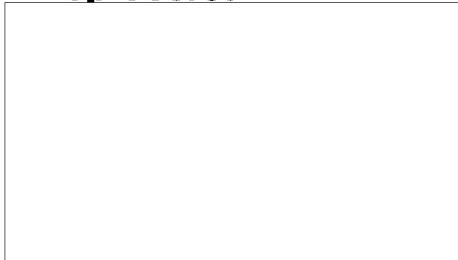




**Director of
Central
Intelligence**

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CPAS/CIG
CY# 285

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National Intelligence Daily

*Friday
2 March 1984*

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2 March 1984

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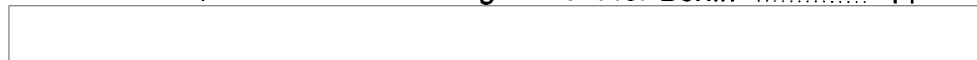
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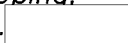
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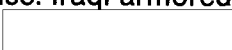
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IRAN-IRAQ: Iranian Attacks Increase

Iran has launched what may be the initial phase of its major offensive at Al Basrah. Meanwhile, it is strengthening its air defenses protecting Khark Island. Morale problems appear to be developing, however, among the Iranian population and within the military.



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 fighting under way along two sections of the border northeast of Al Basrah. Iranian forces have advanced about 4 kilometers in one area but have not penetrated the main Iraqi defense. Iraqi armored forces were counterattacking in both areas. 


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 more Iranian armored forces have moved forward close to the frontlines. 

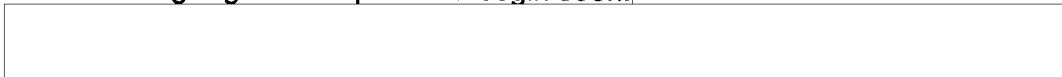
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Comment: The Iranians are likely to be trying to outflank the main Iraqi defenses and overmatch Iraqi forces in the south, but the Iraqi counterattack could cut off the Iranians and trap them against the marshes. The movement of Iranian armor indicates additional attacks involving regular troops could begin soon. 

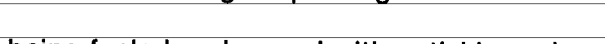

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Situation in the Persian Gulf

Iraq yesterday claimed to have sunk eight ships near Bandar-e Khomeyni. The US AWACS aircraft in Saudi Arabia detected a marked increase in the number of Iranian F-14 sorties out of Bushehr Airbase following Iraq's alleged attack near Khark Island on Monday.

 two Iranian destroyers being fueled and armed with antiship and possibly antiaircraft missiles at Bandar-e Abbas. 

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Tehran radio warned on Wednesday that, if the US tries to reopen the Strait of Hormuz in the event it is closed by Iran, suicide attacks will be made against the US Navy. 

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Comment: Iran appears to be preparing its forces in case the fighting spreads into the Persian Gulf. The F-14s operating out of Bushehr increase Iran's capability to protect Khark Island. The Iranian destroyers probably will not operate near the island, where they would be vulnerable to Iraqi air attack, but they are likely to be kept ready to threaten shipping in the strait. [Redacted]

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The threat of suicide missions against US naval forces is a departure from Iran's previous position. Tehran had maintained that Western media reports that it was preparing such missions were propaganda inventions intended to prepare the way for an increased Western presence in the Middle East. [Redacted]

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[Redacted]

Iranian Morale

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Senior and middle-level Iranian military officers are upset about clerical interference with military planning and operations. [Redacted]

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demonstrations against the war erupted in Shiraz, when bodies of soldiers killed in the fighting were brought home for burial. [Redacted]

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Comment: Popular discontent with the war could become widespread in Iran if it fails to make major gains and the casualties from the latest battles become public. [Redacted]

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LEBANON-SYRIA: Christians Resisting Compromise

Christian hardliners in Beirut are preparing to resist any accommodation with Syria that might result from President Gemayel's talks in Damascus. [Redacted]

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Several militia leaders told the US Embassy yesterday that the Lebanese Forces are planning to oppose Gemayel politically and militarily. Their new program, which will be separate from that of the Phalange, will seek to create a Christian autonomous area with close relations with Israel. They claim that most Christians have abandoned the concept of a unified Beirut and a unified Army and now support them. [Redacted]

