



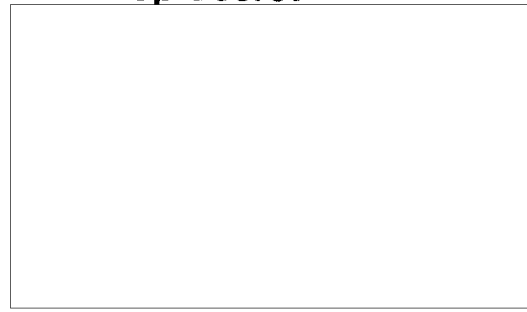
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National Intelligence Daily

Friday
17 February 1984

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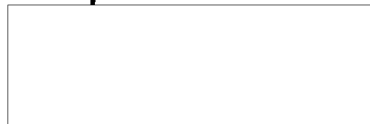
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LEBANON-SYRIA: Reactions to Peace Plan

President Gemayel's signing of a Saudi-sponsored peace plan may temporarily ease Syrian and opposition pressures against his government, but the plan glosses over basic differences between Gemayel and his opponents and contains provisions that Christian hardliners and Israel will reject. 

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Gemayel's agreement to the plan—which calls for abrogation of the Lebanese-Israeli accord of 17 May—meets a key demand of Syria and its Druze and Muslim surrogates. According to press reports, however, Druze leader Junblatt has rejected Gemayel's gesture as "too little, too late." Israel has threatened to stay in Lebanon if Gemayel scraps the accord. 

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Meanwhile, Damascus continues to avoid calling for Gemayel's resignation. 

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The security situation in the Beirut area was generally quiet yesterday. 


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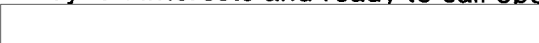
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Comment: Generally, the Saudi plan restates outstanding issues that need to be addressed and that have been problems in the past. It offers few specifics on political reform and suggests no action to promote Syrian and Israeli troop withdrawal. 

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Gemayel probably hopes his agreement to cancel the accord will satisfy his Druze and Muslim opponents. He may expect the Saudis to intercede with Washington to urge Israel to soften its response to the cancellation. Abrogation, however, might have appeased Gemayel's opponents two weeks ago, but now it may not be sufficient because his opposition has hardened as a result of the Shia and Druze victories over the Army. 

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The Syrians may be concerned that events are moving beyond their control, and they are unlikely to reject the Saudi plan. Damascus probably believes that, if Gemayel were driven from office or killed, he would be replaced by a hardline Christian leader unwilling to accommodate Syrian interests and ready to call openly for Syrian withdrawal. 

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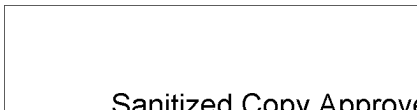
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IRAN-IRAQ: Iranian Attacks

Iran has launched attacks against Iraqi lines while it continues to prepare for a major offensive. [Redacted]

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The Iranians attacked about 150 kilometers east of Baghdad yesterday and claim to have taken one ridgeline on the border. Fighting on a second ridgeline is continuing, but Iraq claims to have contained the attack and inflicted heavy losses on the Iranians. During a similar limited attack on Sunday at Darbandikhan, Iranian forces overran a small Iraqi unit, seized a ridgeline, and began shelling an Iraqi supply road. [Redacted]

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[Redacted]

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[Redacted] The Iranian press reports that irregular forces are being called up throughout the country. [Redacted]

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[Redacted]

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Comment: The Iranian attacks probably are designed to cut Iraqi roads parallel to the frontlines, thereby hampering Baghdad's ability to transfer troops from one sector to another. These actions place the Iranians in a slightly better tactical position to launch a major offensive. [Redacted]

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Iran's forces on all fronts now appear to be involved in preparations for attacks, suggesting that the coming offensive could be the largest of the war. Iran's main efforts still seem to be centered on the areas opposite Al Basrah and the central front, but preparations are not yet complete. Once Tehran launches its main offensive, Iraq probably will intensify its air attacks in the Persian Gulf, including strikes against Iranian oil tankers and facilities. [Redacted]

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NICARAGUA: Planning for Elections

The Sandinistas have approved a presidential election, and they may announce next week that they are advancing the date from 1985 to this year. [Redacted]

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The Council of State also has amended the government's fundamental statute to provide for the election of a vice president and a constituent assembly, as well as for the formation of a supreme electoral council. There previously was a provision only for election of a constituent assembly. [Redacted]

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The political opposition criticizes the change, saying that it should be the prerogative of the assembly to determine the form of government. It had proposed that the assembly elect a broadly representative provisional junta, but the Sandinistas contend that separate elections would be too expensive. [Redacted]

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A press report states that the government is considering holding elections before this November, because it fears increased insurgent attacks after the US presidential election. The Cuban Chargé in Managua recently told the US Embassy that the elections might be held sooner than expected. [Redacted]

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[Redacted]

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Comment: The Sandinistas are moving ahead rapidly with election plans in preparation for ceremonies next week commemorating the 50th anniversary of the death of their namesake, Augusto Sandino. They probably will emphasize that these preparations comply with recent guidelines on democracy set at the Contadora peace negotiations, and they will use them to deflect their neighbors' demands for verifiable treaty provisions. [Redacted]

