



**Director of
Central
Intelligence**

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3 August 1983*

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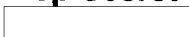
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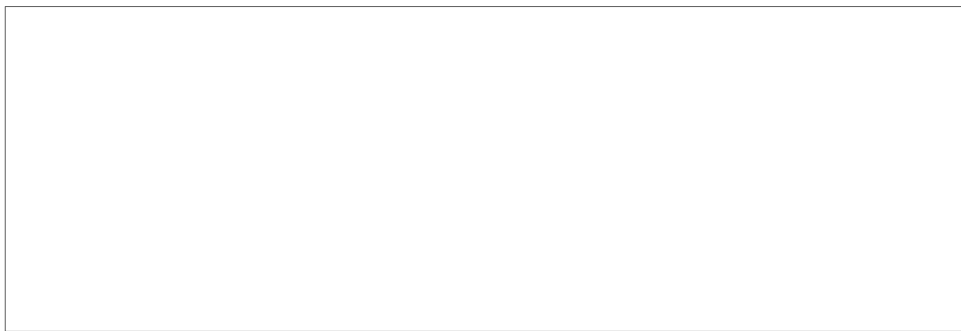


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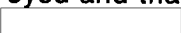
LIBYA-CHAD: Pressure on Faya-Largeau

Government forces still hold Faya-Largeau, as the Libyans and the dissidents prepare for a counterattack. 


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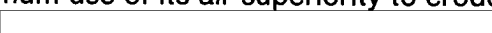
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Government spokesmen in N'Djamena have denied a report by the Libyan news agency that President Habre had been killed. The Foreign Minister claims the bombings are increasingly accurate and has again appealed for outside assistance. He says that Faya-Largeau has been partially destroyed and that there have been both civilian and military casualties. 

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Comment: The report of Habre's death probably was designed to create dissension and confusion in the government's ranks. There is no obvious successor to Habre, and his regime would be likely to disintegrate rapidly in the event of his death. 


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Libya is making maximum use of its air superiority to erode the morale of Habre's forces. 

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The French apparently believe that, once all US and French antiaircraft weapons arrive, Libyan aircraft alone will not be enough to turn the tide of battle. If Habre's forces are routed, the French almost certainly will reassess the limits they have so far observed. 

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EL SALVADOR: New Government Offensive

The Army has begun another operation in Chalatenango Department and continues to put pressure on the guerrillas in San Vicente, Usulután, and Morazán. [Redacted]

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The US defense attache reports that government troops plan to sweep parallel to the Honduran border through northeastern Chalatenango. They have arranged for Honduran forces to screen the operation and to ambush fleeing guerrillas. Reports from the attache also indicate that several government battalions are operating near the Littoral Highway in San Vicente and Usulután Departments and that other Army units are moving against insurgent positions in northeastern Morazán. [Redacted]

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[Redacted]

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Comment: The government operations appear aimed at continuing the disruption of guerrilla base camps and supply lines. Last month the Army completed a sweep into northern Chalatenango, which has long been a guerrilla stronghold. [Redacted]

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Another large-scale operation in the region may catch the insurgents off balance. As in the past, however, most are likely to flee the area beforehand. [Redacted]

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Although the guerrillas generally have been on the defensive for the last two months, there are reports that they continue to receive supplies from Nicaragua and that they are planning a major offensive for later this month. They hope to regain the tactical initiative and strengthen their negotiating position. Army morale and confidence remain high, however, and it may prove difficult for the insurgents to achieve more than limited successes. [Redacted]

