

~~TOP SECRET~~

(Security Classification)

ROUTING			
TO:	NAME AND ADDRESS	DATE	INITIALS
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<input type="checkbox"/>	ACTION	<input type="checkbox"/>	DIRECT REPLY
<input type="checkbox"/>	APPROVAL	<input type="checkbox"/>	DISPATCH
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REMARKS:			
FROM: NAME, ADDRESS, AND PHONE NO.		DATE	

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COPY _____ OF *enclosed*

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MEMORANDUM FOR:

Jim -

The orig was sent
to DCI at night last
Fri (directly by NSA via
2000 Security pickup.)

Date

TRANSMITTAL SLIP | February 1985

TO: Executive Registry

ROOM NO.	BUILDING
7E12	HQS

REMARKS:

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FROM: D/DDI/NESA

ROOM NO.	BUILDING	
6G02	HQS	

ادارة التحليل لشؤون الشرق الاوسط و جنوب آسيا
הכחלקה לענייני המזרח התיכון ודרום אסיה
اداره تجزيه و تحليل خاور ميانه و جنوب آسيا
Office of Near Eastern and South Asian Analysis
Directorate of Intelligence

D/NESA 85-035
1 February 1985

NOTE FOR: DCI

The attached is in response to your request which reached us in the following manner: your office

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to the NIO/LA; the NIO/LA to ALA/DI; and from ALA/DI back to the NIO/LA to us. Given this route, I hope the attached is in fact what you wanted.

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Director
DDI/NESA

Attachment:
As stated

cc: DDI

Iranian Activities in Central America

1 February 1985

Iran has given strong rhetorical support for anti-US regimes and groups in Central America since the Iranian revolution in 1979. Iran began expanding ties with Nicaragua in 1983.

[Redacted]

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-- Tehran and Managua are discussing a barter deal worth about \$13 million.

[Redacted]

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We know of only limited contacts between Iran and Salvadoran or other Latin American guerrillas.

[Redacted]

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Iran recently has tried to draw closer to Cuba.

[Redacted]

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-- Given Iraq's ties with the Soviet Union, Cuba is unlikely to supply arms unless Moscow gives its approval.

This paper is classified

[Redacted]



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PLO Activities in Central America

1 February 1985

The Palestine Liberation Organization has maintained contact with various revolutionary groups, mainly leftist in political orientation, for many years. Among other objectives, the PLO has sought thereby to reinforce its own revolutionary credentials, to strike at Western governments sympathetic to Israel, and to guarantee continued political and military support from radical states such as the USSR and Cuba by occasionally acting as their proxy.

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Assistance in recent years, however, apparently has been limited, probably the result of the Israeli invasion of Lebanon in 1982 and the subsequent internal PLO crisis.

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WARNING NOTICE
INTELLIGENCE SOURCES
OR METHODS INVOLVED

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Libyan Activities in Central America

1 February 1985

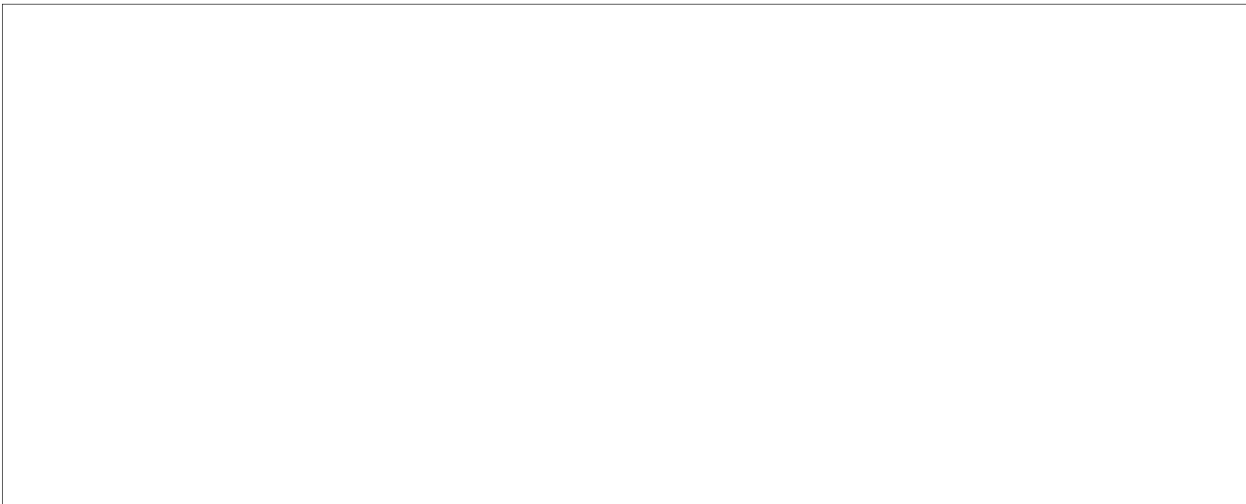
Nicaragua is the main focus of Libyan efforts to undermine US interests in Latin America.