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Managua may hope to gain propaganda points by announcing an accelerated schedule to the assembled dignitaries. [Redacted]

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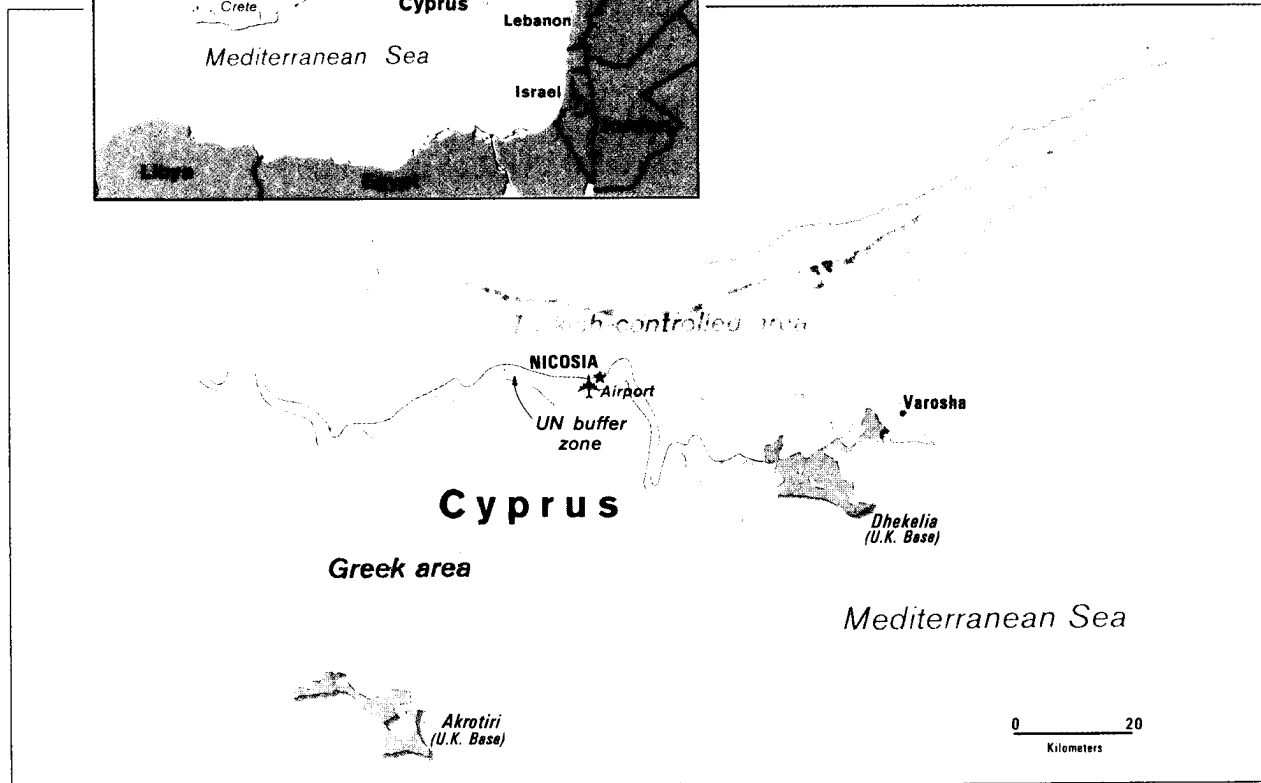
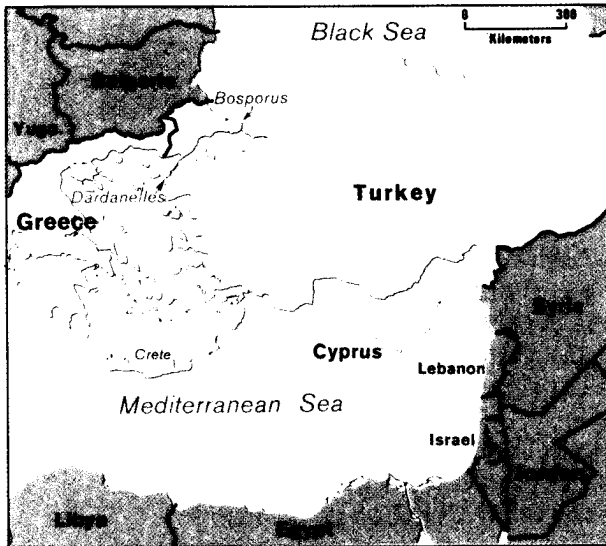
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UN-CYPRUS: New Diplomatic Proposals

UN Secretary General Perez de Cuellar will talk with Cypriot President Kyprianou in New York today about new UN proposals on the Cyprus problem that appear to have some chance of achieving progress. [Redacted]

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US diplomats in New York report that UN officials want the Greek side to resume direct negotiations with the Turkish Cypriots on a comprehensive settlement. Kyprianou, Turkish Cypriot leader Denktash, and the Secretary General could meet to begin the talks. The Greeks would be required to forgo taking their case to the General Assembly or other international forums. [Redacted]