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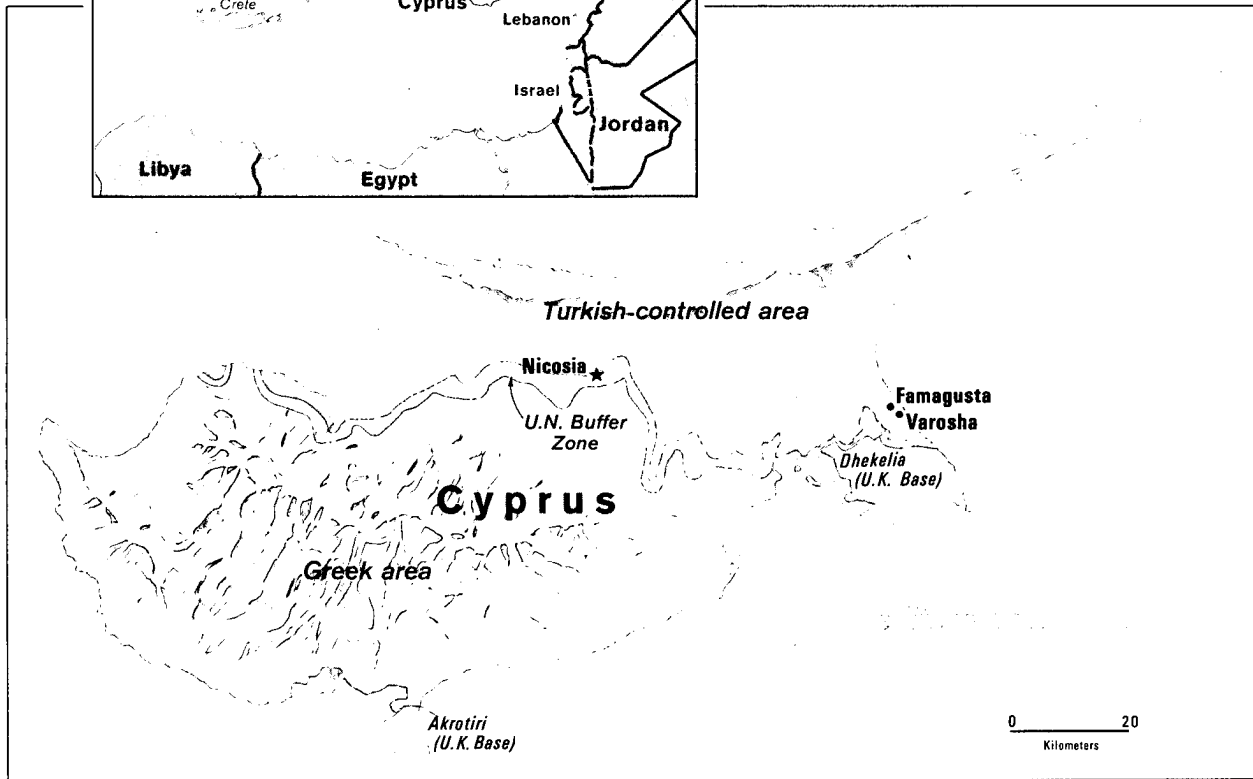
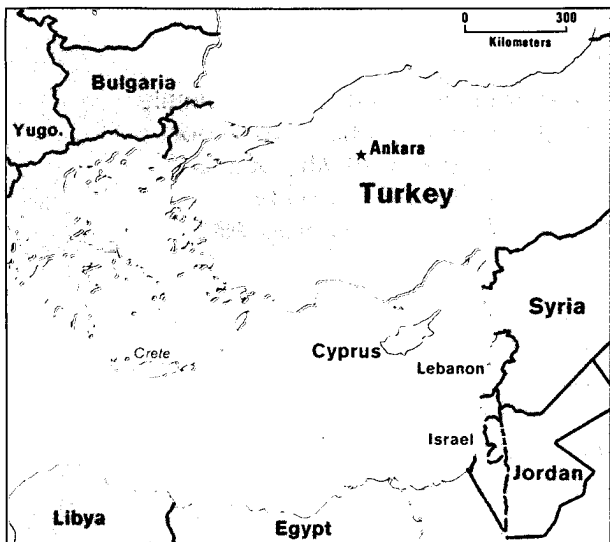
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TURKEY-CYPRUS: Provocative Turkish Move

The settlement of Turkish troops in a portion of the deserted Cypriot town of Varosha could scuttle UN efforts to revive talks between the Greek and Turkish Cypriots and aggravate tensions on the island. [Redacted]

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The acting commander of the UN peacekeeping force on Cyprus yesterday verified that the families of several Turkish military officers had moved into 12 vacant houses in the Varosha section of Famagusta. The Greek Cypriots have complained to UN and US officials about the move and claim that 135 Turkish Cypriot families will soon receive houses by lottery. [Redacted]

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[Redacted]

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[Redacted] The Greek Cypriots consider the area, once a thriving resort town, a key element in any settlement. It has always been tacitly understood by both sides that Varosha would one day be returned to Greek Cypriot control. [Redacted]

