter gunships in January.



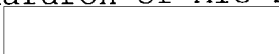
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The Cuban Navy received four Osa-II missile patrol boats, a degaussing ship--used to help make warships less vulnerable to magnetic torpedoes and mines--and two medium amphibious landing ships.



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Comment: Some of the new aircraft probably are replacing older fighters. Cuba has greatly increased the number of late-model MIG-21s in its Air Force in the last 15 months. Most of the MIG-23s are more advanced Flogger B interceptor models that will join a squadron of MIG-23 fighter-bombers Cuba has had since 1978.



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Soviet military deliveries to Cuba in 1982 may also have included additional SA-6 equipment. The arms--most notably the landing ships and aircraft--increase somewhat Cuba's capability to provide military support to allies in the Caribbean region. It will take Cuba another year or two to integrate all of its new weapons into the armed forces.



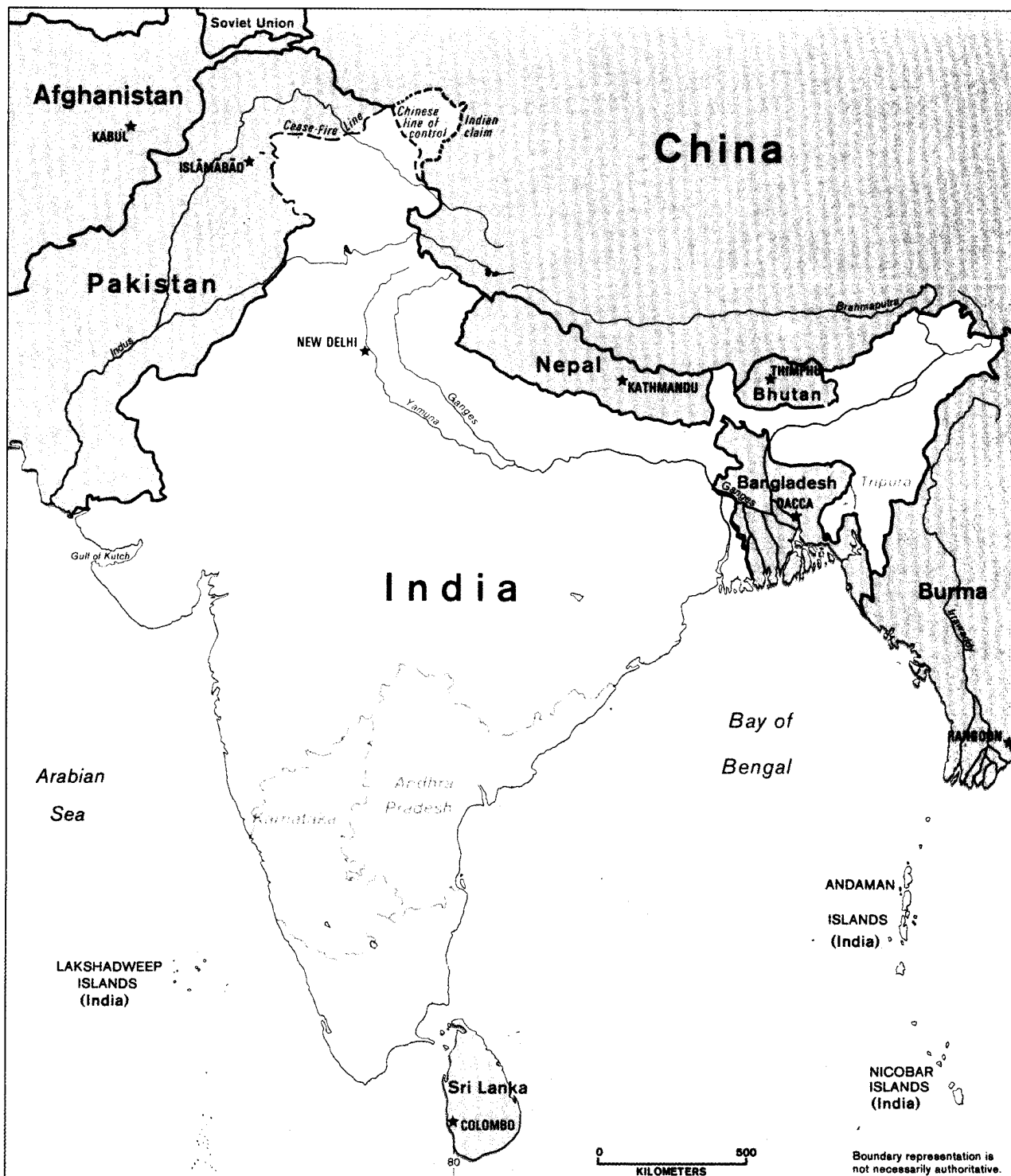
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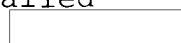