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Comment: The entire Christian community appears to be adopting the unyielding stand of the Lebanese Forces. If Gemayel announces the abrogation of the Lebanese-Israeli agreement, Christian militia leaders probably will attempt to take over the Army and the Ministry of Defense. Most Christian officers believe that a unified army of Christians, Druze, and Muslims is no longer possible, and they would not resist such a move. The consolidation of the Lebanese Forces and the Army into a Christian front would set the stage for renewed civil war. [Redacted]

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Israel probably is discouraging the Lebanese Forces from following this course because it would isolate the Christian community and leave it vulnerable to Syrian-supported forces. Tel Aviv is under increasing domestic pressure to withdraw from Lebanon and does not relish the prospect of a long-term commitment to defend a Christian state. Israel's policy instead is to concentrate on security arrangements in the south, for which it hopes to get local Shia, Sunni, and Druze cooperation. [Redacted]

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SUDAN: Nimeiri Buying Time

President Nimeiri, who is facing discontent in his armed forces over the insurgency in the south, probably will make only limited conciliatory gestures toward southern dissidents in his Unity Day speech tomorrow. [Redacted]

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[Redacted]

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The government has not yet released the recommendations forwarded to Nimeiri last week by a commission of northern and southern politicians. The US Embassy reports that the status of north-south negotiations is unclear but that many southerners will wait for Nimeiri's speech to assess his sincerity about a political settlement.

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[Redacted]

[Redacted]

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Comment: Nimeiri ultimately may make additional concessions, but he seems to view negotiations with southerners and his speech as stopgap measures. He appears to be concentrating on improving his position through increased arms deliveries from the US and a lessening of tensions with Ethiopia. [Redacted]

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Most dissidents still appear willing to negotiate, but they will become more intransigent if their military position improves. In addition, the declining morale of the armed forces has fostered open criticism of Nimeiri and rumors of coup plotting. [Redacted]

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USSR-US: Interest in Talks on Space Weapons

[Redacted]

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Foreign Minister Gromyko, in a speech on Monday, alluded to earlier Soviet proposals regarding weapons in space and called on the US to start talks on this issue now. Defense Minister Ustinov and Politburo member and party secretary Gorbachev also alluded in recent speeches to the proposals. [Redacted]

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Comment: The most urgent Soviet concern almost certainly is the development of the US antisatellite system to be launched from an F-15. They would like to prevent or at least delay US testing and deployment. [Redacted]

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Limiting weapons in space gained added urgency for Moscow following President Reagan's discussion last March of the possibility of space-based strategic defense systems. Soviet approaches and propaganda are likely to intensify as the US moves toward further testing. [Redacted]

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SOUTH AFRICA-ANGOLA-MOZAMBIQUE: Talks Continue

South Africa's negotiations with Angola and Mozambique are continuing, but insurgent activities will remain a concern to all parties.

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The South African-Angolan Joint Monitoring Commission agreed last week on mechanisms to police the cease-fire. At the meeting in southern Angola, South African negotiators expressed strong concern about increasing SWAPO infiltration into Namibia. The Angolans accepted full responsibility for controlling the insurgents' movements.

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Senior South African officials recently said that there have been 42 contacts with SWAPO insurgents in northern Namibia since the beginning of February. South African light attack aircraft have been moved to bases closer to the area of the reported infiltration. South Africa has released SWAPO founder Toivo ya Toivo from prison, according to press reports.

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Meanwhile, the Embassy reports that Mozambique's response to the draft security accord presented by Pretoria two weeks ago will be largely favorable when negotiations resume in Cape Town today. A senior Mozambican official has said his government will no longer allow the ANC to stage attacks from Mozambique. He also said, however, that Maputo will reject Pretoria's demand that Mozambique expel all ANC officials and South African refugees.

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Both the ANC and the South African-supported Mozambican insurgent movement—RENAMO—have become more active. In the past week ANC saboteurs have attacked two power stations in South Africa, while RENAMO has hit economic targets within 80 kilometers of Maputo.

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Comment: SWAPO may have infiltrated some guerrillas into Namibia, but the South Africans probably are exaggerating insurgent military activity there. Pretoria may have released Toivo ya Toivo in an effort to split the insurgent movement by creating a rival to SWAPO leader Nujoma. Pretoria and Maputo, however, will remain concerned about the level of insurgent activity. Hardliners in both governments could cite it as reason to break off the negotiations.