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Comment: Turkey's decision to move a few military families into Varosha may be an attempt to gain negotiating leverage and register displeasure over recent Greek Cypriot activity at the UN and in other international forums. The decision, however, could presage an important shift in Turkish policy toward Cyprus. Ankara may have concluded, for example, that UN-sponsored talks no longer hold promise, and, with the initial move in a borderline area, could be gauging possible reactions to further resettlement. [Redacted]

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Whatever the case, any additional action almost certainly would kill UN efforts to bring the two Cypriot communities back to the negotiating table. It also would seriously strain relations between Greece and Turkey and leave Ankara open to Western criticism. [Redacted]

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To the Greek Cypriots, a significant resettlement would be almost as serious as a Turkish Cypriot declaration of independence. They would appeal to the UN Security Council. They also might take retaliatory measures, including a cutoff of electricity and water supplies to the north. [Redacted]

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SWEDEN: Proposal for Nordic Nuclear-Free Zone

Sweden may be considering offering a proposal for a Nordic nuclear-weapons-free zone that would exempt Soviet territories.

[Redacted]

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Sources in the Foreign Ministry have been quoted in the press as saying that a new classified study proposes a nuclear-weapons-free zone encompassing the land mass, territorial waters, and airspace of the Nordic countries, and possibly Iceland, the Faroes, Greenland, and Jan Mayen Island. The study, however, would exclude international waters in the Baltic and the territorial waters of all non-Nordic states, including the USSR. [Redacted]

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In addition, the proposal allegedly would require the US to forgo basing nuclear weapons in Denmark and Norway. The USSR would have to guarantee Finland nuclear-free status and agree not to station nuclear weapons on Finnish soil under the Fenno-Soviet Treaty of 1948. [Redacted]

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The study, which was leaked in late July, has prompted responses ranging from cautious Finnish support to Norwegian concern about the possible negative effects on the arms control negotiations in Geneva. The Danish Foreign Minister said that, while his government would discuss any "realistic" proposals, this latest Swedish effort was naive and a waste of time. [Redacted]

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Comment: Prime Minister Palme suggested in June that it is time to begin negotiations on a Nordic nuclear-weapons-free zone, and Sweden probably will present the study at the meeting of the Nordic Foreign Ministers in Stockholm on 4 September. The Nordic members of NATO, however, almost certainly will reject it. They are likely to emphasize that the study fails to call for restrictions on Soviet nuclear weapons in either the Baltic or on the Kola Peninsula and would preclude them from receiving nuclear weapons in wartime.

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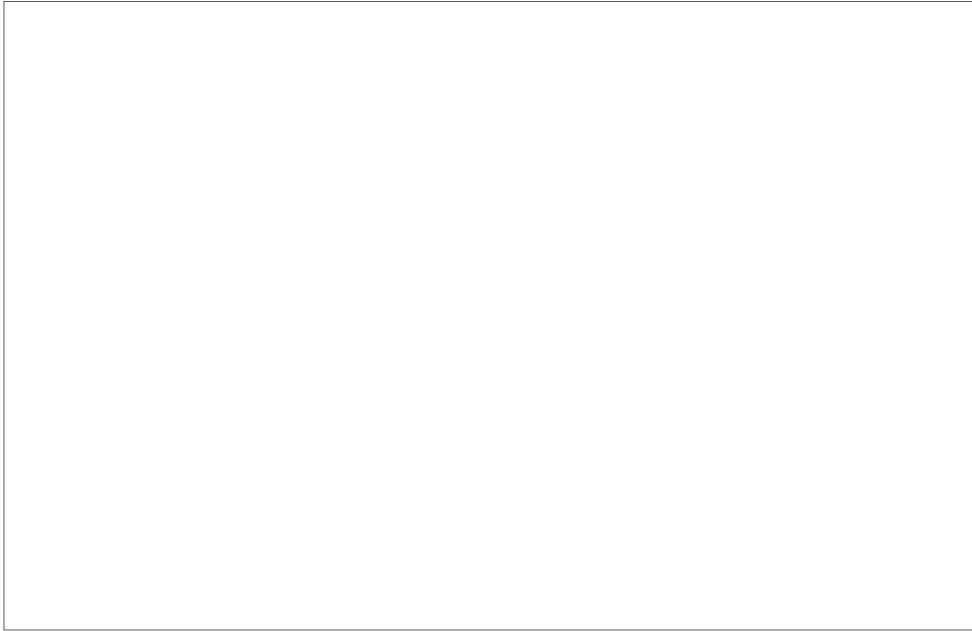
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SRI LANKA-UK-US: Request for Refugee Relocation