- Libyan has been providing military aid to the Sandinistas since the early 1980s.



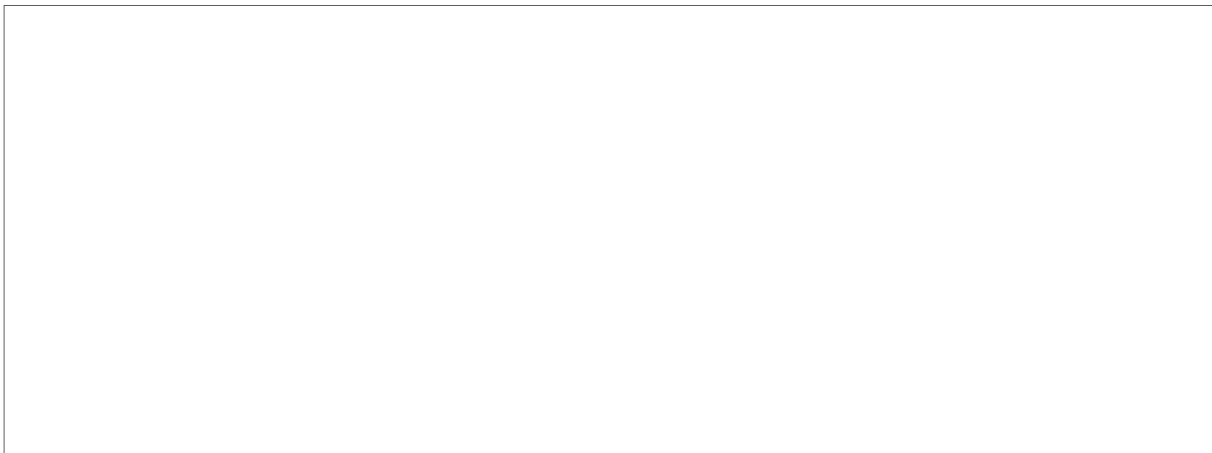
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- Tripoli has sent Managua four SF-260 light strike aircraft, two to four MI-2 helicopters, a Boeing 720 VIP aircraft, anti-aircraft guns, SA-7 surface-to-air missiles, multiple rocket launchers, and miscellaneous small arms.



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Libyan military aid has been supplemented by rapidly expanding economic assistance.



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Libyan support for Nicaragua and Salvadoran insurgents serves Cuban interests, but Qadhafi and Castro have never developed close personal ties because of equally inflated egos and competing revolutionary philosophies.

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-- In Panama, competition for influence between Cuban and Libyan-backed groups has badly divided the leftist community, according to

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-- Elsewhere in Latin America, Libyan efforts to promote increased militancy among Caribbean leftists conflict with Cuban councils of moderation, which are intended to help strengthen their popular support.

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Political tensions between the two leaders have not affected economic ties.

-- Trade between Tripoli and Havana is limited to \$30 million annually. Libya has supplied sporadic cargos of crude oil--which is incompatible with Cuban refineries--and small commercial loans. Cuba supplies Libya with sugar, several hundred workers as well as some technological expertise.