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CHINA: Resistance to Party Reform

[Redacted] *the party's three-year rectification program is fully under way in the provinces after months of confusion caused by the "spiritual pollution" issue.* [Redacted]

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[Redacted] A contact of the US Embassy says party General Secretary Hu Yaobang included a particularly faction-ridden province in a recent tour in order to deal with an "immobile" local leadership. Several other leaders, including Deng Xiaoping, have made tours of the provinces recently. [Redacted]

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[Redacted]

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Comment: The senior leaders almost certainly are taking the opportunity to push rectification goals in the areas they visit. Beijing is playing a larger role in local party rectification than originally stipulated in the guidelines issued by the Central Committee in October, which stated that work teams from higher levels generally would not be dispatched to subordinate organizations. Stalling tactics by provincial leaders wary of the rectification process evidently have driven Beijing to become more directly involved. [Redacted]

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Although the liaison teams are instructed to work closely with the local leadership in dealing with specific problems, they probably are empowered to force compliance with Beijing's orders. The intimidating presence of national-level observers at rectification meetings, however, may eliminate the need for more forceful intervention. [Redacted]

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CENTRAL AMERICA: Regional Tensions

New diplomatic strains between Guatemala and Honduras may threaten unity among Honduras, Guatemala, Costa Rica, and El Salvador—known as the "Core Four"—in regional negotiations with Nicaragua. 

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Press reports state Guatemala has recalled its Ambassador from Honduras and officially protested the visit of Belizean Prime Minister Price to Tegucigalpa last week. The Guatemalans claim Price is trying to persuade other Central American countries to bring Belize—which Guatemala claims as its territory—into regional organizations. Colombia, a member of the Contadora group mediating in Central America, suggested last week that Belize be admitted to the OAS.



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The Hondurans are privately criticizing both Guatemala and El Salvador for failing to support a stronger position against Nicaragua in the Contadora negotiations. The US Embassy reports Honduran leaders believe that the elections in Nicaragua in November could legitimize the Sandinista regime and that the Core Four should press Nicaragua in advance to adopt more democratic procedures.



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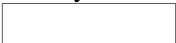
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Comment: Honduran support for Belize, combined with Colombia's statement, will heighten Guatemala's sense of isolation in the region and may jeopardize its backing of Core Four objectives in the Contadora mediation. Guatemala apparently believes it is not benefiting from the negotiations and has little to gain by giving strong support to Honduras.



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The Guatemalans also may resent large-scale US assistance for Honduras and El Salvador. They probably will be cautious in supporting US objectives unless they see clear benefits for themselves.



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The Hondurans evidently believe that they are bearing the burden of maintaining pressure on Nicaragua, a feeling increased by recent Guatemalan and Salvadoran reluctance to extend political support. They may see a need for closer relations with Costa Rica and Belize—the region's oldest democracies—to prevent isolation in their policy toward Nicaragua.



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VENEZUELA: Impact of Economic Program

President Lusinchi's economic adjustment program, his first major policy initiative, responds to several concerns of creditors but only partly addresses Venezuela's economic problems. [redacted]

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The US Embassy reports that the four-week-old Lusinchi administration, in keeping with its promise of a "social pact," has consulted closely with private business and labor. The program contains reduced interest rates and other measures aimed at mollifying the private sector. Food subsidies and a requirement that all firms expand employment levels by 10 percent are designed to appeal to labor. [redacted]

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Other important provisions of the program are designed in large part to satisfy foreign banks. These include permission for private firms to use a preferential exchange rate for servicing foreign debt, a devaluation of the bolivar, and steps to increase agricultural production. [redacted]

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Comment: Lusinchi is likely to have improved his position at home by putting together an adjustment program that is acceptable to a wide range of labor, business, and political groups. By successfully mediating between the contending factions in his economic cabinet, he probably also has strengthened his reputation for being skillful at developing a consensus. [redacted]

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Nevertheless, tougher fiscal and monetary measures will be necessary to cut public deficits and shift resources from consumption to investment. The low interest rates will undercut efforts to increase domestic savings and could prompt a resurgence of capital flight. Government subsidies and mandatory employment regulations almost certainly will make production even less efficient. [redacted]

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The administration appears to have taken a major step toward facilitating a rescheduling of public debt without an IMF-mandated austerity program. Parts of the program meet some of the demands of international bankers, and its announcement contrasts with the previous administration's tough stance toward them. As a result, it may improve the atmosphere for further talks. [redacted]

