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Central Intelligence Agency



Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

28 November 1986

Yugoslavia-Libya: Military-Security Sales and Training

Summary

Yugoslavia's military-security relationship with Libya is focused on providing equipment and training for conventional warfare. Yugoslavia, however, has exported some equipment -- such as minisubs, undersea mines, and light weapons -- that could be used in terrorist attacks. We have no indication that Tripoli either plans to use Yugoslav-supplied equipment for terrorist operations or has done so in the past. While Belgrade is concerned not to be linked with terrorist groups, it almost certainly will continue to sell to Libya weapons suitable for unconventional warfare barring US threats of economically painful sanctions -- a step that would chill bilateral relations for some time.

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This memorandum was prepared by [Redacted] East European Division, Office of European Analysis. It was requested by Mr. John Andrew Purnell for Ambassador Bremer. Comments and questions are welcome and should be addressed to [Redacted] Acting Chief, East European Division [Redacted]

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Broad Military-Security Relations

Belgrade maintains a broad military-security relationship with Tripoli that has proven extremely lucrative for Yugoslavia. Yugoslav military-related sales to Libya last year -- including equipment, construction, and services -- reached approximately \$500 million. During recent years, Yugoslavia has won a range of Libyan military contracts:

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- o Construction. Yugoslav firms have constructed several Libyan military bases, including the Tripoli naval academy bombed by US forces last April and a military airfield at Bi'r An Namwah.

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Military Sales: Intended for Terrorists?

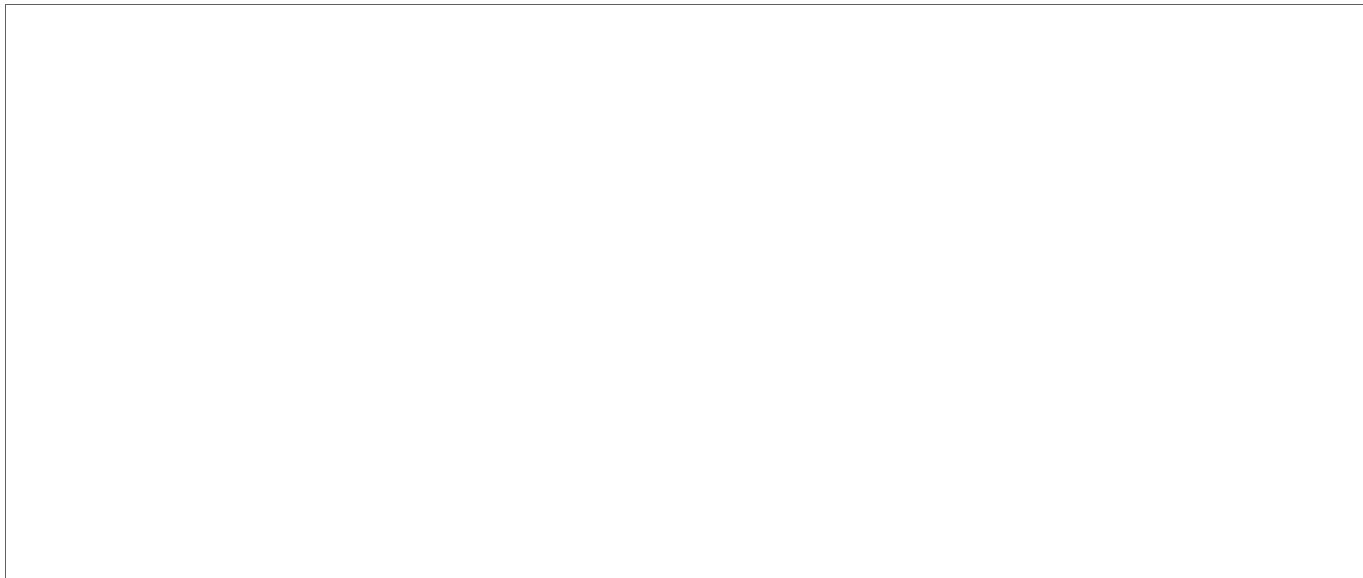
Most of Yugoslavia's military-related sales to Libya involve equipment -- and related training and servicing -- that supports Tripoli's armed forces. Yugoslavia apparently has had its greatest success in winning contracts from Libya's air and naval forces. Nonetheless, Belgrade has sold Tripoli some weapons that are suitable for unconventional warfare purposes -- and therefore for potential terrorist operations.

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Yugoslavia has also delivered some light weapons and munitions that have the potential for use by terrorists.

