



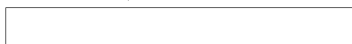
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National Intelligence Daily

Monday
5 December 1983

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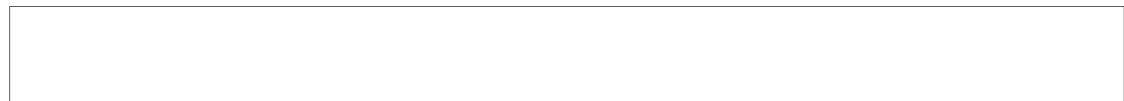
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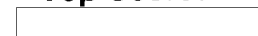
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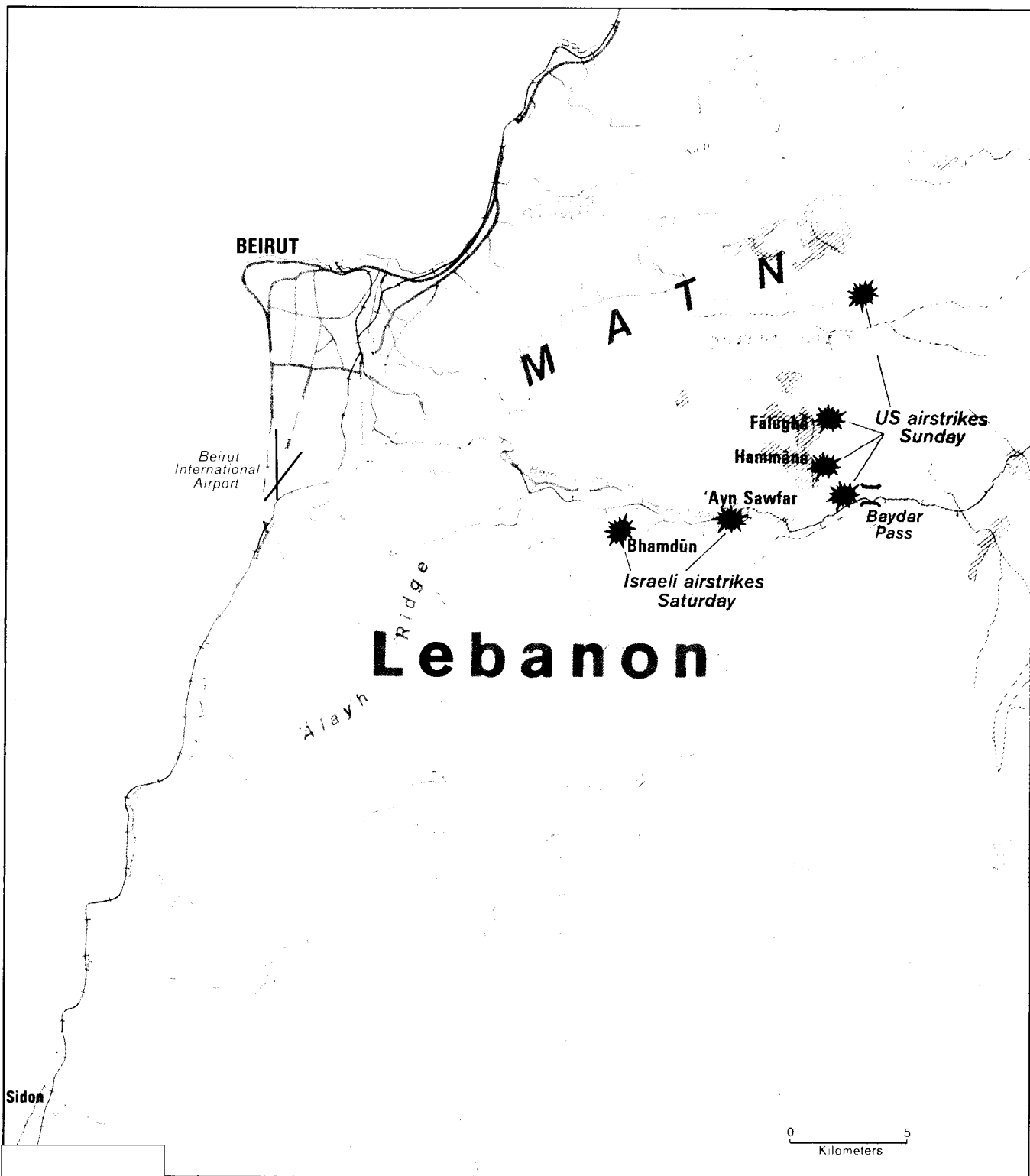
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SYRIA-LEBANON: Aftermath of US Airstrikes

