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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.

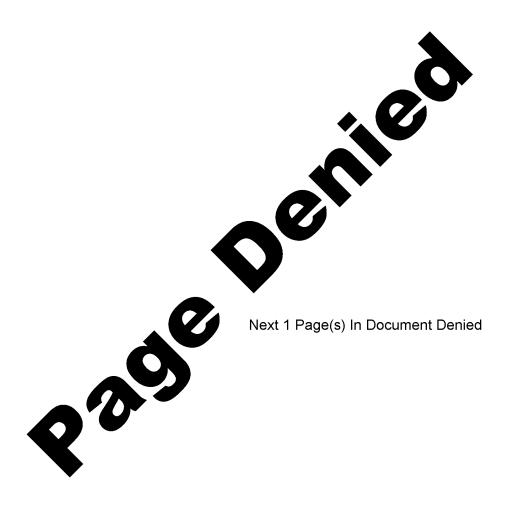
George Kolt

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Declassified in Part - Sanitized Copy Approved for Release 2012/01/27: CIA-RDP87R00529R000200160003-3 25 September 1984 The Honorable Ronald S. Lauder .MEMORANDUM FOR: Deputy Assistant Secretary (European and NATO Policy), International Security Policy Department of Defense George Kolt FROM: National Intelligence Officer for Europe Typescripts on Yugoslavia SUBJECT: 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: 25X1 1. 2.





Washington D C. 2050S

DIRECTORATE OF INTELLIGENCE

17 September 1984

Yugoslav Support for International Terrorist Groups

SUMMARY

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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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).

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Central Intelligence Agency

Washington, D. C. 20505

DIRECTORATE OF INTELLIGENCE

17 September 1984

YUGOSLAV PERFORMANCE IN THE EXPORT CONTROL AREA

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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 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 may be an avenue for technology acquisitions.

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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. 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 UŠ 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. believe that Yugoslavia's concern with protecting US technology also applies to the technologies of other countries. 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 governmentto-government transfers are involved (i.e., military sales). 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. 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,

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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.

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SUBJECT: Yugoslav Performance in the Export Control Area

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