President Jayewardene's government has approached the UK and the US among others for help in moving Tamil refugees from camps in the Colombo area to northern regions where Tamils predominate. [Redacted]

[Redacted]

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[Redacted] Colombo has remained quiet since the lifting of the islandwide curfew on Monday, but anti-Tamil and anti-Indian feelings continue to run high among the Sinhalese majority. [Redacted]

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Comment: Although Jayewardene may be concerned about the safety of Indian relief personnel, his approach to the US and the UK reflects his determination to avoid any involvement by New Delhi in the current troubles. India has reiterated its stand that Sri Lanka's problems are strictly an internal issue. It will expect at a minimum to be consulted if Western nations propose to participate in a refugee airlift, especially one involving use of military aircraft. [Redacted]

[Redacted]

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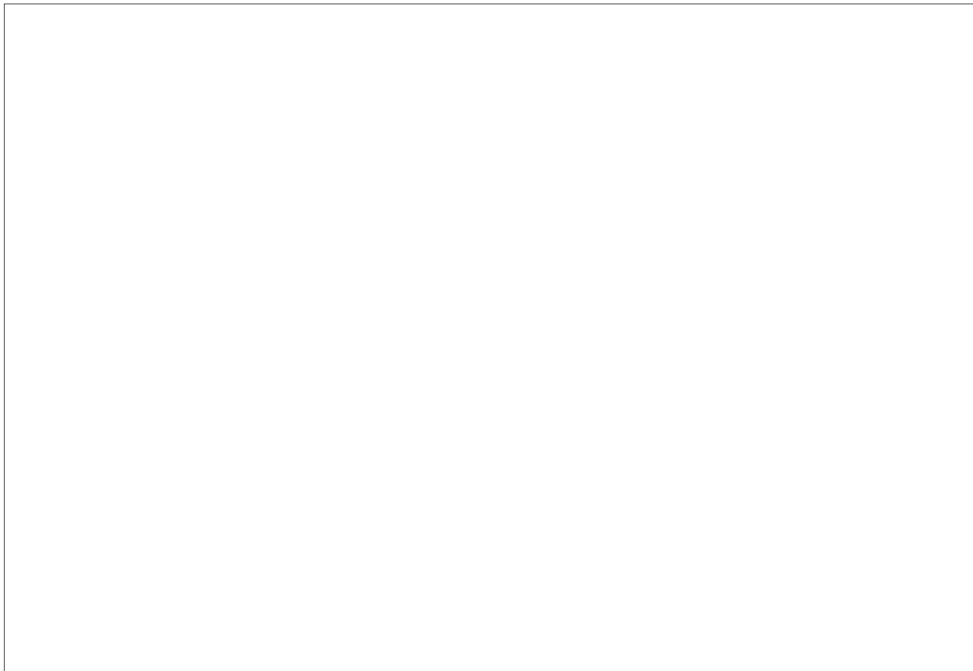
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HONDURAS: President Incapacitated

Press reports state President Suazo, 56, suffered a heart attack on Sunday. This reportedly is Suazo's second heart attack in the last eight months. If he is unable to remain in office, the constitution provides for one of the three vice presidents to become acting president until Congress appoints a successor. [Redacted]

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Comment: Despite Suazo's serious condition, he appears to have a good chance of survival and could resume his duties within two months. Military leaders will be watching the situation closely, but they are unlikely to interfere in the constitutional procedures regarding presidential succession. [Redacted]

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[REDACTED]

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USSR-EGYPT: Moscow's Irritation With Cairo

An article in *Izvestiya* and a Moscow radiobroadcast in Arabic last week contained the USSR's strongest criticism of Egypt's foreign policy in about a year. The media criticized recent statements by the Egyptian Foreign and Defense Ministers, as well as Cairo's support for US policies in the Middle East. Egyptian Foreign Minister Ali last week stated in an interview that no definite schedule had been worked out for an exchange of ambassadors with the USSR. He specified that a prerequisite for the move would be the termination of the USSR's involvement with an "antiestablishment movement" in Egypt. [REDACTED]