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HUNGARY: Leadership Concerns

Uncertainty about the USSR's policy toward Hungary, caused by Andropov's protracted illness and the change in Soviet leadership, may be behind new concerns about party chief Kadar's health and speculation about the eventual succession in Budapest. [Redacted]

[Redacted]

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[Redacted] several groups in the leadership are maneuvering to be in a better position for the succession. Kadar is said to have groomed Laszlo Marothy as his successor—at 42, the youngest Politburo member—but a group led by senior party secretaries Nemeth and Havasi reportedly has the inside track. Conservatives unhappy with the regime's economic reform program have coalesced around Central Committee member Grosz, who criticized the leadership at the Committee plenum last December. [Redacted]

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Comment: Kadar's active schedule for the past several weeks suggests he is not suffering severe health problems. The rumors probably were prompted by nervousness in Hungary about the leadership situation in Moscow. They also are likely to reflect concern that, if the new Soviet regime were to press for a more orthodox line, no other Hungarian leader could defend Budapest's innovative political and economic policies. [Redacted]

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The top Hungarian leaders differ over the scope and pace of reform. All of them support Kadar's fundamental policies, however, and they probably would try to continue them after his departure. Few militant conservatives remain in positions of power. [Redacted]

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Nemeth, the party's number-two man, now appears to be in the best position to succeed Kadar. He has broad experience and good connections in Moscow. On the other hand, his questionable health and leadership ability would tend to make him a weak, transitional leader. [Redacted]

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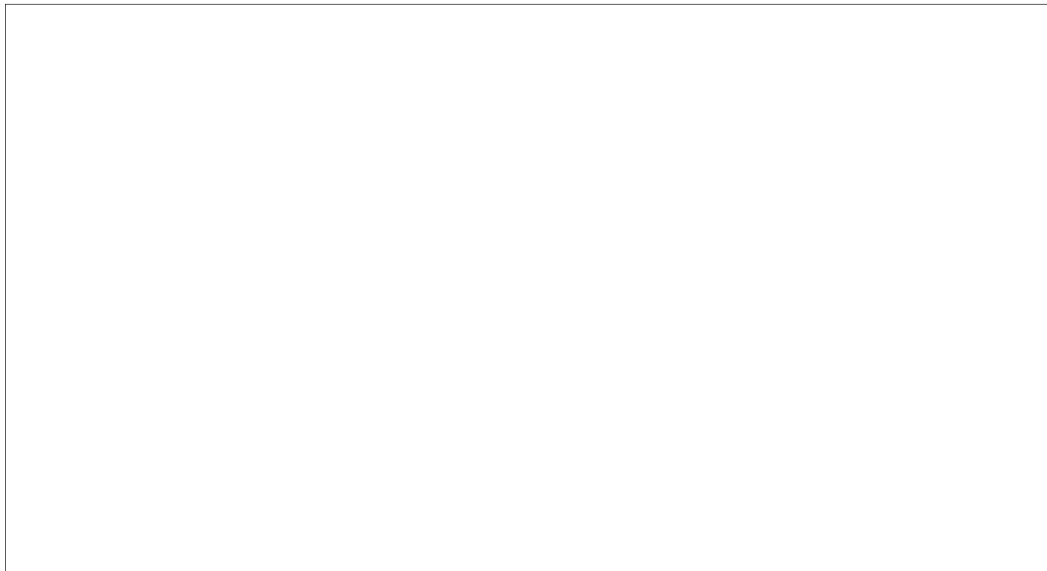
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FRANCE-LEBANON: Prospects for Troop Withdrawal

Officials in the Foreign Ministry in Paris have told the US Embassy that President Mitterrand has not yet made a decision on the withdrawal of French forces from Beirut. Paris is considering a number of options, including a partial reduction of its UN contingent in southern Lebanon and the withdrawal of a portion of its MNF contingent in Beirut. A senior French official said on Tuesday that France probably would pull its troops out of Beirut and consider withdrawing from the south if the USSR vetoed the French resolution calling for a UN peacekeeping force in Beirut. 

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Comment: The French almost certainly are discouraged by the Soviet veto, and they are likely to be considering the withdrawal of a large part of their contingent from Beirut. They may leave a substantial force there, however, to protect the more than 4,000 French civilians and to maintain a French presence. France presumably will await the outcome of the discussions between President Gemayel and President Assad before making a final decision on withdrawal. 