US retaliatory airstrikes yesterday against Syrian positions in Lebanon and US naval gunfire against Druze militiamen are unlikely to deter Syria and its Lebanese allies from attacking US reconnaissance aircraft and Marine positions. 

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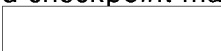
The US airstrikes hit Syrian Army units north of the Baydar Pass.



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Following the airstrikes, the US Marine contingent at Beirut airport came under heavy fire. 

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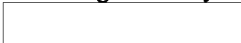
 All the Marine casualties were the result of a direct hit on a forward checkpoint manned jointly by Marines and Lebanese Army soldiers. 

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Moscow's first public response, in a radiobroadcast yesterday, cited Arab condemnation of the US action and noted that US raids on Lebanese territory controlled by Syrian units of the Arab peacekeeping force and Israeli actions in Lebanon were bringing tensions to "a new and dangerous peak." 

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Comment: Damascus is likely to try to gain maximum political benefit from the airstrikes and the Syrian shutdown and capture of the Americans. Syrian Foreign Minister Khaddam this weekend pointed to the sequence of Israeli and US airstrikes as evidence of joint US-Israeli efforts to attack Syrian interests and sovereignty. Damascus probably believes US military actions against Syrian forces will win it support among Arab moderates. 

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The damage inflicted by the airstrikes probably will not cause the Syrians to alter their present policies. They are likely to continue to fire on US reconnaissance aircraft and to encourage their Lebanese allies to fire on Marine positions, hoping to provoke additional US actions. Syria, however, is not expected to increase its own military involvement in Lebanon. 

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In part, the Druze bombardment of Marine positions at the airport yesterday probably was encouraged by Syria as retaliation for the airstrikes. Druze militiamen, however, are also motivated by

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[Redacted]

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increasing concern over the Marine presence. In particular, many Druze believe the Marines are planning to assist the Lebanese Army in launching a new offensive against Druze positions along the Alayh ridgeline. [Redacted]

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President Gemayel probably views the airstrikes as encouraging proof of US intentions to exert military pressure on Syria to withdraw from Lebanon. The strikes will harden the positions of his Druze and Muslim opponents, however, and prospects for reconciliation may be dimmed. [Redacted]

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Moscow continues to avoid both specific warnings to the US and signals to Damascus that would lead it to believe the USSR supports Syrian military confrontation with the US in Lebanon. [Redacted]

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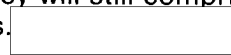
WARSAW PACT: Tank Modernization Program

The Warsaw Pact has begun an expensive program to modernize older tanks and extend their combat service life through the remainder of the century, as new tank models slowly enter the inventory.



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Comment: Despite production of newer tanks such as the T-80 and T-72, Warsaw Pact countries probably will not replace their more than 40,000 older tanks at current rates until well into the next century. Tanks of the 1950s and 1960s are becoming increasingly obsolete as modern tanks enter service, and they will still comprise over half the Pact's inventory in the early 1990s.



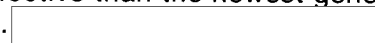
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It is uncertain how many tanks will be improved. The Soviets could modernize as many as 20,000 of their older tanks, and in the six East European countries there are 12,000 T-54 and T-55 tanks that could be modified. In the Warsaw Pact units outside the USSR, however, the pace of the program could be severely restricted by stagnating economies and differences in resources and capabilities.