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INDIA: Setback for Gandhi

Prime Minister Gandhi's Congress Party suffered severe setbacks in legislative assembly elections in three key states on Wednesday. 

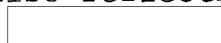
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In Andhra Pradesh, the Telegu Desam Party thus far holds nearly a four-to-one edge over the Congress Party and has already won a majority of the state's 294 legislative seats. In Karnataka, an opposition coalition leads Gandhi's party but will need the support of a Hindu communal party and some independents to form a government. In Tripura, the Congress Party has failed to dislodge the Communist Party in control there. 

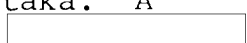
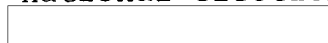
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Comment: The election outcome in Andhra Pradesh and Karnataka--long bastions of Congress strength--will increase dissidence in Gandhi's party and may threaten her control of party affairs. The Prime Minister and her son campaigned hard in both states, and she almost certainly views her party's defeats as a personal repudiation. 

25X1

The Congress Party has been in increasing disarray in the south over the past year as dissidents--disgruntled over Gandhi's practice of running state governments controlled by her party--have either left the party or sabotaged it by voting for opposition candidates. The victory in Andhra Pradesh of film star Rama Rao's Telegu Desam Party, although largely the result of his great personal appeal, also reflects a revival of regional parties in India. 

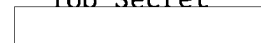
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Gandhi almost surely will not call early parliamentary elections. Many observers thought she might do so had she done well in Andhra Pradesh and Karnataka. A national election is not required until 1985. 


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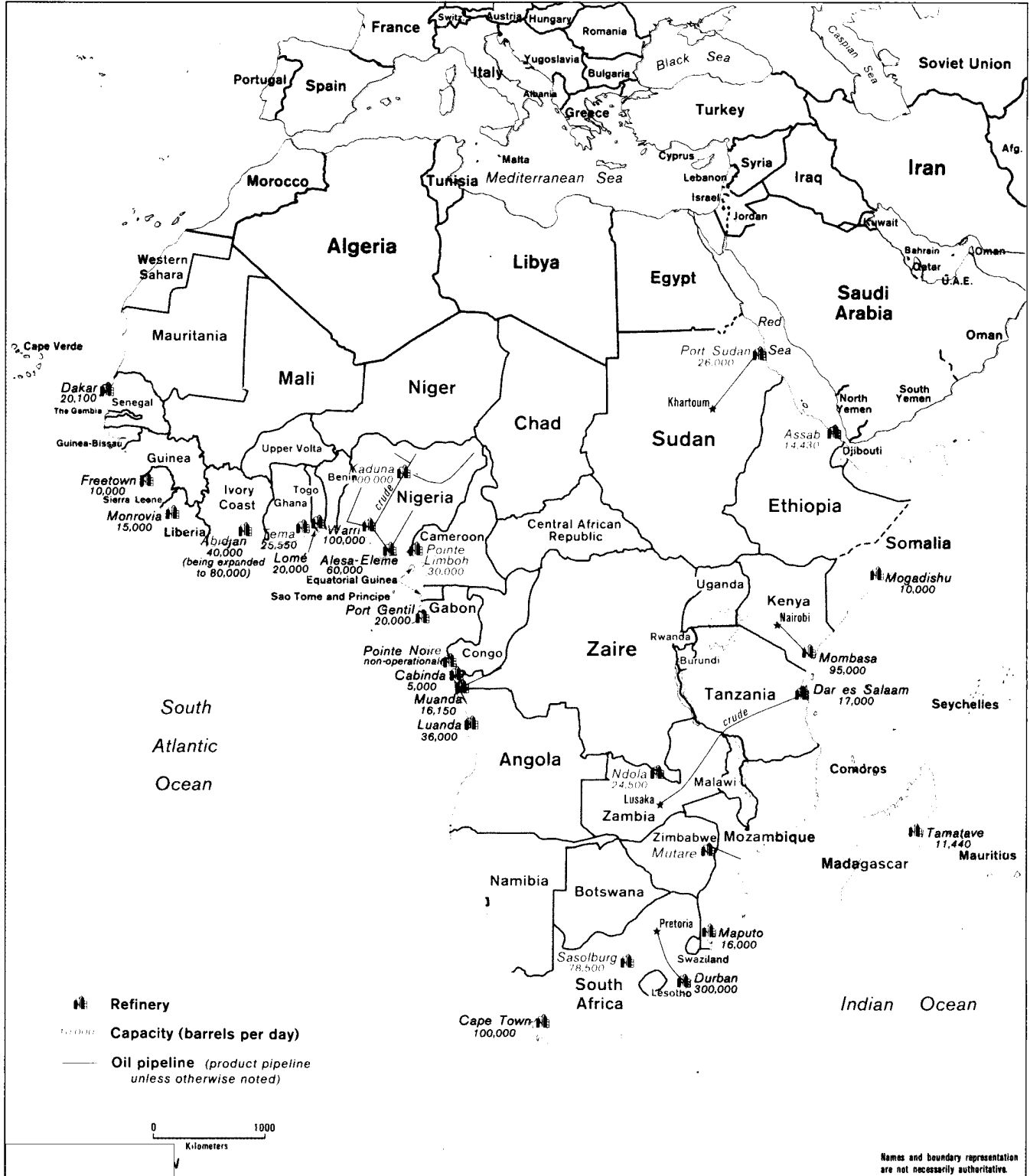
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7 January 1983