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Special Analysis

**IRAN-
LATIN AMERICA:**

Warming Ties


Iran is stepping up its economic support for Nicaragua, both to improve Tehran's standing in the Third World and to strengthen a prominent anti-US regime. Iran also has begun cultivating Cuba as a possible conduit to Moscow. Over the long run, Iran's major interests in Latin America probably lie with Brazil and Argentina, which have the potential to become major trading partners. Iran has been unsuccessful so far in trying to acquire arms in Latin America. 

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Iranian Prime Minister Musavi's visit this month to Nicaragua as part of a trip that included a stopover in Cuba was intended to demonstrate that Iran is not politically isolated. The Iranians gave prominence to the stop in Nicaragua to publicize their support for a leading anti-US, Third World regime. 

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Ties to Nicaragua and Cuba

Iran has given the Sandinistas strong rhetorical support since they took power in 1979 but began expanding economic ties to Managua only in 1983. 

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Musavi's decision to meet with Fidel Castro in Cuba probably was intended to reinforce recent Cuban-Iranian talks on increasing diplomatic and economic ties. Iran also may be seeking Cuban assistance for its unsuccessful approaches to Moscow for better relations. 

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[Redacted]

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There is no direct evidence that Iran is cooperating with Nicaragua in sponsoring subversion in Latin America.

[Redacted]

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Courting Brazil and Argentina

Iran's major Latin American trading partners are Argentina and Brazil. Argentina, Iran's major food supplier in the Third World, provided nearly 3 million metric tons of grain last year. Brazil sells Iran manufactured goods.

[Redacted]

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Brazil is negotiating with Tehran to increase its purchases of oil to take advantage of Iranian discounts

[Redacted]

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[Redacted] At current levels Iran will become the third-ranking exporter of oil to Brazil, behind Iraq and Saudi Arabia.

[Redacted]

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Iranian efforts to acquire arms from Argentina and Brazil have had little success. Argentina has sold Iran some artillery ammunition but dropped an attempt to sell two destroyers to Tehran last year as a result of US pressure. Although Iran has tried to conclude a major arms purchase from Brazil, the Brazilians are afraid to jeopardize the strong trade in arms and oil with Iraq.

[Redacted]

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Outlook

Iranian support for Nicaragua is a relatively cheap way for Tehran to enhance its standing in the developing countries, garner support in the UN, and cause trouble for the US. Over the coming year, Iran is likely to supply additional small arms, ammunition, and financial aid that will strengthen Nicaragua's counterinsurgency effort

[Redacted]

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Iran probably is willing to give stronger rhetorical support to the Cuban position in Central America and may agree to limited economic cooperation and trade arrangements.

[Redacted]

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Over the long term Brazil and Argentina are much more important for Iran because of their status as major Third World, nonaligned regimes and because of their potential for expanded trade. Tehran probably hopes their economic problems will lead Brazil and Argentina to increase arms sales to Iran or at least to turn a blind eye to such sales by their weapons manufacturers.

[Redacted]

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[Redacted]

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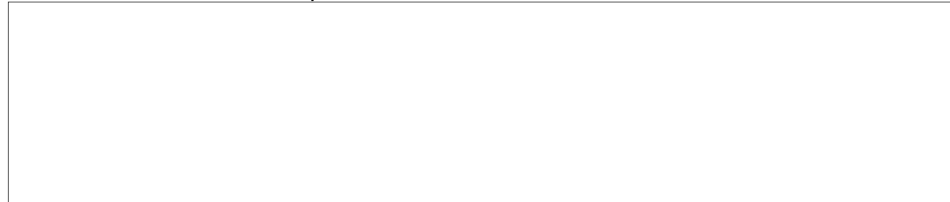
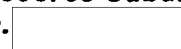


CUBA-IRAN:

Increased Contacts

Havana's high-level reception of Iranian Prime Minister Musavi during his brief stopover in Cuba Wednesday underscores Cuban President Castro's desire to improve ties to Tehran.

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Comment: Castro's decision to greet Musavi personally probably was intended to reinforce recent talks between the two countries on increasing diplomatic and economic ties. Castro may believe that recent improvements in US-Iraqi relations provide an opportunity to court Iran, and he may hope to renew his efforts to secure a role in mediating the war.