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PALESTINIANS-JORDAN: Results of Arafat-Hussein Talks

PLO chief Arafat left Amman yesterday without giving King Hussein specific commitments that would allow the King to enter into peace negotiations. During his four-day visit, Arafat met several times with Hussein, but talks were largely confined to general principles that would form the basis of future joint action. West Bankers invited by Hussein presented Arafat with a petition advocating a formal relationship between Jordan and the PLO. [Redacted]

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Comment: Neither Hussein nor Arafat expected to reach any major decisions. Nevertheless, the visit allowed both to satisfy their Palestinian constituencies temporarily by giving the appearance of momentum through highly publicized meetings of the joint PLO-Jordanian committee. In practical terms Arafat will remain preoccupied with shoring up his support in the PLO, and Hussein will await conditions more favorable to a renewed peace initiative. [Redacted]

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[Redacted]

WEST GERMANY: Labor Problems

Short warning strikes and demonstrations are likely in West Germany on the eve of Chancellor Kohl's arrival in Washington. The Metalworkers' Union, the largest union and pacesetter for the rest of organized labor, is deadlocked in negotiations with employers over its demand for a 35-hour workweek. A no-strike agreement expired on Wednesday. [Redacted]

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Comment: Widespread participation in these initial protests is possible. The willingness of the rank and file to follow the increasingly militant union leadership on this issue remains in doubt, however, because of weak worker support for the shorter workweek. A good turnout would support the contentions of labor leaders that the 35-hour week dispute could become the most serious labor problem since World War II. Economics Minister Lambsdorff also has warned of the possibility of a general strike this spring. [Redacted]

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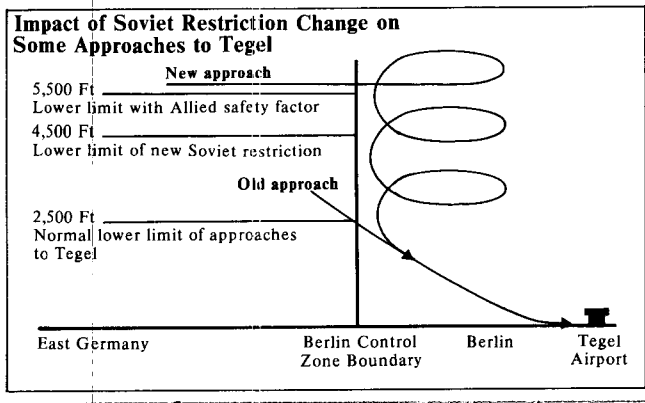
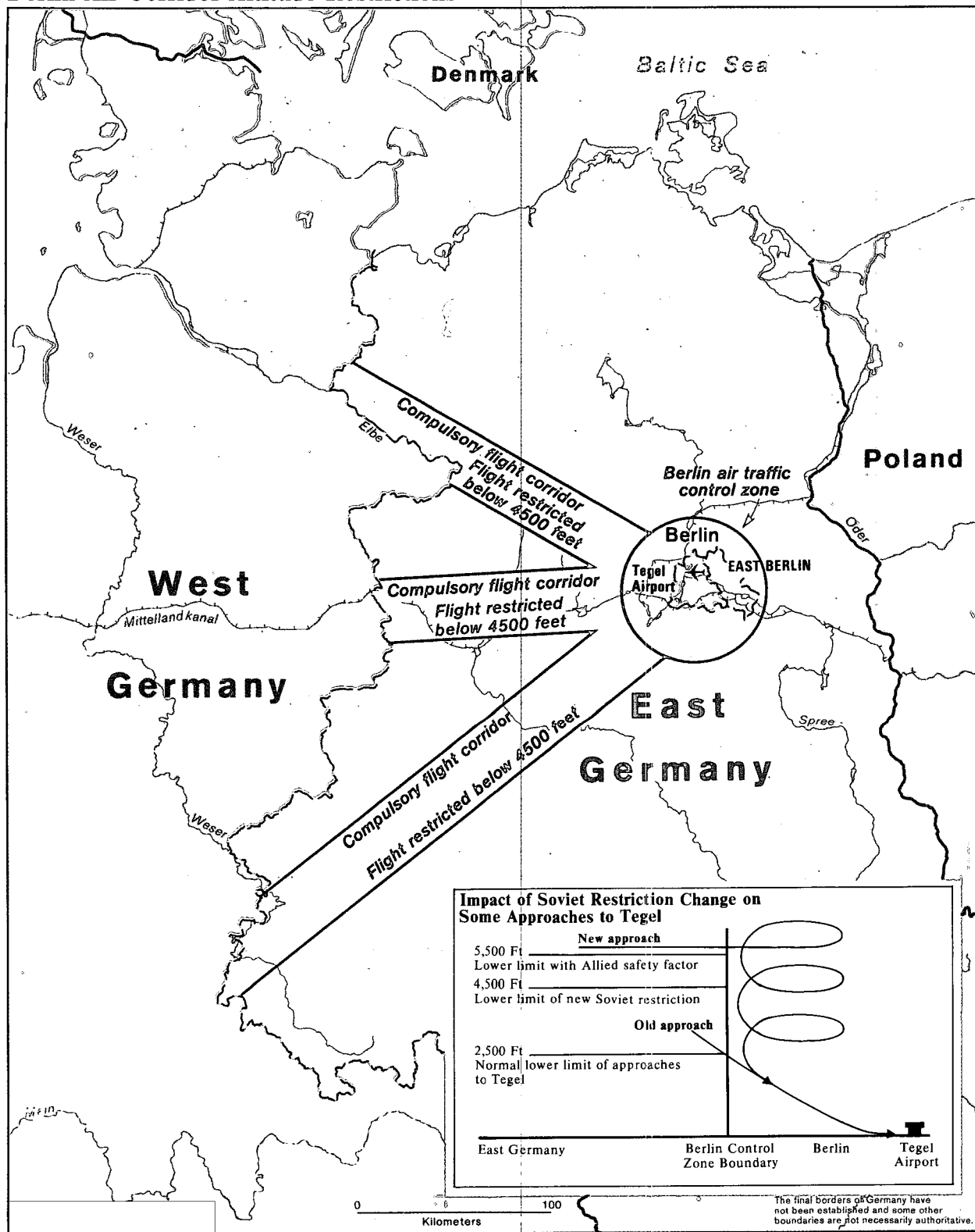
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Berlin Air Corridor Altitude Restrictions