Sub-Saharan Africa: Oil Refineries and Pipelines



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AFRICA: Shortage of Oil

A number of African states are experiencing or are threatened with oil shortages that could further depress their economies this year, increasing the prospect of political instability. [redacted]

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Western banks, concerned about Liberia's inability to repay its debts, have refused to continue financing its oil purchases. Unless Monrovia can find new funding soon or imposes drastic rationing, severe oil shortages are likely, which could cause unrest. [redacted]

25X1

Tanzania defaulted on some payments for oil in 1982 and is also having difficulty securing new loans to finance oil imports. Zaire says it will be able to pay for only 70 percent of its oil needs in 1983. [redacted]

25X1

Recurring guerrilla attacks on Mozambican roads and railways have reduced landlocked Malawi's oil stocks. Periodic disruptions by the Mozambican insurgents of an oil pipeline to Zimbabwe and the sabotage last month of a major Mozambican oil depot have made Zimbabwe more dependent on oil brought in through South Africa. [redacted]

25X1

Several other states in eastern Africa are likely to be short of oil soon. Kenya has had to reduce purchases of crude, and its plans to cut back on reexports of refined products will aggravate existing shortages in Uganda, Burundi, and Rwanda. [redacted]

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Comment: The situation is providing opportunities for radical Middle Eastern states that have been seeking to expand their influence in Africa. Iran has offered to sell oil at attractive terms to several countries with large Muslim populations, and Algeria reportedly has begun to help southern African states pay for Algerian oil. Libya, which became Ghana's main source of oil last year, has been expanding its military ties with the Rawlings regime. [redacted]

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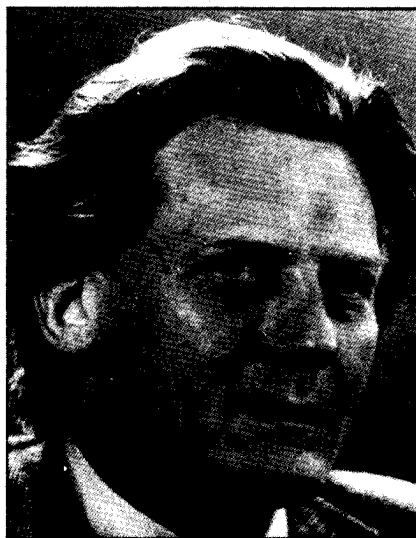
A number of African states will be asking the US for increased assistance this year. They presumably will also urge Washington to take the lead in spurring the global recovery they believe will bolster their faltering economies. Recovery would increase world demand for oil, however, causing international petroleum prices and the Africans' oil bills to rise, perhaps dramatically. [redacted]

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7 January 1983



Michael Heseltine
New British Defense Secretary

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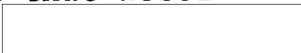


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UK: New Defense Secretary

Prime Minister Thatcher has named Michael Heseltine, one of the Conservative Party's rising stars and a potential party leader, to replace John Nott as Defense Secretary. 

