



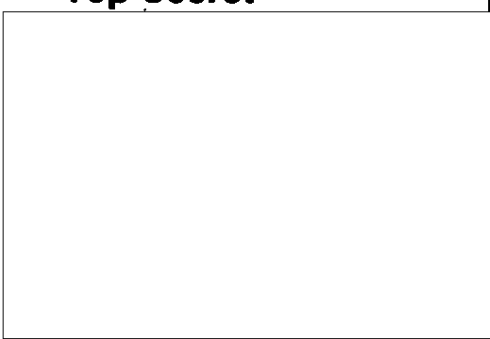
Director of
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National Intelligence Daily

Tuesday
21 February 1984

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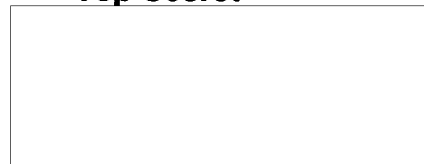
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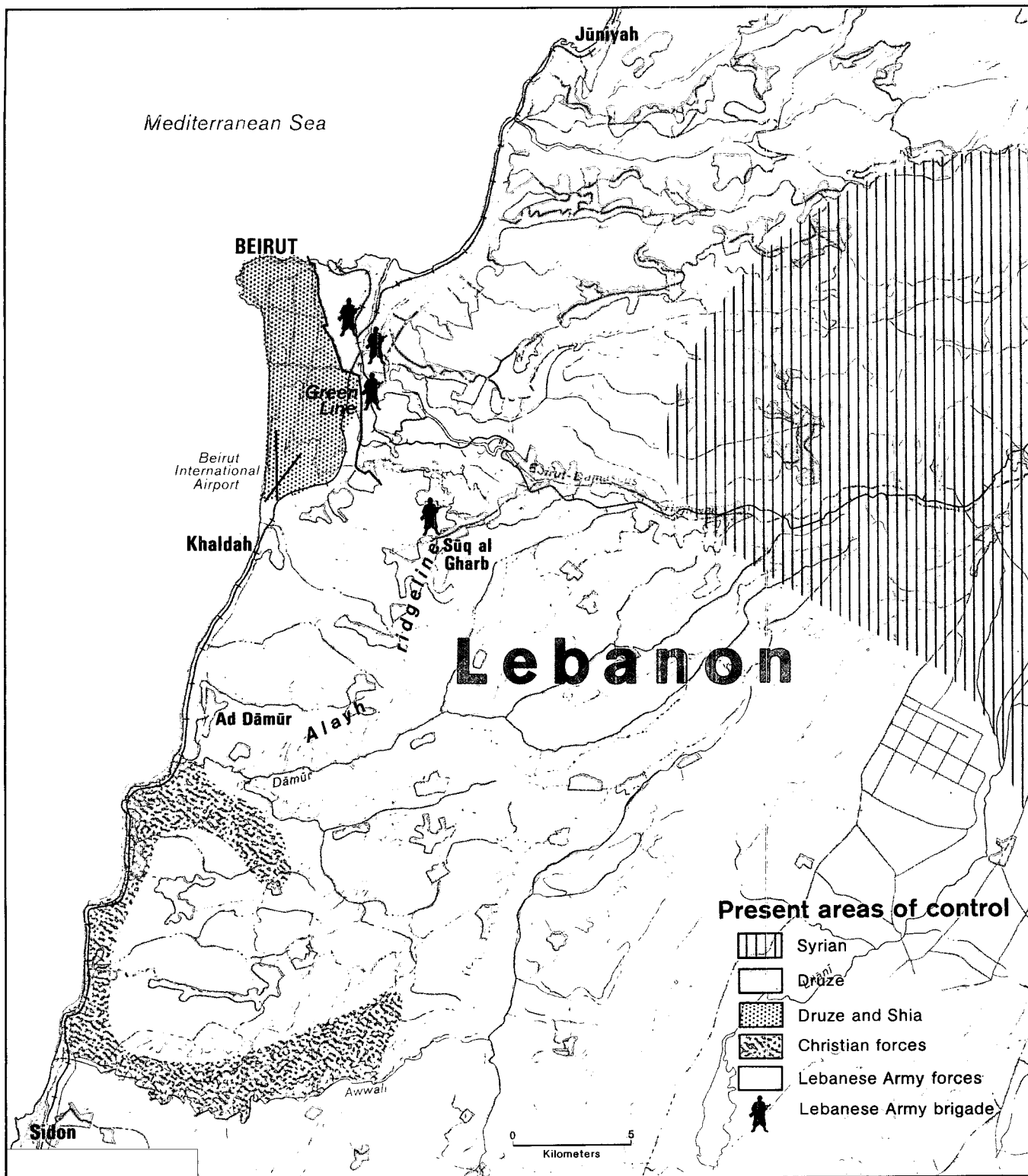


