

~~TOP SECRET~~

25 September 1984

MEMORANDUM FOR: The Honorable Jack F. Matlock, Jr.
National Security Council

FROM: George Kolt
National Intelligence Officer for
Europe

SUBJECT: Typescripts on Yugoslavia

The attached typescripts were done at the request of Deputy Assistant Secretary Ronald Lauder in preparation for the joint Military Committee meeting with the Yugoslvas later this month.

George Kolt

Attachments:

- 1.
- 2.

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~~TOP SECRET~~

25 September 1984

MEMORANDUM FOR: The Honorable Ronald S. Lauder
Deputy Assistant Secretary (European
and NATO Policy), International
Security Policy
Department of Defense

FROM: George Kolt
National Intelligence Officer
for Europe

SUBJECT: Typescripts on Yugoslavia

Attached please find the two typescripts you requested. As I told the Colonel on Friday, we stand ready to brief you on the other questions you raised (views of the Yugoslav military and political leadership).

George Kolt

Attachments:

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Washington D.C. 20505

DIRECTORATE OF INTELLIGENCE

17 September 1984

Yugoslav Support for International Terrorist GroupsSUMMARY

Yugoslavia has provided support for some radical Palestinian groups and international terrorists on a select basis for over a decade. Much of this assistance--training, military equipment, and safe haven--has been kept secret. Belgrade, however, openly gives political support and quietly furnishes conventional military training and arms to Fatah and other PLO-affiliated groups that continue to launch terrorist attacks in Israel and the occupied territories.

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This memorandum was prepared by [redacted] East European Division, Office of European Analysis. Comments and questions are welcome and should be addressed to [redacted] Chief, East European Division, Office of European Analysis, [redacted]

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Our best evidence of Belgrade's involvement with international terrorism comes from [REDACTED] Yugoslavia's long-standing cooperation with Abu Nidal's Black June Organization. (The Abu Nidal group, formerly known as Black June, was responsible for terrorist operations worldwide against conservative Arab governments; Israeli interests, and moderate Palestinian leaders). Yugoslavia reportedly agreed to allow Abu Nidal's group to use Yugoslavia for safe haven and transit as long as Black June kept it secret and informed Belgrade in advance. Belgrade refused a request for explosives but offered to provide assault rifles and training to Black June members. In exchange Black June reportedly transferred \$2 million to a Yugoslav bank and promised to induce other Arabs to invest in troubled Yugoslav firms. [REDACTED]

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Yugoslavia has had other associations with international terrorists.

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Belgrade provides this assistance for a variety of reasons:

- Yugoslavia wants to protect its standing with the nonaligned movement--and the Arab and Moslem world forms a large part of that movement.
- Military sales to Arab states are a lucrative source of hard currency for Yugoslavia. Belgrade does not want to lose access to this market by refusing to cooperate with

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Palestinian terrorist factions.

- Belgrade does not want to jeopardize its access to Middle Eastern oil.
 - Terrorist groups sometimes are a source of intelligence on the Soviets. (It was clear during their negotiations with Nidal that the Yugoslavs prefer Arab nationalist groups that are not directed by the USSR).
- [REDACTED]

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Yugoslav Support for International Terrorist Groups

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Central Intelligence Agency

Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

17 September 1984

YUGOSLAV PERFORMANCE IN THE EXPORT CONTROL AREA [REDACTED]

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Summary

Except for the well documented illegal Yugoslavian transfers that occurred a decade ago, there have been no additional proven diversions of COCOM-controlled equipment to the Soviet Bloc. Our evidence as of September 1984 shows that Belgrade carefully guards Western technology--particularly military--as well as Soviet Bloc technology from falling into unauthorized hands. But despite their relatively untarnished record--which is better than many of our COCOM partners--opportunities remain for illegal transfers. Because of Yugoslavia's provincial politics, it is possible that Belgrade may not be able to insure compliance with Western controls in parts of the country. Also, Soviet intelligence operations in Yugoslavia [REDACTED] may be an avenue for technology acquisitions. [REDACTED]

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This memorandum was prepared by [REDACTED]
[REDACTED] Office of Scientific and Weapons
Research. Comments and questions are welcome and may be
addressed to the Chief, [REDACTED]
Office of Scientific and Weapons Research, [REDACTED]

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We believe that Belgrade's unauthorized direct or indirect transfer to Moscow of sophisticated technology, especially US technical data and hardware, would undercut Yugoslav security and independence vis-a-vis the USSR. It is our judgment that Belgrade would protect as best it could against unauthorized transfers to the USSR and other Warsaw Pact countries. They may even be more sensitive to these transfers than our COCOM partners, who have not always agreed with US concerns in this area. Belgrade's continued concern with meeting the letter of the law regarding US export controls was shown several years ago when it sought US permission to sell the Soviets switching equipment which Yugoslavia has been manufacturing, under US license for some years. They appeared to accept the denial without a furor. Belgrade also may not want to jeopardize its trade with the West nor chance a reduction in investments, particularly from the US, by flirting with diversions. We believe that Yugoslavia's concern with protecting US technology also applies to the technologies of other countries. They simply do not appear willing to transfer technology--particularly military--to third countries that they acquired from others including the Soviet Union. Indeed, in 1978, they even formed a unit to monitor technology flows into and out of the country. This tends to substantiate Yugoslav military officials, who claim that US technology will remain in Yugoslavia.

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The possibility of illegal transfers does remain, however. Some transfers might take place because of vagueness in controls which may offer the possibility of fudging the rules. If uncovered, the digression may well be explained away because of confusing regulations. But more importantly, the provincial nature of Yugoslavian politics may lend itself to some unauthorized transfers, although probably none where government-to-government transfers are involved (i.e., military sales). In the past, the Soviets have courted several individual Yugoslavian Republics in the economic area. From the standpoint of export controls, these arrangements may well provide Moscow with additional opportunities to acquire technology transferred to Yugoslavia from the West. We conclude it is difficult for Belgrade to closely monitor Soviet ties with the Republics. If true, the Republics could acquire a technology of interest to the Soviets and pass it on to Moscow without Belgrade knowledge; we would still be receiving guarantees from Belgrade that nothing had gone. Contributing to this possibility is the fact that, despite our agreements with Belgrade to carry out post-licensing checks, in practice, the US Embassy conducts only a few each year. While we believe the central government would do its utmost to protect acquired technology, Belgrade simply may not be able to retain as tight control as even they would like. [REDACTED]

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One unknown is the possible work of Soviet or other Warsaw Pact intelligence operations in Yugoslavia. There are in fact many Soviet citizens in Yugoslavia, representing various organizations including the KGB and GRU. It is logical to expect Soviet and other Bloc intelligence organizations to step up efforts to penetrate the Yugoslavian government as Yugoslavia acquires more advanced US technology. We also expect Yugoslavian counterintelligence to do its best to neutralize this threat. Nonetheless, we would expect Yugoslavia's internal security services to hold closely any evidence uncovered of Soviet Bloc intelligence efforts in Yugoslavia. In such case, we may never learn of a Moscow-directed operation aimed at obtaining US technology. [REDACTED]

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SUBJECT: Yugoslav Performance in the Export Control Area

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SUBJECT: Yugoslav Performance in the Export Control Area [REDACTED]

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