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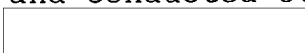
Comment: Heseltine is an accomplished speaker, and his selection reflects Thatcher's intention to prepare for a heated debate on defense policy in a possible election year. His talents will also prove useful in the forthcoming debate on the official findings on the Falkland Islands conflict, to be published later this month. Thatcher admires Heseltine's administrative abilities and probably expects him to keep a close watch on defense expenditures. The UK's military chiefs reportedly preferred other candidates whom they considered to be more willing to endorse increased defense spending, but they probably are not greatly concerned that Heseltine will alter existing defense policies. 

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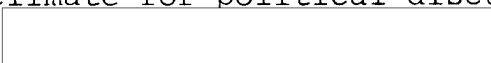
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IRELAND: Terrorist Organization Banned

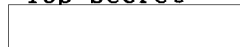
The new government under Prime Minister FitzGerald has outlawed the Irish National Liberation Army, a Marxist offshoot of the Irish Republican Army. INLA members are now subject to trial before a special antiterrorist court and sentencing to seven-year prison terms for membership in an illegal organization. The INLA, outlawed in the UK, was responsible for the bombing in Northern Ireland last month that killed 11 British soldiers and six civilians. It has also robbed banks and conducted other terrorist acts in the Republic. 

25X1

Comment: The Irish have maintained close security cooperation with the British, particularly in the border area between Northern Ireland and the Republic, and a recent ruling by the Irish Supreme Court may pave the way for extradition of terrorists to the North. FitzGerald, who is anxious for better relations with the UK and would like to arrange a meeting with Prime Minister Thatcher, probably hopes that banning the INLA will help improve the climate for political discussions about Northern Ireland. 

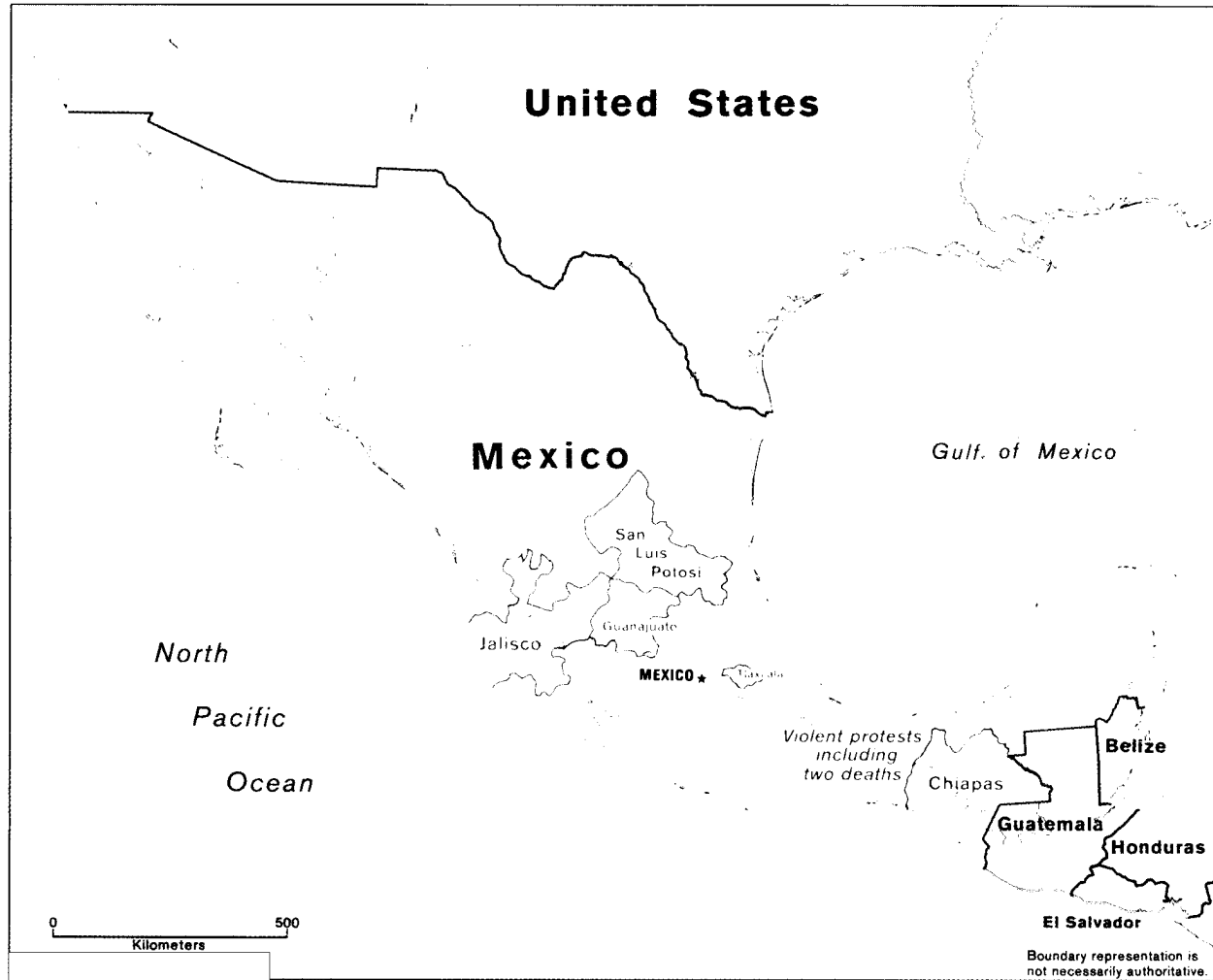
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Mexican States With Electoral Fraud Protests