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Comment: Moscow probably is irritated that the renewal of a limited military supply relationship with Cairo and the signing of several bilateral economic and cultural accords this year have not resulted in the resumption of full diplomatic relations. Ali's reference to noninterference in Egyptian affairs is the first public allusion to this condition in several months. Egypt is being cautious about broadening its military and diplomatic ties with the USSR, primarily because Cairo wants to avoid offending the US. [REDACTED]

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USSR-VIETNAM: Andropov's Meeting With Le Duan

General Secretary Andropov last week had his first extended meeting with Vietnamese General Secretary Le Duan, who had been vacationing in the USSR since early July. TASS reported the talk was held in an atmosphere of "full mutual understanding" and focused in part on steps to "further improve" economic cooperation. [REDACTED]

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Comment: The reference to improved economic cooperation suggests Andropov will not relax pressure on Vietnam to continue to better its economic performance. Le Duan may have sought renewed assurances that any improvement in Sino-Soviet relations will not be at Hanoi's expense. The Vietnamese almost certainly are not pleased by Moscow's continuing failure to echo all their propaganda complaints about the Chinese. [REDACTED]

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[REDACTED]

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[Redacted]

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CHINA: Construction of First Nuclear Power Plant

[Redacted] China has begun construction of its first nuclear power plant, an indigenously designed 300-megawatt station located 100 kilometers southwest of Shanghai. A recent article in a Chinese technical journal indicates the design of the plant borrows heavily from early US models. [Redacted]

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Comment: Current plans call for domestic production of the plant's major components and for completion of the project in 1988. To meet their deadline, however, the Chinese will require some Western assistance. Although the reactor probably will perform well, it will not represent the latest technology. [Redacted]

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PHILIPPINES: Aquino's Return Delayed

Opposition leader Benigno Aquino has told US officials that he will be unable to leave the US and return to Manila this week as planned because President Marcos has refused him travel documents. [Redacted]

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Aquino still hopes Marcos will permit his return before President Reagan visits Manila in November. [Redacted]

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Comment: [Redacted]

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[Redacted] Marcos is unlikely to allow Aquino to return before the visit because it could galvanize the moderate political opposition. Arresting Aquino also could strain bilateral relations over human rights and raise doubts about Marcos's commitment to liberalize domestic politics before National Assembly elections in 1984. [Redacted]

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Special Analysis

MEXICO: Military Capabilities and Internal Security

The 120,000-man Mexican military is preparing for possible public protests as a result of grim economic conditions and coming local elections. Political demonstrations so far have been easily contained, and the armed forces are ready to handle scattered incidents whenever local police forces fail to maintain order. If unrest were to become widespread, however, the military would find it difficult to regain control. As the economy improves over the longer term, defense leaders probably will push to resume the force modernization program cut short by the financial crisis. [Redacted]

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The military's modernization efforts over the past decade only slightly improved its security capabilities. The armed forces currently are facing the tactical and logistic problems of integrating some new ideas and equipment into a substantially outmoded system. [Redacted]

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New helicopters, transport aircraft, communications gear, and trucks for the infantry are still in short supply. Operational use of new equipment is limited because it was purchased in small amounts from many different countries and without spare parts, ammunition, and other support items. On the other hand, construction of new garrisons, expansion of training facilities, reintroduction of field exercises, and more educational opportunities have strengthened troop performance. [Redacted]

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Handling Domestic Unrest

The armed forces' reputation for strong action and their ability to allocate limited resources to troublespots probably will permit troops to handle scattered incidents of urban violence, economic sabotage, or rural insurgency. The military is not prepared, however, to contend with simultaneous threats in a number of areas. [Redacted]

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The municipal police—who would face unrest first—are understaffed, poorly trained, and distrusted by the general population. They have to rely on help from the Army to handle any sizable disorder. [Redacted]

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Military units have had some unconventional warfare training, but lack of combat experience and a weak logistic system would limit operations in difficult terrain. Although key economic installations are guarded by troops, these facilities lack adequate technical security systems. [Redacted]

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Financial Constraints

Despite current budget problems, President de la Madrid is unlikely to allow troop readiness or morale to deteriorate seriously. Pressures to maintain the purchasing power of military pay and adequate levels of fuel and ammunition for training probably will lead to substantial, unpublicized budget increases this year. [Redacted]

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Over the longer term, the military will be anxious to get modernization back on track. Military-industrial ventures may win approval as the economy recovers, but the armed forces will have to wait longer for acquisitions of heavy equipment. [Redacted]