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The modernized tanks probably will be fielded with units opposite China or with units in the southwestern and southern USSR. They also will make up a large percentage of East European tanks for the foreseeable future. Even with their improved armor and fire-control systems, they will be much less effective than the newest generation of tanks deployed opposite NATO.



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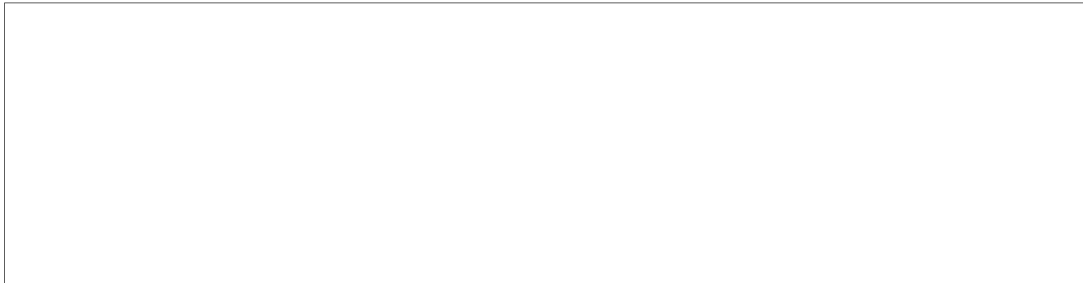
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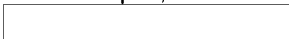
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WEST GERMANY: The Free Democrats and INF