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The final borders of Germany have not been established and some other boundaries are not necessarily authoritative.

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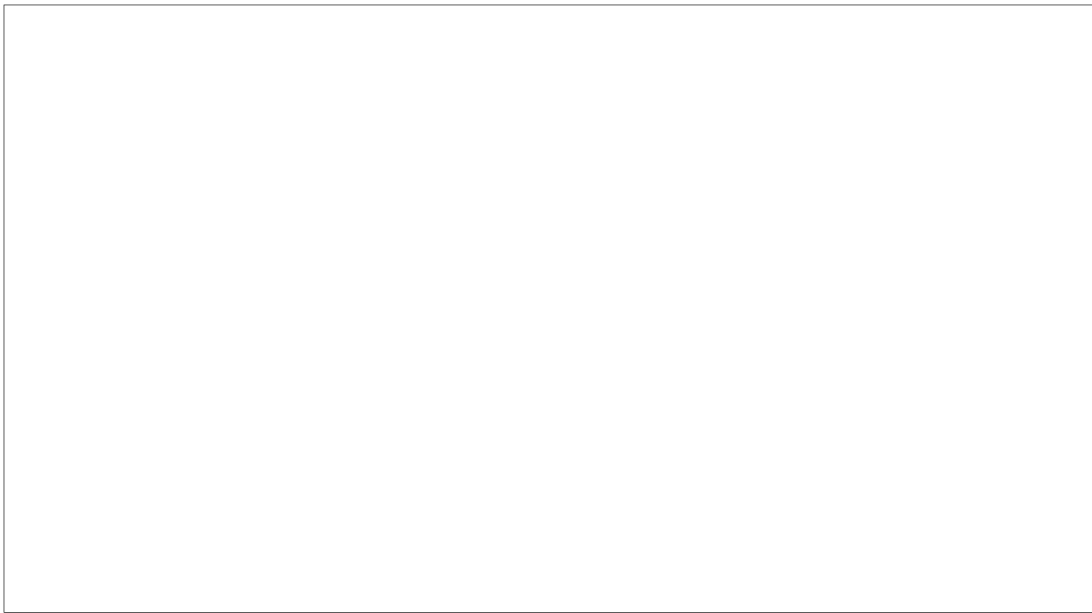
USSR: Proposed Air Corridor Agreement for Berlin