25X1

The Turkish Cypriots, in return, would allow the UN to take control of a large portion of Varosha as a prelude to a gradual resettlement by the Greek Cypriots, who controlled the area before the Turkish invasion of 1974. The UN also is asking the Turkish side to desist from efforts to consolidate the new "Turkish Republic of Northern Cyprus." [Redacted]

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UN officials so far have discussed the proposal mainly with the Turkish Ambassador to the UN. [Redacted]

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[Redacted]

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Comment: Turkey is likely to give serious consideration to the UN proposals. Ankara may first insist that the UN take up the plan with Denktash, or wait to see how the Greek side responds. The Turks probably believe that these tactics offer the best chance of learning Greek intentions and deflecting possible Western and US pressure regarding the Cyprus problem. [Redacted]

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Kyprianou is likely to be receptive to the UN plan because the Greek Cypriots have long sought the return of Varosha. The concessions the UN is asking him to make, moreover, can be satisfied by offering private assurances to the Turkish side and to the UN. [Redacted]

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FINLAND-USSR-SWEDEN: Natural Gas Deal

Finland signed an agreement with the USSR on 10 February to quadruple Soviet natural gas imports by the year 2000, a move that could increase the pressure on Sweden to accept a similar proposal from the USSR. [Redacted]

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The Finns, who already depend on the Soviets for about 75 percent of their energy needs, are to extend an existing pipeline westward to Helsinki and Tampere. Helsinki has not disclosed the price of the future gas purchases. [Redacted]

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[Redacted]

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Stockholm also has been considering a Soviet-Finnish proposal to extend a pipeline across the Gulf of Bothnia to Sweden's east coast. A Swedish official recently hinted that Stockholm probably will decline the offer unless the Soviet gas price is competitive. [Redacted]

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Comment: Moscow has urged Helsinki for several years to buy more Soviet goods, particularly natural gas and nuclear power plants, to redress a perennial trade imbalance. To retain access to the Soviet market, the Finns have accepted Soviet-purchased Libyan oil for resale on the West European market. [Redacted]

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Soviet flexibility on pricing suggested by the Finnish contract may make it more difficult for Stockholm, whose relations with Moscow are at a low ebb, to reject a deal on economic grounds. Stockholm does not want to assume a new long-term commitment to buy gas, but, with relations already in disrepair, it fears Moscow would view a rejection as political retaliation for Sweden's failure to win a share in the large Soviet Tallinn port project. [Redacted]

25X1

The cost of laying a pipeline across the Gulf of Bothnia is yet to be determined, however, and such a high-cost project might give the Swedes a good excuse. Moreover, Sweden would be able to purchase gas via Denmark in the late 1980s, when a gasline to northwest Sweden is completed. [Redacted]

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ITALY: Controversial Economic Policy

The government has broken a deadlock in wage negotiations with a decree law that limits wage increases, but the measure could face resistance within the coalition. 

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Press reports state that the decree law issued on Tuesday limits the inflation adjustment in wages to 9 percent this year. The decree has provoked scattered strikes and protests, even though it was accompanied by controls on some taxes and prices. 

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The move is designed to set in motion an incomes policy aimed at lowering inflation to 10 percent this year, as compared with 15 percent in 1983. Negotiations with labor and management had been at an impasse for two months, largely because of a split in the labor movement. Christian Democratic and Socialist-oriented unions have been willing to accept the government's proposals of a ceiling on the inflation adjustment, but the Communist-dominated union has rejected the proposals. 

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Comment: The decree law is likely to cause more labor unrest.




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The government's opponents probably will try to turn the controversy to their advantage. The Communists have announced that they will oppose the decree, which has to win parliamentary endorsement by mid-April. Communist support for labor demonstrations this week suggests that the party will follow a hard line. 

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Prime Minister Craxi also may face problems from within the governing coalition. The Republicans and the Christian Democratic leadership both insist that the government has to stand by the decree law, but significant numbers of the coalition's parliamentary supporters could vote against it. 

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A group of 12 to 20 Christian Democrats hostile to Craxi has already demonstrated a readiness to defy their party's whip. If they are joined by other Christian Democrats who fear that the bill would undermine the party's election chances and by defectors from other parties, Craxi's government could be threatened. 

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NEW ZEALAND-US: Prime Minister's Visit

Prime Minister Muldoon regards his working visit to the US next week as helpful to his chances in the national elections he has to call late this year. [Redacted]

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Comment: Any New Zealand leader finds it politically advantageous to be able to demonstrate high-level access in Washington. The government's one-seat majority in Parliament makes this consideration more important than usual. [Redacted]

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In seeking his fourth term, Muldoon will have to persuade voters that he has made substantial progress in dealing with the troubled economy. He has had some success in recent years in finding new markets for dairy products, one of New Zealand's most important exports, and in ending double-digit inflation which has lasted nine consecutive years. [Redacted]