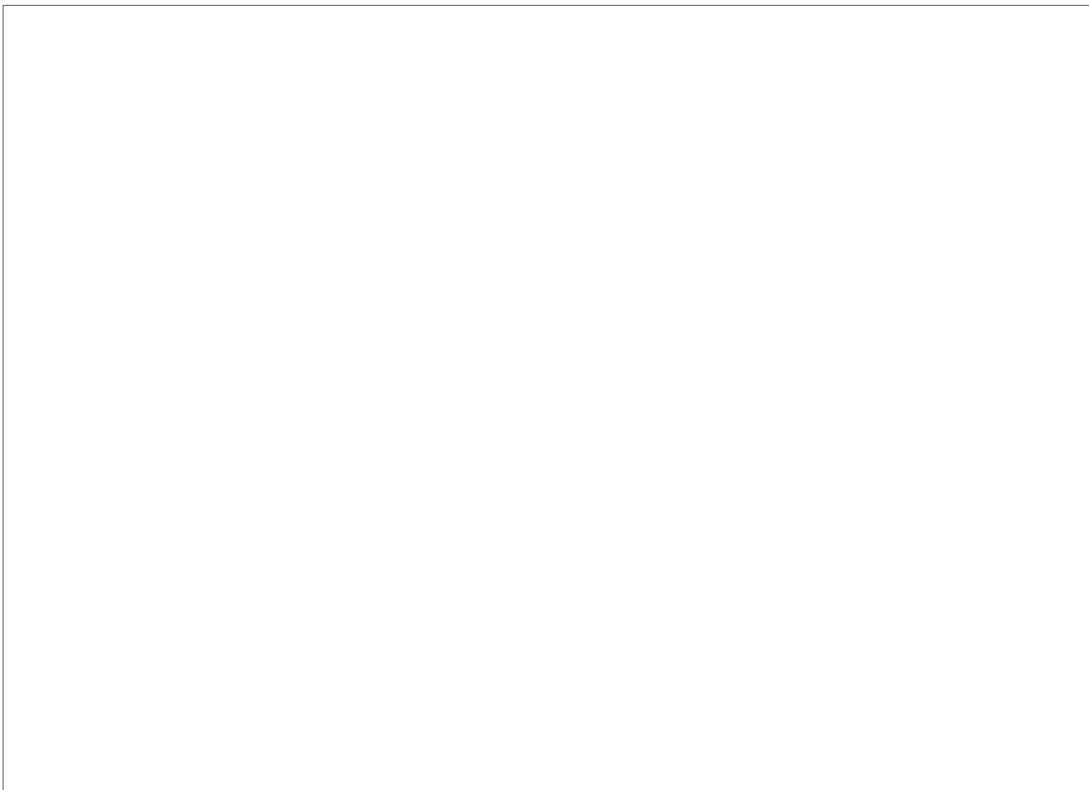


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Comment: The Free Democrats are likely to continue to try to build an independent record in foreign policy by promoting arms agreements. Much of the effort will be focused on the public's concern about the Pershing IIs. The missile remains a particular problem for West German politicians, because of the popular perception of it as a first-strike weapon and a threat to the USSR emanating exclusively from West German soil. The security resolution adopted by the Free Democrats at their party congress last week, for example, endorsed the idea of a limit on the range of Pershing IIs.

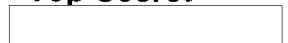


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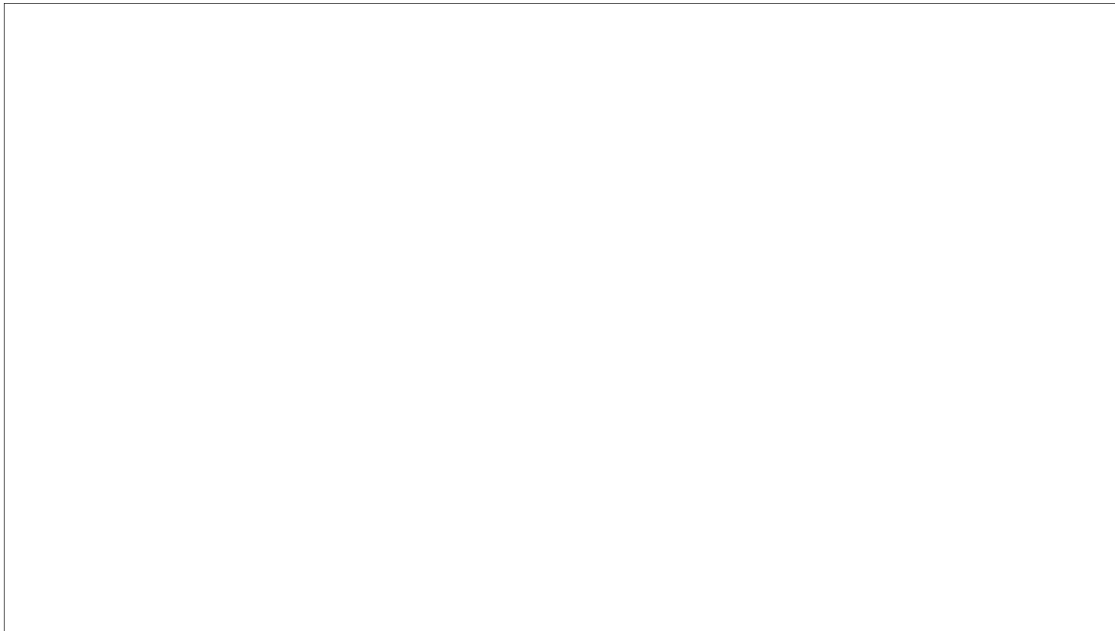
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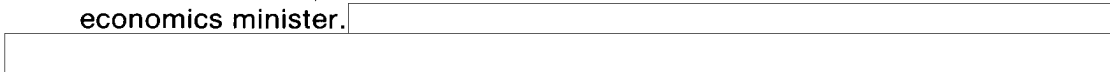
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WEST GERMANY: Pressure Mounts on Economics Minister

Economics Minister Lambsdorff, who probably will be formally charged with bribery this week, is under increasing pressure from the public and opposition to resign. According to one press report attributed to sources close to Chancellor Kohl, the Chancellor and Lambsdorff have agreed that he will resign once a trial is formally instituted. Kohl also met last week with Christian Social Union chairman Strauss, who has made it clear that he would like to become economics minister.