The Soviets are urging a new agreement that would formalize the altitude restrictions imposed last week on Allied flights in Berlin's air corridors. The chief Soviet controller in the Berlin Air Safety Center told his Western counterparts on Wednesday that permanently assigning flight altitudes between either 3,500 feet and 11,000 feet or 4,500 feet and 12,000 feet to the Allies would reduce the number of temporary Soviet airspace reservations. He said the move also would eliminate air traffic conflicts near the boundary with the Berlin air traffic control zone. The chief controller acknowledged that his proposal would revise the quadripartite agreement on air corridor traffic of 1946, but he gave the US controller the impression that the Soviets were willing to negotiate the terms. 

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Comment: Although the text of the current agreement is imprecise, it was intended to give Western flights priority over all other aircraft crossing the corridors and does not give the USSR veto power over Allied flights. The proposed altitudes would not afford adequate safety for Allied flights unless the Berlin air control zone were enlarged. The Soviets probably hope to secure at least minor restrictions on Allied use of the corridors. 

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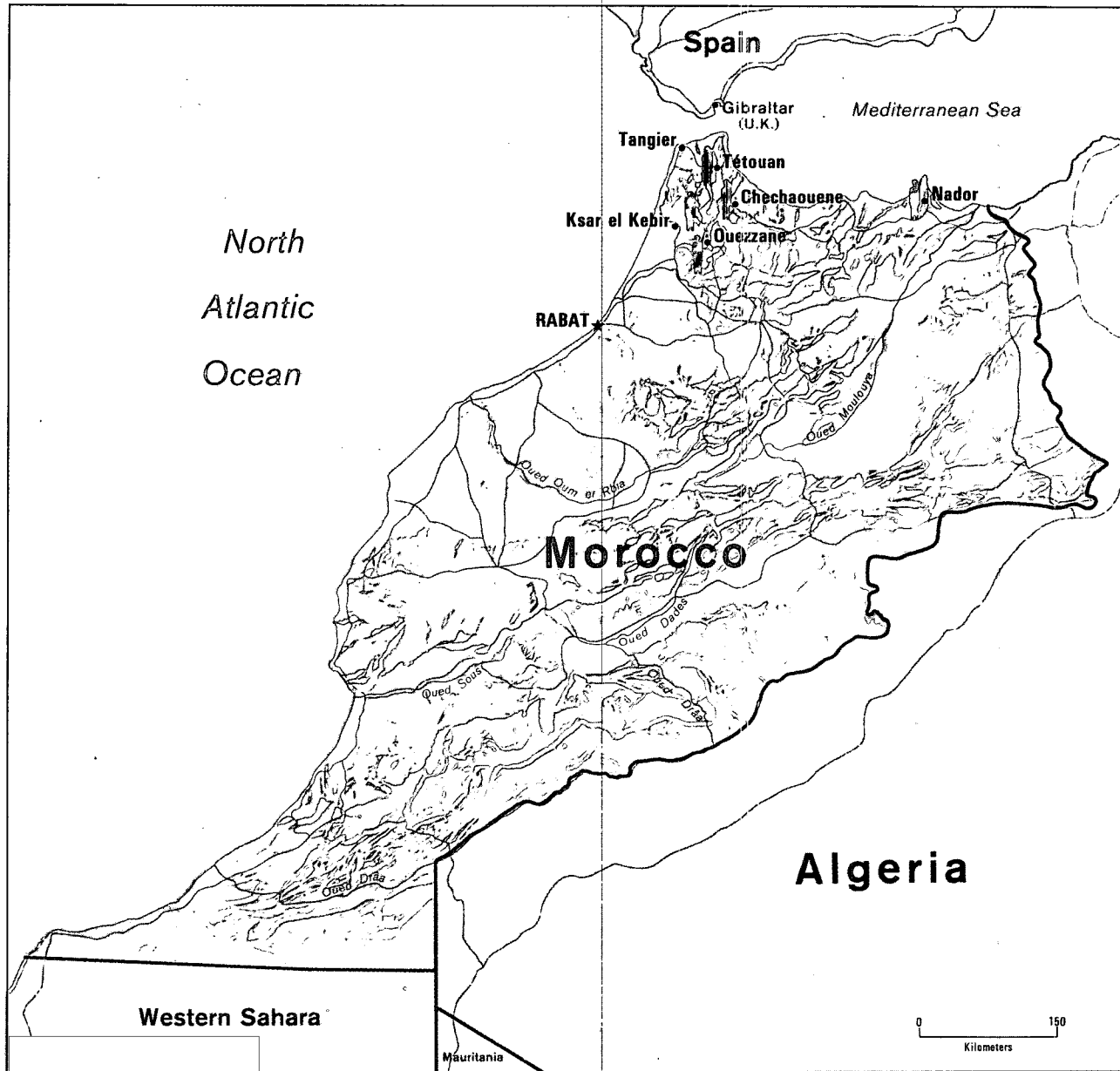