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The record 6-percent unemployment may overshadow the decisive leadership Muldoon has given his country since 1975. On the other hand, the opposition Labor Party's chances at the polls are hurt by its deep ideological divisions and its inability to offer any credible alternative to Muldoon's economic programs. [Redacted]

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Muldoon has revitalized relations with the US within the context of the ANZUS alliance. A victory by Labor would lead to new difficulties for that relationship. Labor, in seeking to capitalize on widespread nuclear fears shared by all sectors of the public in New Zealand, has said that it would follow the practice of the last Labor government and deny port calls by US nuclear-powered warships. [Redacted]

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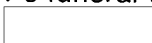
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USSR: Gorbachev's Remarks

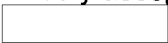
Soviet media on Wednesday reported for the first time on an address by party secretary Gorbachev to the Central Committee plenum that elected Chernenko to be General Secretary. According to the US Embassy, Gorbachev called for party unity, praised the unanimous election of Chernenko, and pledged full support for his policies. An important official of the Central Committee told the French delegation at Andropov's funeral that Gorbachev is now "unofficial" second secretary. 

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Comment: Gorbachev's remarks were conciliatory in calling for support of Chernenko, but the failure to publish or even mention them earlier is the clearest sign yet that there was at least some infighting in the leadership over the succession. The fact that Gorbachev's remarks were eventually publicized and his position next to Chernenko at Andropov's bier tend to support the Central Committee official's statement that Gorbachev now ranks number two in the Secretariat. This probably was part of the compromise—which may prove only temporary—among the factions that elevated Chernenko to be General Secretary. 

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USSR-PAKISTAN: Chernenko Snubs Zia

Press reports state that General Secretary Chernenko had private meetings with Afghan President Babrak and Indian Prime Minister Gandhi after Andropov's funeral, but that he ignored Pakistani President Zia's request for a meeting. Andropov met with all three South Asian leaders at Brezhnev's funeral. Zia, who returned to Islamabad on Wednesday, tried to put the best face on the situation by expressing hope that the new Soviet leadership would carry forward the improvement in bilateral relations that took place under Andropov. Chernenko reportedly accepted Gandhi's invitation to visit India as soon as possible. 

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Comment: Chernenko's decision to meet with Gandhi and not Zia indicates the Soviets want to heighten Zia's sense of insecurity on the Afghanistan issue. It also suggests that Moscow currently sees no advantage in raising expectations of a possible political solution to the conflict in Afghanistan. Well in advance of Andropov's death, the Soviets had reverted to their earlier position that the insurgency had to end before Soviet troop withdrawals could be considered. UN and Pakistani officials agree that no additional progress on a political settlement can be made unless Moscow and Kabul are willing to show flexibility on the issue. 

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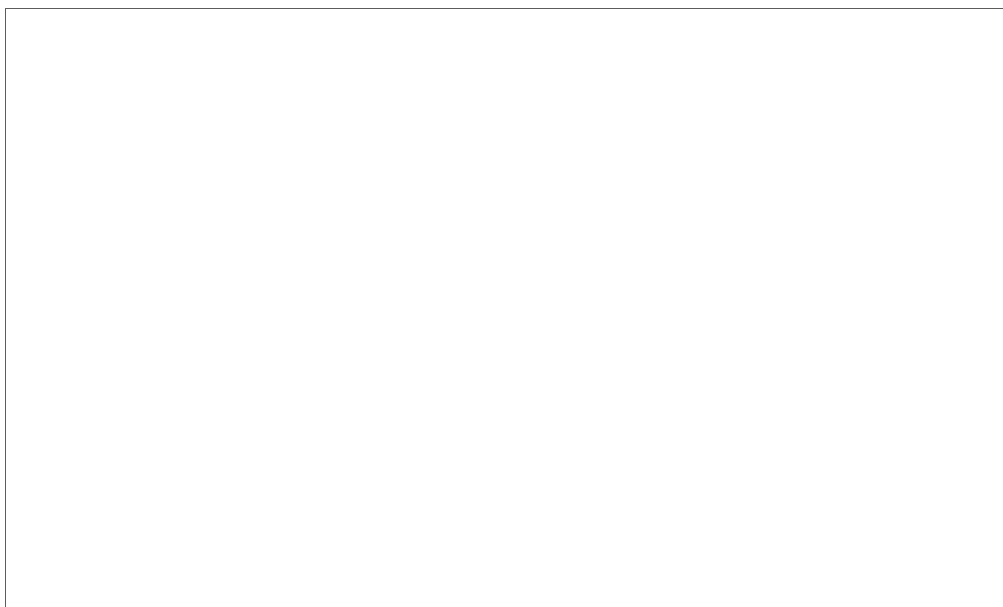


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USSR-US: Interest in Improving Trade

A middle-level Soviet foreign trade official last month indicated that the USSR wants to establish trade symposia with US industries to improve commercial relations. [Redacted] The official proposed that a delegation from the Soviet trade organization responsible for importing machine tools discuss with US manufacturers future Soviet industrial projects and ways US firms could more effectively participate in Soviet trade shows. [Redacted]