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MEXICO: Widespread Protests

Opposition political parties, predominantly of the right, have occupied some 40 city halls in five states to protest alleged fraud in recent local elections. These moves may also be designed to test how far President de la Madrid is willing to go with his announced policies of local political reform. Protests in the state of Chiapas have been violent, with two deaths reported. According to Mexico City newspapers, 12 of the demonstrations have been resolved peacefully over the past several days--with new elections promised in some instances--but the other takeovers are continuing.

[redacted]
25X1

Comment: Incidents of this sort are not uncommon and also occurred after local elections last year, but normally they are not so widespread. The Mexican Government has not openly intervened thus far, but it is firmly in control and probably is working behind the scenes to prevent bloodshed. The administration's desire to avoid violence is underscored by the restraint of the federal police in dealing with a recent nonpolitical protest. De la Madrid will have to decide how far he will push political reform, which may pit him against local ruling party officials.

[redacted]
25X1

NICARAGUA-US: Protest Note

A Nicaraguan diplomatic note accuses the US of responsibility for a series of recent armed attacks, kidnappings, and overflights by exiles operating along the border with Honduras. The Nicaraguans complain that previous protests to Honduras have been ignored and say that they consider the US to be the source of these problems. The note calls on the US to accept unconditional talks, which it asserts the US has always rejected.

[redacted]
25X1

Comment: While the new incidents described in the protest probably are not as serious as those that took place in mid-December, they do reflect continued pressure by anti-Sandinista guerrillas. The Nicaraguans filed some 60 protests with Honduras last year about similar actions. By addressing the latest complaint directly to the US, the Nicaraguans probably hope to build their case against alleged US aggression as the Nonaligned Coordinating Bureau prepares to meet in Managua next week.

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7 January 1983

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ANGOLA: Possible Talks With Insurgents

Negotiations between the ruling Popular Movement and UNITA insurgents are to begin soon, according to a guerrilla spokesman. The rebels claim that recent military successes have forced the government to seek a rapid end to the insurgency. [redacted]

25X1

Comment: Although low-level talks are possible, there is no persuasive evidence that the national leadership is preparing for serious peace negotiations with UNITA. President dos Santos probably would like an accommodation with the insurgents and has been gradually strengthening his position in the faction-ridden regime, but Soviet- and Cuban-backed hardliners still appear strong enough to block a settlement. UNITA apparently has intensified its military operations in recent months, although it has not made major territorial gains. Greater UNITA military pressure and further consolidation of power by dos Santos would improve prospects for negotiations. [redacted]