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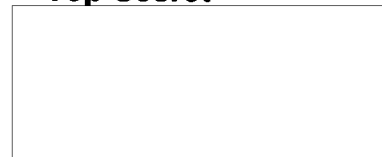
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LEBANON-ISRAEL: Jockeying for Position

The Lebanese Army is maintaining its precarious hold on the Alayh ridgeline at Suq al Gharb, but 8th Brigade positions there remain vulnerable to attack by Druze and Palestinian forces. Meanwhile, factional leaders, convinced that the government of President Gemayel is on the verge of collapse, have begun to argue among themselves over what form the "new Lebanon" should take.

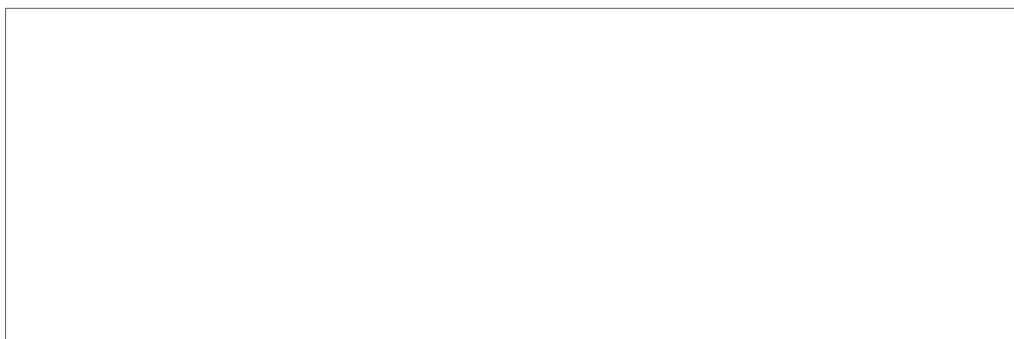


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US military officers who traveled to Suq al Gharb with the 8th Brigade commander on Sunday concluded that the brigade's units were understrength and that overall troop morale was "fair." Morale continues to deteriorate because of the virtual rout of the rest of the Army.



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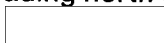


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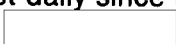
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About 100 Israeli armored vehicles were spotted heading north of the Awwali River yesterday, according to press reports.



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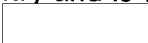
Comment: Israeli forces may be planning a show of force or simply patrolling north of the Awwali. The Israelis have sent armored patrols toward Druze lines at Damur almost daily since the town was seized from the Lebanese Army last week.



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Disagreements Between Amal and Druze

A former head of the Shia Amal movement told the US Embassy that serious differences are developing between Amal and the Druze militia of Walid Junblatt. He said that the Shias resent Druze control of the coastal road south of Beirut and are annoyed by the infiltration of Palestinian fighters through Druze-held areas. Moreover, he said Amal opposes Druze efforts to partition the country and is willing "to fight anyone who tries to bring about partition."



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Comment: Opposition leaders, anticipating an imminent collapse of the Gemayel government, almost certainly are jockeying for position and attempting to consolidate their areas of control. [Redacted]

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Disagreements between Junblatt and Barri, however, also reflect the basic incompatibility of Druze and Shia long-term objectives. The Druze probably would settle for a self-governing Druze "canton" in a partitioned Lebanon. The Shias—whose population is scattered throughout Lebanon—deeply oppose partition, which would leave most Shias under Syrian or Israeli occupation. [Redacted]

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Growing Christian Fears

Several Christian leaders have told the US Embassy in recent days that most Christians are afraid that a complete Druze-Muslim victory would result in their political eclipse and possibly even their physical annihilation. Hardliners continue to argue that the US must draw a "red line" at Suq al Gharb to prevent the total disintegration of the Lebanese Army. [Redacted]

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[Redacted]

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Comment: Many Christians feel betrayed by the US and Israel, which they believe could still somehow forestall the collapse of the Gemayel government. Most doubt, however, that opposition forces will allow Gemayel to remain in office for long. Despite hardline statements by Lebanese Forces officials, many Christians probably accept that their community will have to reach an accommodation with Syria to survive. [Redacted]

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Iran-Iraq Military Developments



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IRAN-IRAQ: Military Developments