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Comment: Similar Soviet approaches to US businessmen have yet to be translated into increased business. The renewed interest, however, indicates Moscow is examining Western markets as part of the process of determining the level and composition of machinery and equipment imports for the next plan period. The Soviets also may be concerned that the reduction in commercial relations with the US is causing the USSR to miss out on advances in US machine tool technology. General Secretary Chernenko's past emphasis on detente and expanding East-West trade suggests that bilateral industrial contacts and trade opportunities will now be encouraged more. [Redacted]

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[Redacted]

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SPAIN-NICARAGUA-CUBA: High-Level Meeting

Cuban President Castro and Nicaraguan Junta Coordinator Ortega met yesterday in Madrid with Prime Minister Gonzalez during a four-hour refueling stop on their return from Andropov's funeral. This was Castro's first visit to Western Europe since taking power, and a Spanish official said the initiative for stopping in Madrid came from Castro. The official also said the three leaders had a warm and friendly discussion about Central America and East-West relations.

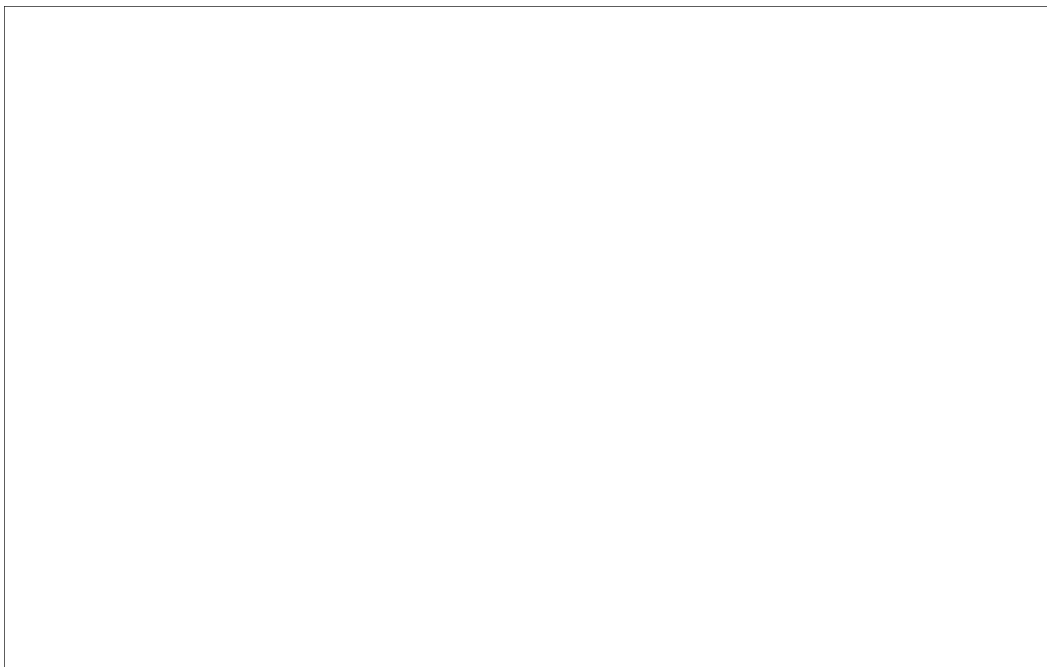


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Comment: Castro has long wanted to visit Western Europe, and he almost certainly will tout the visit as evidence of his international respectability. Gonzalez has tried to portray himself as a Western point of contact with Castro, and he probably found it difficult to turn down a Cuban request for a meeting. Gonzalez may even have seen the contact with Castro as a means of improving his standing with leftist voters upset by his pro-Western foreign policy and moderate economic program.