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Tehran's direct overtures for improved Iranian-Soviet ties have been unsuccessful thus far, and Iran may be hoping to enlist Cuban assistance in approaching Moscow. Some Iranian officials also may be testing Cuban and Soviet willingness to provide weapons.

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Although Cuba probably can supply only small arms, ammunition, and spare parts, Castro would welcome the role of intermediary with Moscow. This would underscore his value to the Soviets in the Third World, helping to justify Soviet economic and military support.

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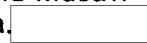
The Iranians probably also believe that stronger ties to Cuba will demonstrate Tehran's solidarity with anti-US Third World governments and will help reduce its international isolation. Toward that end, Tehran probably is willing to give stronger rhetorical support to the Cuban position in Central America and may agree to limited economic cooperation and trade arrangements.

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Increased contacts between the two countries are likely, and Musavi probably will stop in Cuba again after his visit to Nicaragua.

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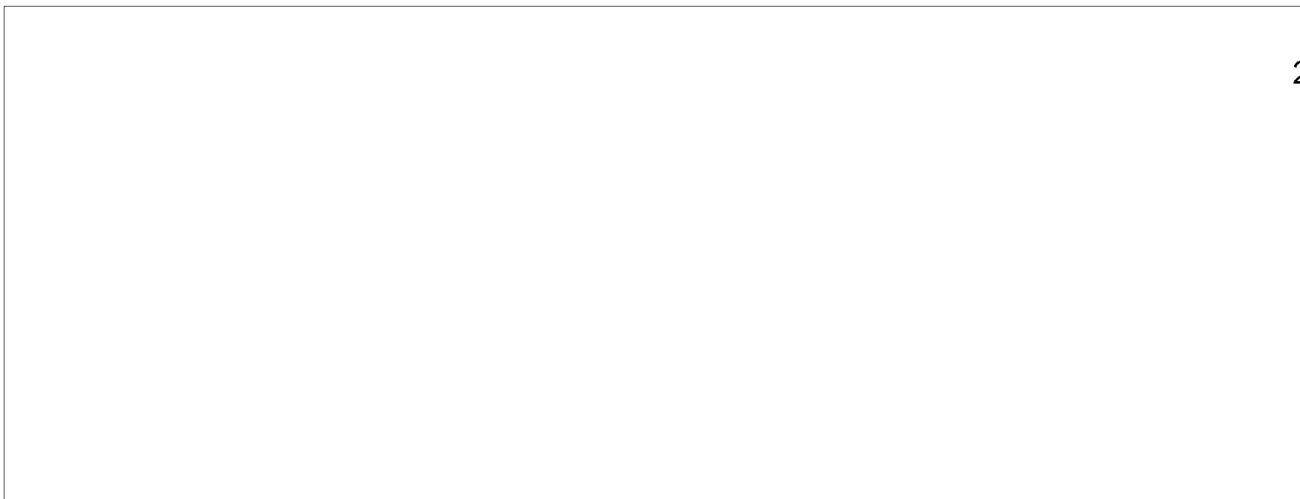


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economy toward export-oriented industries, Rabat hopes to clear the way for new foreign financing. Over \$2.5 billion in annual debt relief and concessional financing will be required over the next three years. With no planned growth in living standards, the program risks serious political unrest. The local media has played up the meeting, as evidence that Morocco's foreign donors support the adjustment program. The government is hoping that it can shift the blame for austerity to creditor demands in case lack of improvement in living standards provokes demonstrations.

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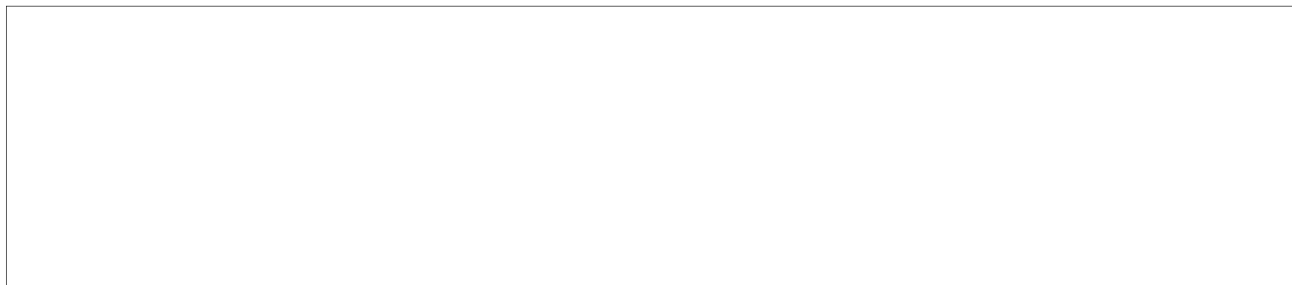
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*Libyan-Nicaraguan
Trade Expands*