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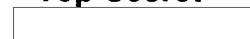
Comment: Kohl and Foreign Minister Genscher would like to avoid Lambsdorff's early resignation, but his continuation in office is damaging the government's image. Kohl and Genscher could decide to expand Finance Minister Stoltenberg's responsibilities temporarily to include the economics portfolio, since there is no obvious Free Democrat available to replace Lambsdorff. This would both keep the position available in case Lambsdorff is found innocent and keep Strauss out of the cabinet.



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BOLIVIA: Government Crisis Closer

The US Embassy reports that information linking radical members of President Siles's party to a group of seven captured guerrillas and to recent terrorist activities, including the bombing of Congress, is causing serious strains within the government. Moderate cabinet members, including the Defense and Interior Ministers, privately have indicated that they may resign if the matter is not settled. Siles has denied to the US Ambassador that terrorist activities have received official encouragement.

[Redacted]

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Comment: Resignation of the moderates would further isolate the government and enable coup plotters in the military to expand their political backing. Siles is nearing the point where he must purge his government of radicals, who have been a major source of difficulties since he took office, or almost certainly face a coup.

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CHAD: Jockeying Prior to Talks

According to a senior Sudanese official, Sudanese President Nimeiri's special envoy met with Chadian President Habre and dissident leader Goukouni last month to propose that they meet and set an agenda before the OAU-sponsored Chad conference opens on 21 December in Addis Ababa. The US Embassy in N'Djamena reports that the Libyan-backed dissidents were receptive to the proposal, but Habre declined on the grounds that there was not enough time. Middle-level dissident leaders in Paris have agreed to a French suggestion that they meet there with Chadian Government officials in preparation for the OAU meeting, according to the US Embassy in Paris.

[Redacted]

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Comment: Preconference pressures are building on Habre and Goukouni, and complications could arise to delay or prevent the OAU meeting. Habre may suspect that the dissidents would try to manipulate talks to their own advantage before the OAU conference. Libya's continuing effort to influence the meeting also demonstrates the fragile nature of OAU-sponsored diplomatic initiatives.

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NORTH KOREA-SOUTH KOREA: Infiltration Incident

South Korean forces intercepted an armed three-man North Korean infiltration team in the southern part of the country on Saturday. Authorities in Seoul reported that two of the agents were wounded and captured, and South Korean naval units sank an infiltration boat offshore. The incident is receiving extensive coverage in the South Korean media. [Redacted]

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Comment: This is the first known North Korean infiltration attempt since the bombing in Rangoon on 8 October, although such operations aimed at intelligence gathering have been fairly frequent over the years. Seoul will try to use this incident as part of its international campaign to isolate and discredit North Korea. [Redacted]

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Special Analysis

ANGOLA-USSR-SOUTH AFRICA: Growing Conflict

The expanding UNITA insurgency has prompted Moscow and Havana to increase significantly their support for the besieged Angolan regime. Moscow's growing commitment primarily reflects its determination to protect its key asset in southern Africa, a resolve that may have been increased by recent Soviet setbacks in Grenada and Western Europe. Pretoria, meanwhile, probably is satisfied with the situation in Angola, especially because the insurgent successes have eased pressure for a settlement in Namibia. Moreover, the South Africans appear confident that more Soviet and Cuban assistance will not defeat the insurgents.



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Moscow's growing concern over Angola is evident in remarks by Soviet officials to foreign diplomats, media commentary, and high-level visits between Luanda, Havana, and Moscow. The most obvious sign, however, has been the major increase in the quality and quantity of arms delivered to Angola over the past several months.