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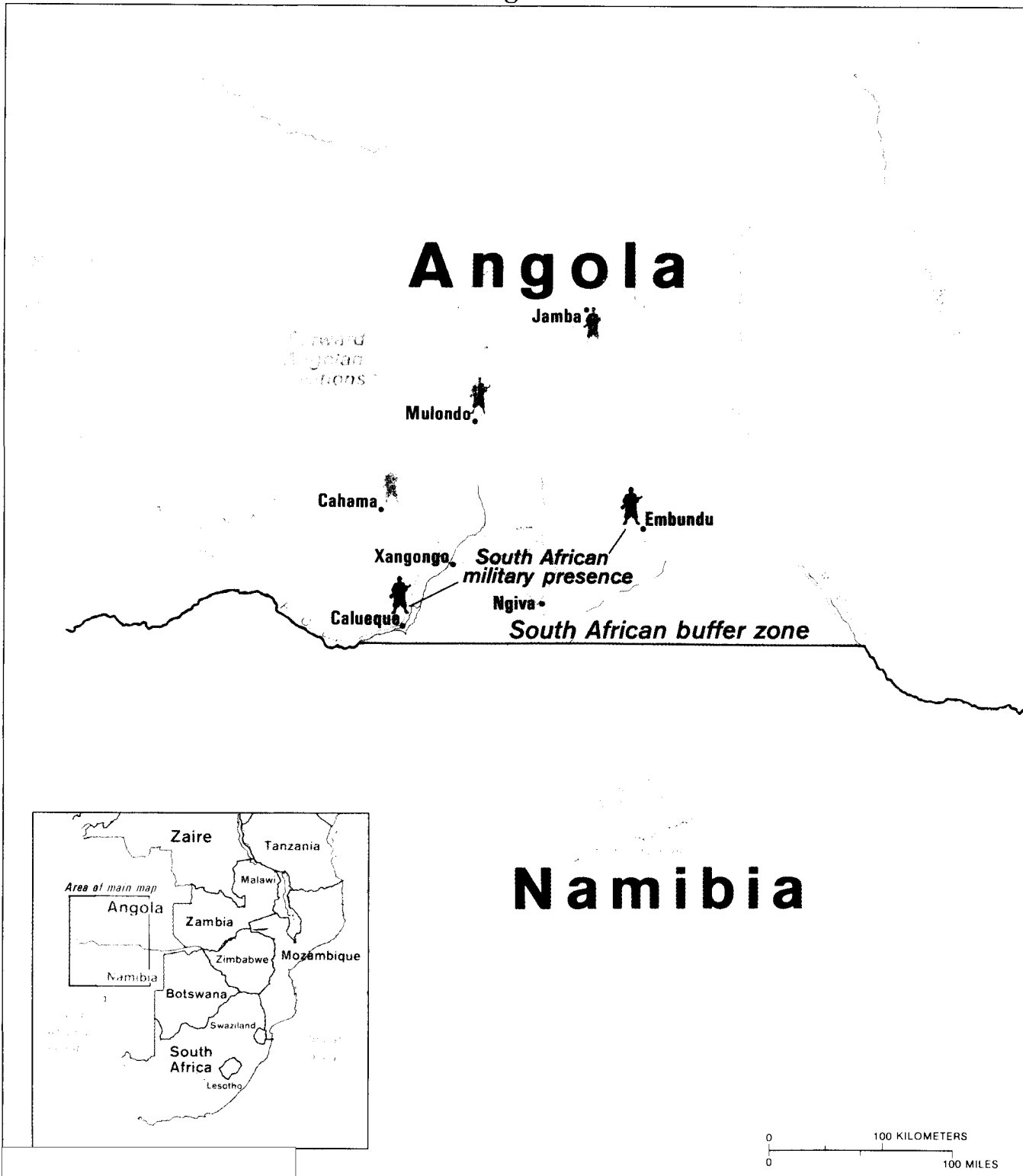


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Status of South African Presence in Angola



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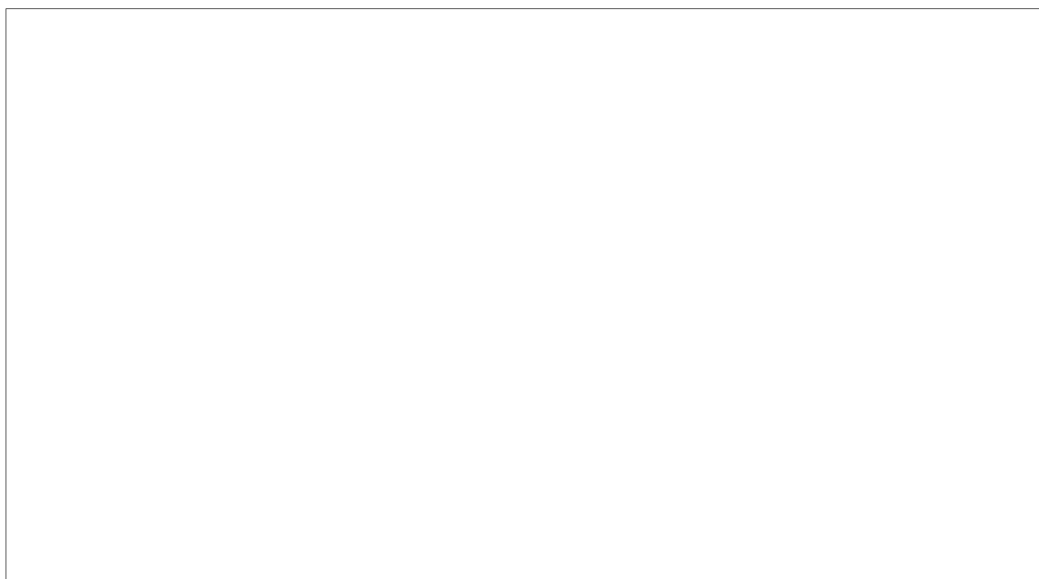
SOUTH AFRICA-ANGOLA: Evidence of Disengagement