There has been little change in the tactical situation in the battle area south of Mehran, as Iran continues preparations for a major offensive. [Redacted]

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[Redacted] a lull in the fighting south of Mehran, with Iranian forces continuing to shell Iraqi positions. The Iranians have not crossed the border into Iraq, but Tehran has publicly claimed the attack is a success. [Redacted]

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[Redacted]

[Redacted] Senior Iraqi Foreign Ministry officials told the US Interests Section in Baghdad that because of Iraqi public opinion it would be difficult to withhold attacks on Iranian urban areas that are staging points for the expected Iranian offensive. [Redacted]

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Comment: Revolutionary Guard units and other irregulars being moved to the front probably number around 100,000 men. Preparations for the offensive likely will not be completed before the end of the month. [Redacted]

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Iranian attacks on Iraqi cities last week and the threat of a major ground offensive will probably force Iraq to renew its attacks on Iranian urban areas. Tehran's provocations could push Baghdad into striking economic targets soon, but Iraq is reluctant to lose aircraft despite its air superiority. Iraqi officials, moreover, probably are unsure of the military's ability to carry out successful attacks against strategic targets. [Redacted]

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MOROCCO-LIBYA: Improving Relations

The closer relations that were resumed last summer between Morocco and Libya withstood their first serious test last month and are still developing rapidly. [Redacted]

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Libyan leader Qadhafi was angered last month when King Hassan engineered Egypt's readmission to the Islamic Conference and invited President Mubarak to Morocco over Qadhafi's objections. Qadhafi subsequently acquiesced, however, and even sent an envoy to meet with Mubarak in Rabat. [Redacted]

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A Moroccan-Libyan commission reached agreement last month on a broad range of economic, social, and cultural projects. [Redacted]

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[Redacted]

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Hassan, meanwhile, has announced that he plans to visit Libya soon. [Redacted]

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[Redacted] Qadhafi publicly withdrew support for the Polisario last summer, and he recently endorsed Morocco's aim of incorporating Western Sahara. [Redacted]

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Comment: Hassan probably has no illusions about Qadhafi. He evidently is trying to obtain financial relief for Morocco's troubled economy, hold Qadhafi to his renunciation of Saharan separatism, and avert any attempt by Algeria to wring concessions from Morocco on the Western Sahara issue. [Redacted]

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Qadhafi is likely to hope that good relations with Morocco—originally urged on him by Saudi Arabia—will help gain development loans from the Persian Gulf states. He also may calculate that Moroccan and Saudi ties will discourage US efforts against him. [Redacted]

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Mobile SAMs

	Range Min./Max.	Altitude Min./Max.	Guidance	Rails per launcher	Year operational
SA-4 Ganef	10km/50km, CIA 80km, DIA	100m/25,000m	Semiactive radar	2	1967
SA-X-12 (developmental)	10km/100km	50m/30,000m	Tracks via missile	4	1984



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USSR: Status of New Surface-to-Air Missile

[Redacted]

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Soviet troops will receive the new system later this year. Several vehicles associated with the smaller of the system's two missiles were seen at the site, which serves both an operational SA-4 brigade and a school for SAM troops. SA-X-12 equipment previously had been observed only at production and at research and development facilities. [Redacted]

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Comment: The site is a logical location for the first operational SA-X-12 unit because it also was the first to receive the system's predecessor, the SA-4. The smaller of the two missiles can intercept aircraft, cruise missiles, and short-range tactical ballistic missiles, such as the US Lance. The larger missile also probably can intercept tactical ballistic missiles of the Pershing class. The presence of equipment associated only with the smaller missile suggests that the SA-X-12 might be initially operational only with this missile and that the larger, more capable missile requires additional testing. [Redacted]