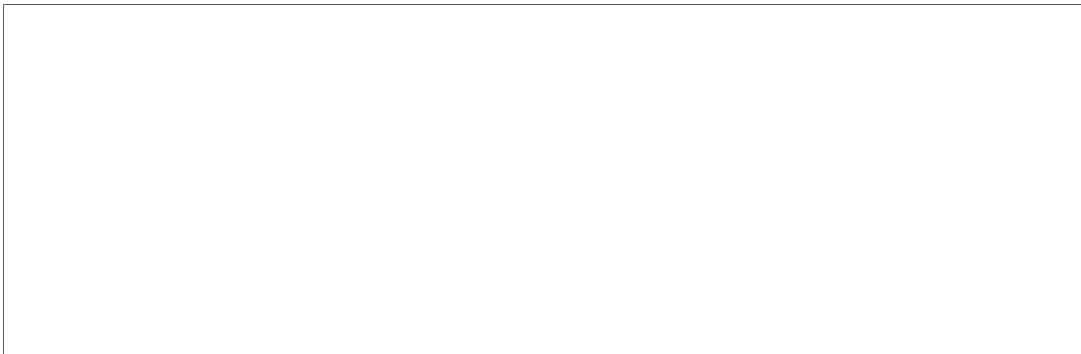
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TASS noted on 4 November that the "USSR and other countries of the socialist community will not leave the Angolan people in the time of trouble and will continue to support them in every way." A senior South African official recently told the US Embassy that the Soviets had warned Pretoria that they would do whatever was necessary to save the Angolan regime.



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The Soviet Response



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The growing threat to Moscow's client regime in Luanda is the immediate cause for the Soviet response. Moscow may also see a forceful response in Angola as demonstrating its resolve to counter a resurgent US challenge.



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Commentary in *Pravda* has claimed that Washington bears the main responsibility for the turmoil in Angola. In this context Angola is especially significant as a symbol of Moscow's expanded global influence. [Redacted]

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Luanda Fights On

Recent military successes by UNITA insurgents and the increased Soviet and Cuban commitment seem to have hardened political views in Luanda. President dos Santos until recently had seemed willing to swap a Cuban troop withdrawal for independence in Namibia. He is now insisting publicly that South African support to UNITA must end as well. [Redacted]

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Various diplomatic reports from Luanda suggest that ideological and ethnic factionalism continue in the ruling Popular Movement for the Liberation of Angola. The government, however, seems united in its resolve to fight UNITA. [Redacted]

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A Confident Pretoria

Several senior South African officials, including the Prime Minister, have said that UNITA will win the Angolan civil war, despite increased Soviet and Cuban assistance. A recent South African military intelligence estimate concluded that UNITA is now the dominant armed force in Angola and that more Soviet and Cuban involvement would only turn Angola into the Soviets' "Vietnam in Africa." Pretoria probably further calculates that the inability of Luanda to part with Cuban troops has eased pressure on South Africa to agree to a Namibian settlement. [Redacted]

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The South Africans have recently reinforced their air and ground units in northern Namibia and southern Angola. Pretoria, however, probably will confine itself to increased support for UNITA and actions against Namibian SWAPO guerrillas in southern Angola. [Redacted]

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The South Africans probably would not attack government or Cuban bases in southern Angola unless they thought their buffer zone or UNITA's stronghold in Angola was threatened. They apparently intend to avoid a major battle in their operations around Cahama.

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[Redacted]

Outlook

Soviet and Cuban arms shipments over the past few months will strengthen air defenses in the south and add to Luanda's already substantial advantage in firepower over the lightly armed guerrillas.

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[Redacted]

Luanda's hold on major cities and key garrisons probably also has been strengthened. UNITA, however, would not have been likely to challenge these strongly defended points in any case.

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Special Analysis

EC: Summit Preview

EC leaders are meeting in Athens today and tomorrow to try to wrap up an intense round of negotiations on budget reform. Few important decisions are likely to be made, however, and most budgetary issues probably will be put off until next spring. At best the leaders will agree in principle to limit future agricultural spending, and they may adopt some dairy reforms. The continuation of the budget impasse will further strain relations among the Ten. It also will compound difficulties in reforming the Common Agricultural Policy and increase agricultural trade frictions with the US, as the Community looks for scapegoats for its internal financial problems.



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The EC is on the verge of bankruptcy. The UK and West Germany, however, have threatened to block the measures necessary to keep the EC solvent unless the Community agrees to cut their budget payments and curb runaway farm spending.