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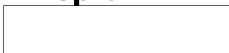
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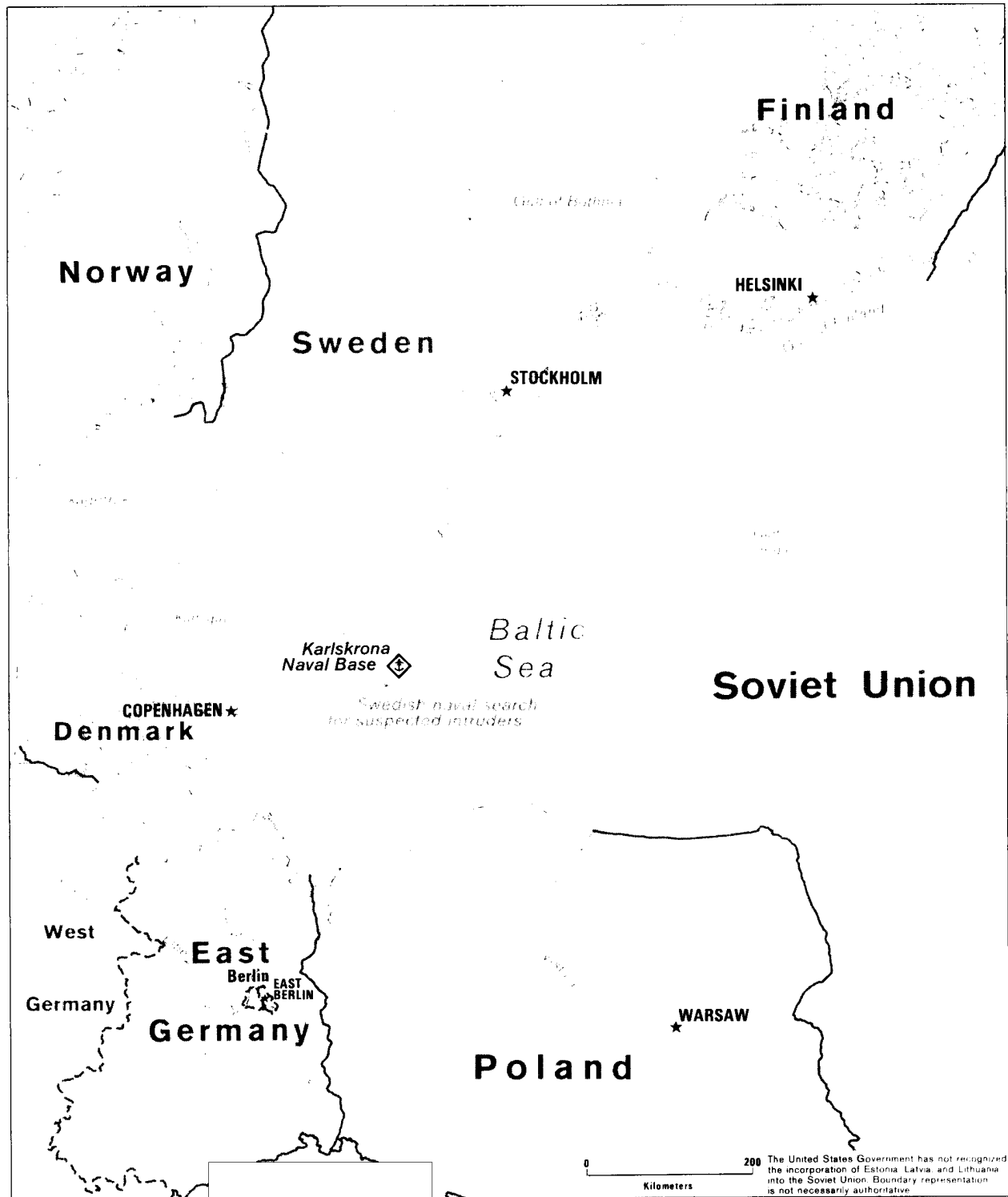


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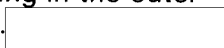
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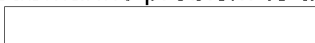
SWEDEN-USSR: Suspected Submarine Intrusion

Sweden apparently believes a Soviet submarine is in the naval base area at Karlskrona. The Navy yesterday was conducting an intensive search for a suspected foreign submarine near the base area, while troops searched the surrounding archipelago for unidentified frogmen that reportedly had been sighted. Surface vessels on Tuesday began dropping depth charges in the harbor near where a Soviet submarine ran aground in 1981. Press reports state that naval officials believe that they have trapped a foreign mini-submarine and that its mother submarine is waiting in the outer islands, but no definitive contact has been made.