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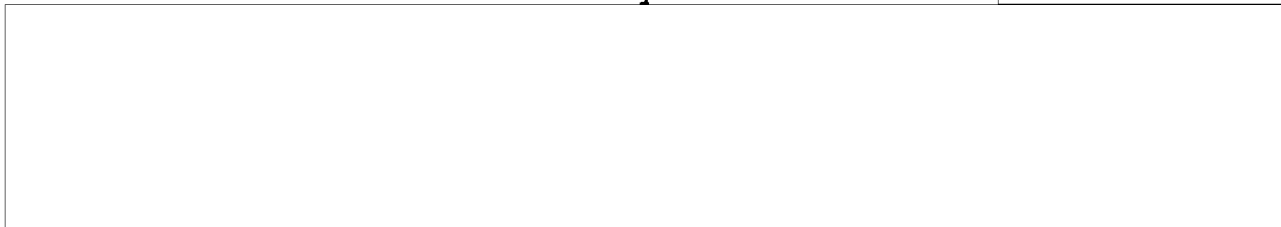
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Nonetheless all available evidence indicates that, to the extent Belgrade has cared about the end use of such arms, it intended these deliveries for Libya's armed forces.

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Belgrade is almost certainly aware of the potential use of its equipment for terrorist purposes and, in our view, may have taken the precaution of giving Tripoli at least pro forma warnings not to divert Yugoslav weapons to terrorists. Although individual transfers to smaller terrorist groups -- such as the Abu Nidal Organization -- would be difficult to detect, we have seen no evidence thus far that Libya has passed Yugoslav-made weapons to such groups. By contrast, equipment sold to Tripoli by the Soviet Bloc and major Western arms suppliers is known to have been diverted to radical Palestinian groups in Lebanon and used by a variety of terrorists throughout the Middle East and Western Europe. Nonetheless, Tripoli could divert Yugoslav equipment to terrorist operations on short notice.

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Security Relations: Defensive in Character

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Yugoslavia has established close contacts with the Libyan security apparatus, but apparently has restricted the relationship to defensive areas. [redacted]

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[redacted] the 1985 protocol on cooperation, for example, calls for information sharing, Yugoslav instruction in counterintelligence and VIP security techniques, and joint acquisition and production of listening devices. [redacted]

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[redacted] Libyan proposals for Yugoslav assistance continue to be limited to these areas. [redacted]

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Outlook

Belgrade is sensitive at this time to any development that could link Yugoslavia to international terrorism. Faced with continued US pressure at about current levels, Yugoslavia probably will not significantly expand its Libya ties beyond the present level. [redacted]

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However, even in the face of moderately increased US pressure -- such as linkage of technology transfer to restraint in arms sales -- Belgrade is unlikely to halt sales to Libya of military equipment with a potential for diversion to terrorist groups. In short, Belgrade will probably continue to give priority to its close ties to Tripoli and its need to address growing financial difficulties. Moreover, Belgrade probably will continue to assert that Libya does not use Yugoslav equipment for terrorist purposes. [redacted]

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In our view, only the suggestion of much harsher US sanctions -- such as threatening Belgrade with a loss of most-favored-nation trade status -- would cause Belgrade to stop sensitive arms sales. Such US moves, however, would generate considerable resentment in Belgrade and chill bilateral relations for some time. [redacted]

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DI/EURA/EE/ [redacted] (26 Nov 86)

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Distribution

INTERNAL

- 1 - ANIO/EUROPE
- 2 - O/DCI-DDCI EXEC STAFF
- 3 - D/EURA
- 4 - AC/EURA/EE
- 5,6 - EURA/PS
- 7,8,9,10,11 - CPAS/IMC/CB
- 12 - DI/PES
- 13 - DDI
- 14 - C/EURA/EE/CE
- 15 - C/EURA/EE/SE
- 16 - C/EURA/EE/NE
- 17 - C/EURA/EE/EREI

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- 20 - ORIGINATORS
- 21 - EURA/EE/SE CHRONO
- 22 - EURA/SE PRODUCTION

EXTERNAL

- 23 - Mr. John Andrew Purnell, Dept of State
- 24 - Mr. Marc Grossman, Dept of State
- 25 - Mr. Martin Wenick, Dept of State
- 26 - Ms. Paula Dobrianski, NSC Staff
- 27 - Mr. Charles Smith, INR, Dept of State
- 28 - Mr. Barry Lowenkron, PPS, Dept of State
- 29 - Mr. James Dunn, DIAC
- 30 - Mr. Donald Gregg, The White House
- 31 - Col. John Berry, ISP/OSDD

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