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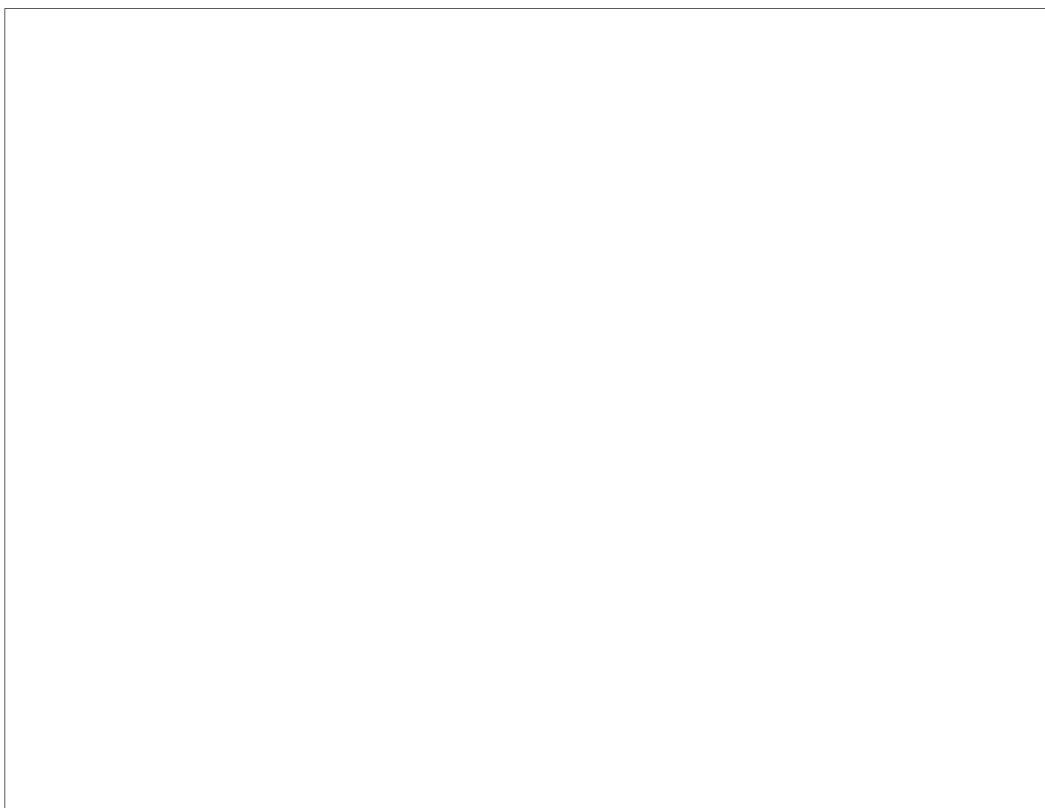
PHILIPPINES: Treatment of Opposition Leader

The detention of Salvador Laurel—leader of the moderate opposition coalition UNIDO—may cause some opposition groups to boycott the National Assembly elections in May. Laurel, who was arrested Friday at Manila airport on charges of concealing a gun in his luggage, claims the weapon was planted to frame him. President Marcos on Saturday ordered Laurel released, and he continued on his trip to the US, where he was scheduled to meet with several Congressmen and to participate in fundraising efforts. Just before he was arrested, Laurel had announced that UNIDO would participate in the elections. 

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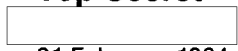
Comment: President Marcos's decision to detain Laurel may carry a high political cost if, as seems likely, opposition groups regard the arrest as new evidence that Marcos does not intend to hold fair elections. The incident has also served to focus international attention on the elections, making it all the more important for Marcos to solicit and retain the participation of some moderate members of the opposition to lend credibility to the elections. 

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BAHAMAS: Pressure on Prime Minister

Prime Minister Pindling is under increasing pressure as high-level officials continue to be implicated in hearings on drug trafficking and corruption. The opposition remains too weak to exploit growing public disenchantment [Redacted]

[Redacted]

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Comment: If Pindling were to try to make the most of his declining support by calling for an early election, Ingraham—who leads the liberal faction of the ruling party—probably would call for a vote of no confidence. If Ingraham commanded a parliamentary majority, he would serve out Pindling's term and would not be required to call elections until 1987. [Redacted]

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ALBANIA: Foreign Policy Initiatives

Tirana has made several moves to reduce its diplomatic isolation, and it appears less opposed to contacts with the US. Albania expects next month to sign a trade protocol with Italy for 1984 and wants a 15- to 20-year deal calling for Italy to build turnkey factories. [Redacted]

[Redacted]

[Redacted] Within the past month, moreover, both the Foreign Minister and his deputy listened to Italian and Turkish suggestions that Tirana establish a dialogue with Washington without engaging in standard diatribes against US policy. [Redacted]

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Comment: Albania's recent moves suggest new interest in expanding economic ties with the West and in improving relations with selected Communist states in the Third World. Tirana remains hostile toward both superpowers and continues its polemics against US and Soviet policies. Nevertheless, the Foreign Minister's unusual silence on the Turkish and Italian suggestions may indicate that Albanian leaders are tentatively considering the costs and benefits of a trade relationship with the US. [Redacted]

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**Balance of Trade in Defense Equipment With
Major NATO Trading Partners^a
(Ratio of US Exports to US Imports)**

Country	Ratio	
	FY 82	Total 1977-82
Belgium	7.6:1	7.8:1
Denmark	8.6:1	6.6:1
France	2.3:1	5.9:1
West Germany	5.9:1	13.4:1
Italy	10.4:1	16.4:1
Netherlands	10.8:1	9.7:1
Norway	7.6:1	5.6:1
UK	3:1	3:1
Total Europe	6.4:1	6.6:1

^a As of February 1983.