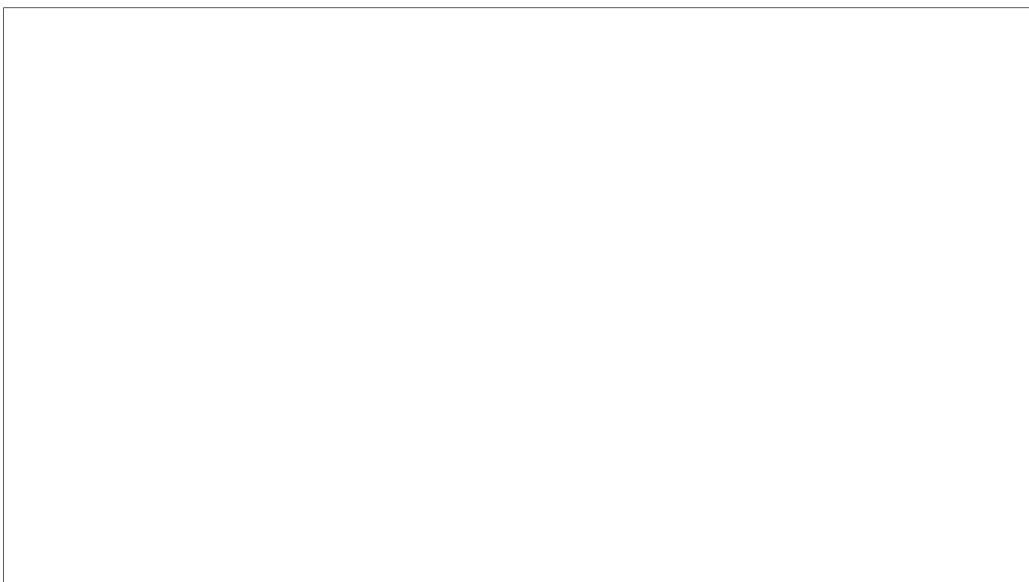


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Comment: It is unclear whether any submarine is present. The Soviets would seem to have little to gain from violating Swedish waters in the midst of the Conference on Disarmament in Europe being held in Stockholm. Foreign Minister Gromyko gave strong assurances to Prime Minister Palme last month that they would continue to respect Swedish territorial integrity. This latest incident will frustrate Palme's desire to take advantage of the change in Soviet leadership to relegate the entire submarine problem to the past and improve relations with the USSR.

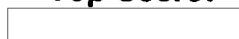


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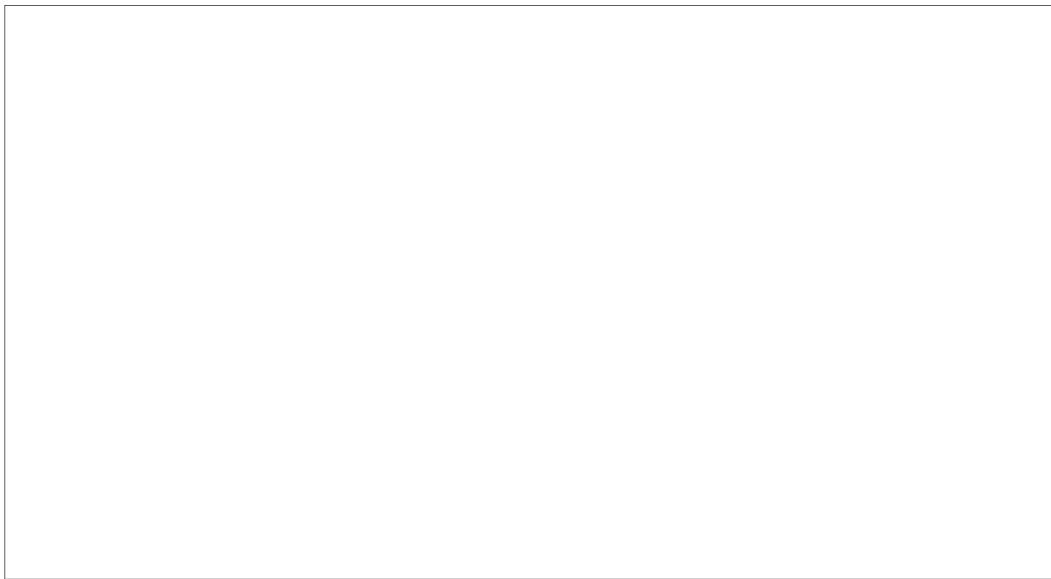


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POLAND: Glemp's Problems

Cardinal Glemp departed from Warsaw yesterday for Rome, before making a monthlong trip to South America to visit Polish emigre communities. Before leaving, he implied that he had been forced to transfer an outspoken pro-Solidarity priest, Mieczyslaw Nowak, from Warsaw to a rural parish. The police have threatened two other activist priests with criminal proceedings. They interrogated Nowak on Wednesday, the day after he received notice of his transfer.

[Redacted]

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Comment: Glemp may have bowed to pressure from the regime. Criticism of him is likely to increase both in the Polish church and the Vatican, where there reportedly already is widespread dissatisfaction with his handling of church-state issues. Cardinal Macharski, a confidant of the Pope, probably will oversee church affairs in Glemp's absence. He may provide more acceptable representation in talks with the regime on the release of political prisoners and the establishment of diplomatic relations with the Vatican.

[Redacted]

[Redacted]

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CANADA: New Budget

The budget announced on Wednesday emphasizes fiscal conservatism in preparation for the federal election expected this fall. The document aims to reduce the federal deficit by \$1.5 billion, from an estimated \$25.5 billion this year, and it provides for only moderately increased social spending and tax reforms to help business. The budget has received widespread support from the business community, but opposition party and labor leaders have criticized the government for not doing more to create jobs.

[Redacted]

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Comment: The conservative nature of the budget is an effort to increase the private sector's confidence in the Liberal Party's ability to manage Canada's recovery. This may be a result of recent media claims that the deficit now rivals unemployment as the most important economic issue for voters. The Tories will now find it difficult to attack the government for excessive spending or to offer the voters an economic program markedly different from that of the Liberals.

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