Libya and Nicaragua have signed a \$15 million trade agreement, according to the US Embassy in Managua. The agreement provides for a barter exchange of Nicaraguan coffee, cotton, sesame, and bananas for Libyan crude oil. Tripoli delivered a shipment of crude last November as prepayment on the contract. This agreement highlights the sharp increase in Nicaraguan trade with Libya, Algeria, and Iran since 1982. The accord could help Managua offset declining prices for its primary exports, especially bananas. Qadhafi probably believes the deal also will help lessen Nicaragua's vulnerability to US pressure.

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[Redacted]

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Special Analysis

**LIBYA-CENTRAL
AMERICA-
CARIBBEAN:**

Anti-US Initiatives

[Redacted]

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Nicaragua is the main focus of Libyan efforts to undermine US influence in Central America. Libya probably has as many as 50 military instructors and technicians there. Since 1982, it has shipped to Managua light strike aircraft, helicopters, antiaircraft guns, SA-7 surface-to-air missiles, rocket launchers, and small arms. [Redacted]

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Tripoli has supplemented this aid with probably over \$350 million in economic assistance. Such aid is likely to continue despite Qadhafi's threat to curtail it because of Managua's misuse of funds. [Redacted]

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Libya has also provided arms, training assistance, and financial aid to Guatemalan and Salvadoran insurgents. [Redacted]

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Involvement in the Caribbean

[Redacted]

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[Redacted] in Barbados suspects that the Libyans recently have been in contact with militant dissidents from Guadeloupe and Martinique.

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[Redacted]

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Rivalry With Cuba

Libyan activities in the region almost certainly are being monitored by President Fidel Castro. Although limited economic cooperation continues between the two countries, Qadhafi and Castro have never developed close personal ties because of their competing egos and conflicting revolutionary philosophies. [Redacted]

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[Redacted]

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Qadhafi blames Cuban meddling for undermining Grenada prior to the US intervention. [Redacted] that competition for influence between Cuban- and Libyan-backed groups in Panama has divided the leftist community there. [Redacted]

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Outlook

Tripoli's generally heavyhanded efforts to spread Qadhafi's radical ideology probably will undercut his effort to forge ties with regional radicals. Libya also will be hampered by distance, lack of cultural familiarity, and lack of intelligence assets. Militant Libyan policies are likely to conflict with Cuba's current counsel of moderation among Caribbean leftists, which is intended to help strengthen their popular support. [Redacted]

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These constraints still leave Tripoli opportunities to promote anti-US activities in the region. Qadhafi probably will push ahead with delivery of additional weaponry to Nicaragua in order to reduce Managua's vulnerability to US pressure. He also will increase military and financial aid to Central American insurgents, although such assistance is unlikely to affect the balance between insurgents and government forces on the battlefield. [Redacted]

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Qadhafi presumably will try to persuade Caribbean leftists to increase their militancy. Most Caribbean leftist organizations are unlikely to go beyond demonstrations and propaganda, however, because of their concern that violent actions would damage their political standing and provoke government retaliation. [Redacted]

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Libya will become more aggressive in the region if Qadhafi believes Libya is coming under greater US military or economic pressure. He asserted in a policy speech several months ago that Libyan involvement in Latin America is in retaliation for US naval operations in the central Mediterranean that threaten Libya. The threat of Libyan-backed terrorism against US interests in Central America and the Caribbean will grow if Qadhafi continues to develop his relations with radical fringe groups. [Redacted]

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[Redacted]

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7 January 1985

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