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Relations With the US

Mexico's traditional suspicions about US intentions and the severity of the economic crisis are likely to keep bilateral military relations limited to protocol visits. Most equipment will continue to be purchased under commercial arrangements with US manufacturers. If the internal security situation were suddenly to threaten to get out of hand, however, Mexico City might be willing to accept some credit arrangement with Washington. [Redacted]

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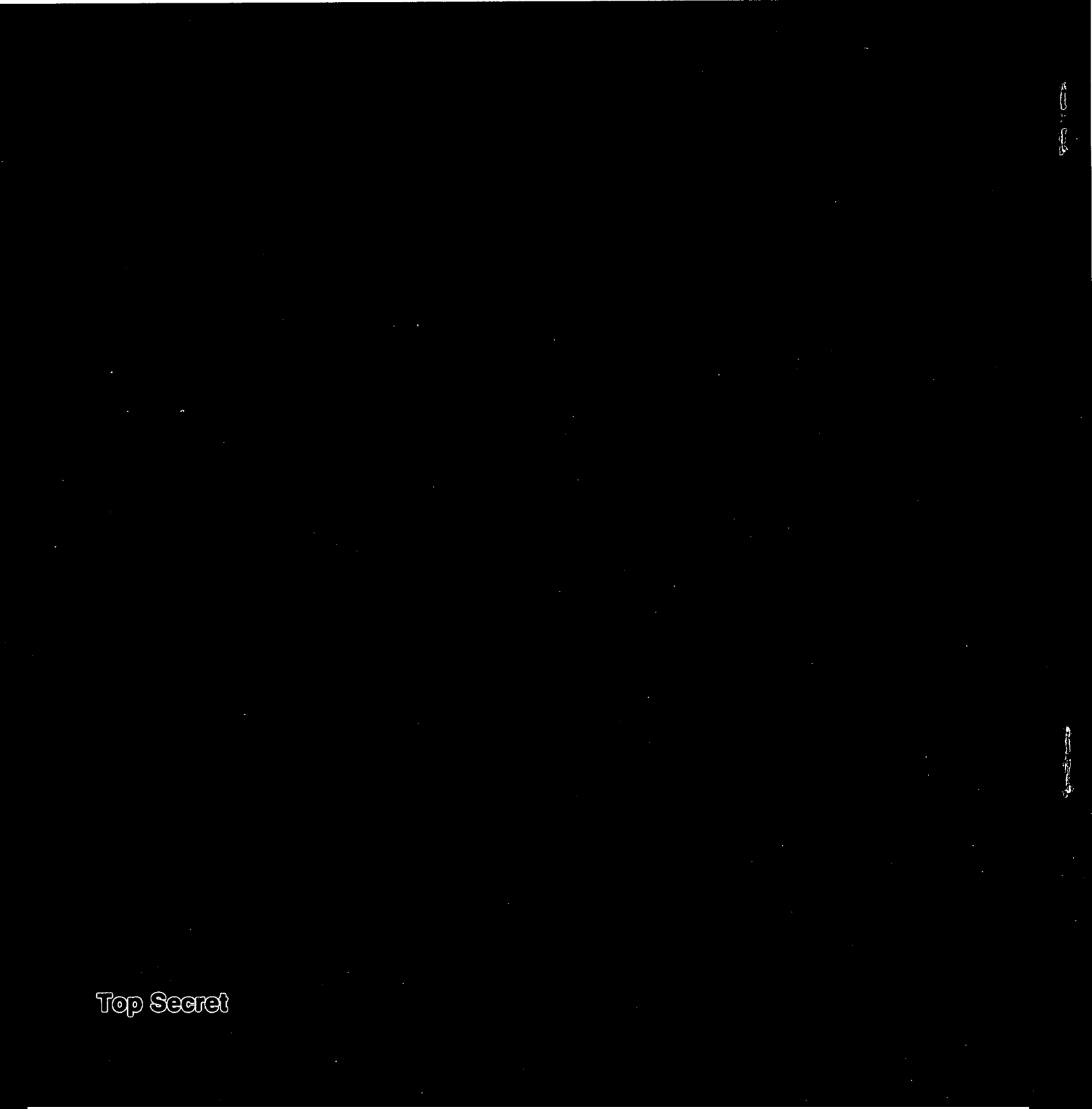
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