25X1

EC: Steel Output Drops

The EC Commission estimates that Community steel production fell more than 20 percent in the second half of 1982, as compared with the first half. Output is estimated to have dipped 11 percent for the year as a whole and to total only 110 million tons, the lowest level in more than a decade. Most of the reduction was caused by declining consumption within EC countries. Although exports to the US dropped in the second half of 1982, exports to all non-EC countries generally remained constant throughout the year. [redacted]

25X1

Comment: Exports of steel to the US appear to have been affected more by declining US demand than by US limits on imports of EC steel. When US consumption rebounds, however, exports to the US may be constrained by the US-EC steel accord signed last October. Slumping EC production is intensifying pressure on EC governments to protect their steelmakers and halt industry layoffs. [redacted]

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7 January 1983

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Special Analysis

SOUTH AFRICA: Coloreds Support Participation

The Colored Labor Party's qualified endorsement this week of new constitutional structures proposed by Prime Minister Botha's government is likely to stir greater nonwhite political ferment. Although the resolution passed overwhelmingly at the party congress, as many as one-third of the delegates probably went along reluctantly. Several senior party members have already resigned in protest, and Gatsha Buthelezi, leader of the large Zulu tribe and one of the most prominent black South African leaders not banned or jailed, has condemned the decision. [REDACTED]

25X1

The plan calls for Coloreds, who compose 9 percent of the South African population, and Asians, who make up 3 percent, to participate with whites in a three-chamber parliament and a multiracial cabinet. Blacks--73 percent of the population--would be excluded and allowed political rights only in their official tribal "homelands." In accepting the government proposal, the party vowed to use it to negotiate for further reforms, including participation by blacks. [REDACTED]

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Including the Coloreds

The constitutional proposal is the latest in a series of political arrangements the government has devised to mollify Coloreds, who were stripped of their political rights in the late 1950s. The government's overall aim is to bring Coloreds and Asians into the white system as potential allies against blacks. [REDACTED]

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Under the proposal, Coloreds would have a voice in their local affairs and a highly circumscribed role at the national level. Although this increases the Coloreds' power, it does not respond to their fundamental demand that apartheid be dismantled. [REDACTED]

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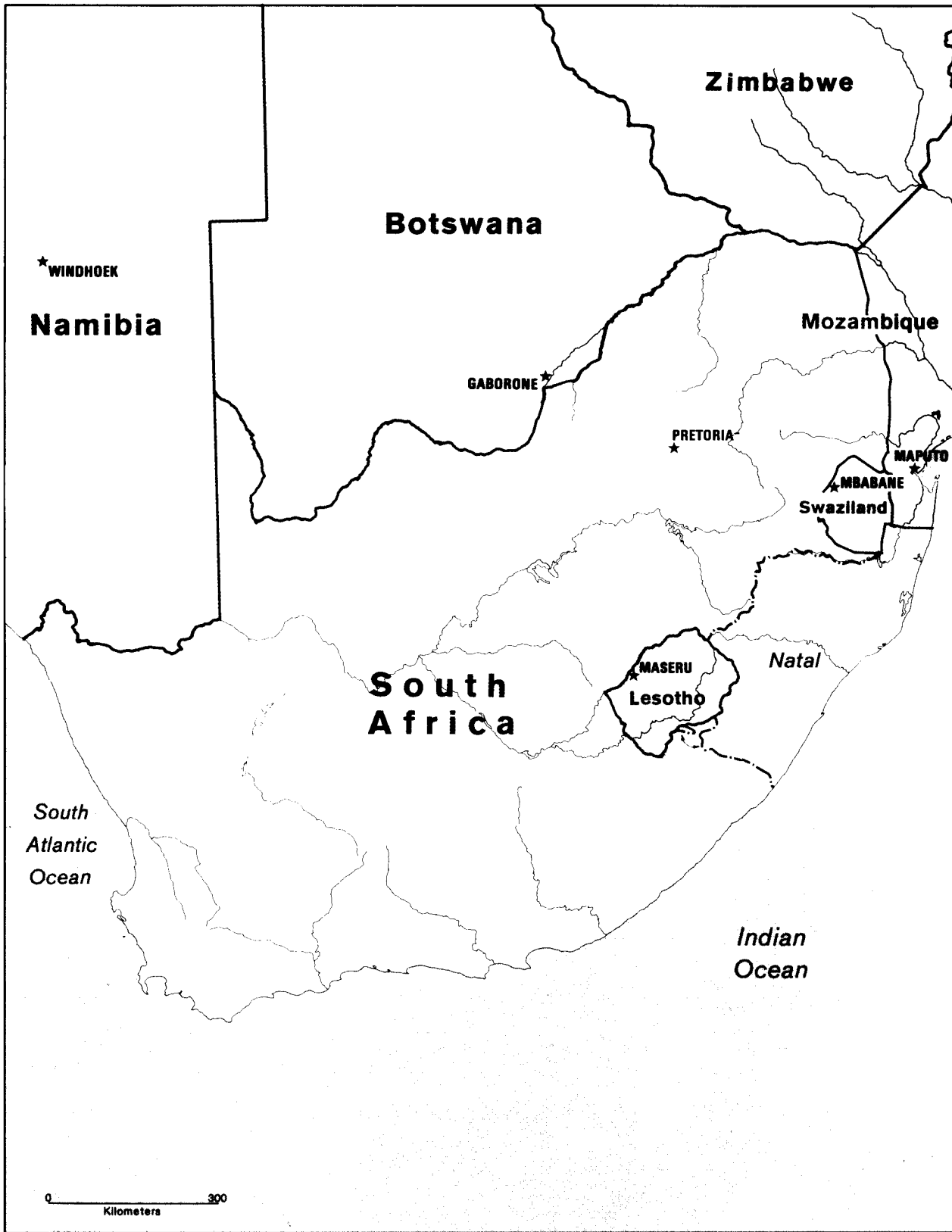
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7 January 1983