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EC expenditures have skyrocketed in recent years and are rapidly approaching the legal cap on revenues. Spending on the Common Agricultural Policy, which consumes more than two-thirds of the EC budget, is running 40 percent ahead of 1982. The Community already has passed a supplementary budget allocation and suspended advanced payments of export subsidies, because by law the EC cannot run a deficit.



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The EC leaders will consider increasing revenues by raising the amount of value-added tax passed to the Community by member governments. Ireland and Denmark favor this simple means of balancing the budget, because they benefit the most from generous EC farm supports. The UK and West Germany are the largest net financial contributors to the EC, and they complain that they bear too much of the budgetary burden.



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Prime Minister Thatcher has said she will veto the increase in the value-added tax if her budget demands are not met. Although EC ministers have met seven times since August in Special Council sessions to try to work out a budget compromise, they accomplished little and left a large and complicated agenda for the summit. As a result, the leaders are unlikely to reach the kind of far-reaching settlement Thatcher demands.



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Nevertheless, the heads of government will try hard to keep the negotiations alive and avoid open confrontation. Recent bilateral meetings between Thatcher, West German Chancellor Kohl, and

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French President Mitterrand reportedly were friendly and productive, and the Ten is likely to pledge at Athens to redouble its efforts to settle the budget issue by the middle of 1984. In the meantime, the Community will try to scrape by with its limited resources. [Redacted]

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Agricultural Reform

A comprehensive budget settlement will require major reforms of the Common Agricultural Policy to limit production and to halt the Community's open-ended guarantee to buy surpluses, especially in the dairy and grain sectors. Agreement along these lines is unlikely at Athens, although French Finance Minister Delors recently indicated France's willingness to restrict overall spending. Dairy products are the most likely target for action, and the Ten may adopt a "super levy" to tax surplus production. [Redacted]

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In addition, the leaders may give the EC Commission a mandate to restrict imports of corn gluten and other feed grain substitutes. The Commission's proposal for a tax on vegetable oils and fats also will be discussed, but it almost certainly will be blocked by the UK, the Netherlands, and West Germany. [Redacted]

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Other Issues

Recent French and British proposals for the EC to assume a more visible role in the Middle East peace negotiations may result in a statement at the Summit that likely will be quieter in tone than the Community's Venice Declaration of 1980. France probably prefers that a new EC peace initiative be formalized during its EC presidency, which begins on 1 January. According to US Embassy sources, the Community is expected to consult fully with the US in the preparation of any declaration on the Middle East. [Redacted]

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Greece, the current EC president, may use the summit to push for trade actions against Turkish Cyprus. [Redacted]

[Redacted]

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The leaders also will discuss a range of industrial policy and trade issues, including the Commission's proposal for a new common commercial policy instrument and the specialty steel dispute with the US. Once again, however, no major initiatives are likely. The Commission may press for adoption of the ESPRIT program on research and development in information technology, but the UK and West Germany will try to hold it in abeyance pending settlement of the overall budget issue. [Redacted]

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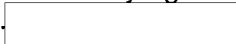


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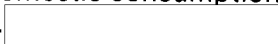
Impact on the US

If major budget problems are not resolved, the Commission will not be able to negotiate effectively when it meets with US cabinet officials at the US-EC consultations on 9 December. The Commission may plead that, although agricultural reforms are being discussed, the EC is not yet in a position to address US concerns. 

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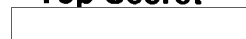
The EC's continued inability to reform the budget and to rationalize the Common Agricultural Policy may also intensify EC competition with the US for third markets in agricultural goods. The EC subsidizes many agricultural exports in order to dispose of farm surpluses. 

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In addition, the Ten's failure to find an internal solution to the budget morass may add to the growing conviction among some EC members that part of the cost of agricultural reform should be shouldered by the US and other countries. EC officials have frequently said that, if expenditures of the Common Agricultural Policy are cut, agricultural imports also have to be scrutinized. Failure to resolve the budget dispute will increase chances that other EC countries will acquiesce to French proposals for a tax on vegetable oils—a measure intended to increase domestic consumption of butter and to reduce imports of US soybeans. 

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