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Special Analysis**NATO-US: Tension Over the Arms Trade**

The NATO Allies over the last year have expressed keen displeasure about the large US advantage in the arms trade within the Alliance, and they have questioned whether the US actually wants a mutually advantageous two-way trade in this market. During recent negotiations to buy the Patriot air defense system, the Dutch and West Germans demanded substantial offsetting contracts from the US. The Allies also are becoming restive over the US initiative on emerging technologies and other US proposals on arms development, in part because they see them as a means of maintaining US dominance in advanced weapons technology.

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This dissatisfaction is not new, but the decline in Third World arms purchases and the general economic malaise in Western Europe, particularly the high unemployment rates, have made it worse. Creating jobs is the most important domestic policy objective for West European governments, and they believe the defense sector has to make an important contribution. They argue that the large US advantage in arms trade with Europe—with sales more than six times the value of purchases in fiscal 1982—has harmed their defense programs and stifled their arms industries.

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Allied Positions and Actions

The Europeans are demanding offset arrangements that provide substantial compensation for purchases in the US. Agreements recently concluded with West Germany and the Netherlands for the Patriot air defense system may serve as models.

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Under the agreement with West Germany, the US will give Bonn 14 Patriot surface-to-air missile units—12 operational, one spare, and one for training—and the West Germans will buy an equal number. In return, the West Germans will man two battalions equipped with US-owned Patriot missiles and provide and operate 27 French-German Roland surface-to-air missile units at three US airbases in West Germany. The Hague's decision to procure the Patriot is contingent on offsets from the US manufacturer as well as the US Government's purchase of some \$70 million dollars worth of Dutch military equipment.

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The European Allies recently have increased efforts to "buy European." In 1983 the European Parliament passed a resolution

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calling for increased arms cooperation within the EC, and the French and Italians have increasingly advocated using the West European Union for the purpose. [redacted]

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Recent codevelopment and coproduction agreements include a program by the UK, West Germany, France, Italy, and Spain to develop a new-generation fighter. The Italians and the British have agreed to coproduce a new naval helicopter, and the Dutch and the British have agreed to cooperate in developing naval equipment. The Hague had rejected a US-made engine for its new frigates, preferring to deal with the British because they offered major government-to-government offsets. [redacted]

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Despite this cooperation, there is strong competition among European arms producers for lucrative sales both in Europe and to the US. For example, an Italian mine-warfare ship was in competition with a French-Belgian-Dutch design for a US Navy contract. When the joint entry was eliminated, the Dutch complained about the failure of the "two-way street." [redacted]

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The US choice of the British Hawk trainer over the French-German Alpha Jet brought strong complaints from both Bonn and Paris. The Allies reacted strongly to the US selection of a Swedish antitank weapon over NATO competitors. The decision not to work with the British to codevelop a weapon to destroy runways but to buy it from the French led some British officials to question US reliability as a development partner. [redacted]

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The West Europeans' emphasis on the sale of complete weapon systems, particularly those in competition with US systems, has hampered their ability to redress the imbalance in arms trade. The Netherlands, Belgium, and other smaller states often cannot produce enough weapons suitable for the US market. [redacted]

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Sales of European subsystems to the US or contracts for maintaining US equipment stationed in Europe offer the Allies greater opportunity to offset their arms trade imbalances. These options, however, probably will not be enough to bring the arms trade between the European Allies and the US into balance. [redacted]

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Outlook

The West European nations individually will continue to face serious obstacles in producing and selling competitive advanced weapons as they seek a better balance in their arms trade with the US. They almost certainly will turn increasingly to European codevelopment to shore up their defense industries. Joint programs

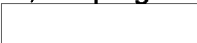
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and licensed production offer some potential for maintaining employment levels, keeping development costs down, and acquiring new technology. 

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Overall procurement costs tend to be higher when some Allies rely on codevelopment or coproduction projects than when all buy from a single source. This will remain a problem until they begin to specialize more. 

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The NATO Allies probably will make increasing demands for US government offsets in negotiating for US systems. They also are likely to seek a major role for European industries in the development and production of new systems incorporating new US technologies. The Europeans probably hope to persuade Washington to accede to their requests by threatening a slowdown or cancellation of NATO force modernization programs. 

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