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The political strength of the Labor Party is uncertain. Its last test at the polls was in elections during the late 1970s for the now defunct Colored Representative Council. The party was the clear winner then, but only a small percentage of the Colored electorate voted. [redacted]

25X1

Much of the Colored community probably remains apathetic, and some have become more radical than the Labor Party's leadership. Colored youths especially have shown increasing interest in the banned African National Congress and other radical black groups. [redacted]

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The split within the party is likely to grow. Its Natal branch--particularly conscious of the heavy population of Zulus in the province--and many of the party's younger members may form a separate party rejecting participation. Other disaffected members are likely to join with more radical Coloreds to boycott elections. [redacted]

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Asian Reaction

Although the press reports that the leader of the Indian Reform Party--the major Asian party--opposes the new setup, the group may well give the proposals qualified support at its congress later this month. Like the Coloreds, the Indians are tempted by the benefits of a closer relationship with the white power structure. [redacted]

25X1

The Indians nevertheless are likely to be even more divided than the Coloreds. The Reform Party's claim that it represents opinion in its community is even more dubious than that of the Colored Labor Party. Fear of Zulu anger is especially compelling among Indians, who are concentrated largely in Natal. [redacted]

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Prospects

Prime Minister Botha, who split his National Party by going ahead with the constitutional reform, is the main beneficiary of the Labor Party's decision. A rejection by that group would have left him without a significant group to work with in the Colored community and would have subjected him to even more severe attacks from the Conservative Party, the breakaway Afrikaner group that rejects even limited political association with nonwhites. [redacted]

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Although Botha can expect at least some Coloreds to work in his new system, they will not ensure even a facade of smooth operation. Unless the government offers further concessions, those who participate will be under considerable pressure from their constituencies to disrupt the system. [redacted]

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The establishment of the new constitutional arrangements probably will require several years. During this time, more polarization is likely within the Colored and Asian communities. Past patterns of political intimidation could again emerge between those wishing to take part in the system and those opposed. [redacted]

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The avowed purpose of trying to open the system to an increased role for blacks may not save the Coloreds and Asians from further alienating blacks who have long been suspicious of these minorities. A violent reaction by blacks is not likely soon, but relations between blacks and other nonwhites inevitably will be damaged, and some clashes could occur. More significantly, the successful inclusion of even some Coloreds and Asians in the new system is likely to increase the political frustration of blacks as they see the South African Government "reform" itself without a nod to their political rights. [redacted]

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7 January 1983

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