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Army Reinforcements to Northern Moroccan Towns



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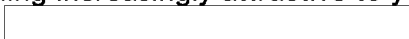


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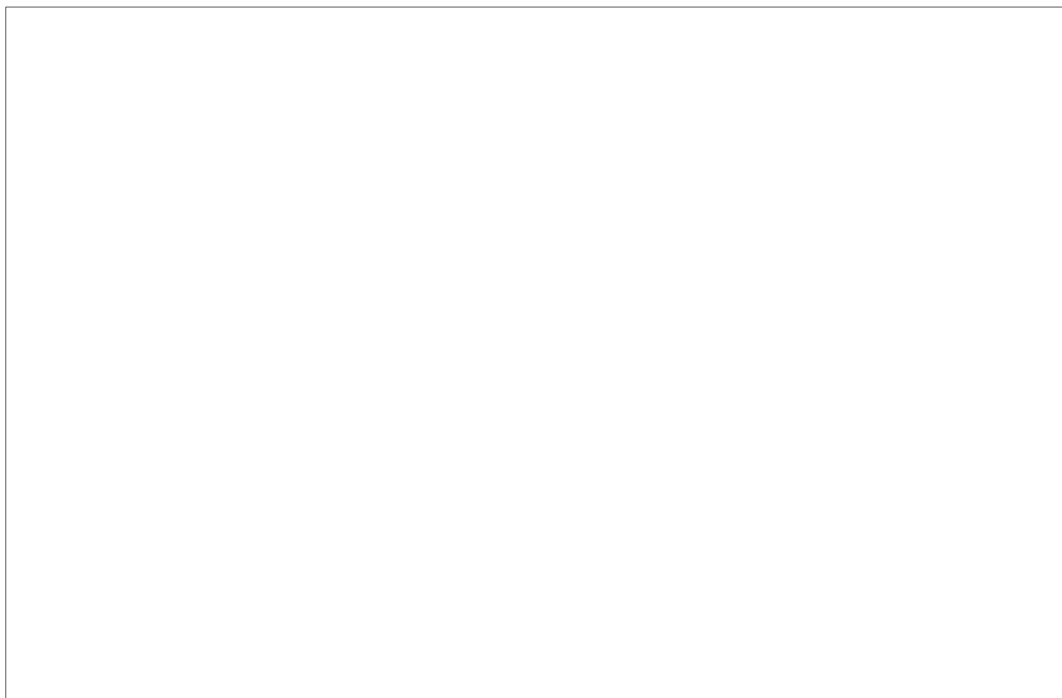
MOROCCO: Signs of Unrest in the North

Security in northern Morocco is being strengthened by regular Army troops in anticipation of disturbances tomorrow, the anniversary of King Hassan's accession to the throne. The US Embassy reports that there have been isolated incidents recently, and the US Consul in Tangier has observed an unusual proliferation of antimonarchy graffiti in northern towns. The appearance of "independence" flags in predominantly Berber areas has raised the fear of revived regional friction. Hassan has promised northern leaders increased assistance to overcome the region's severe poverty. 

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Comment: The combination of pledges of aid and increased security precautions probably will help prevent serious disorders. Nonetheless, considerable resentment has been stirred up against the regime by the degree of force used to put down the disturbances in January and by the King's speeches reminding northerners of how he suppressed their revolt in 1958. In addition, militant Islamic fundamentalism is becoming increasingly attractive to young and unemployed northerners. 

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[Redacted]

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INTERNATIONAL: Terrorist Watch

Middle East

[Redacted]

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— A caller claiming to belong to “Islamic Jihad”—probably a cover name for Iranian-supported Lebanese Shias—has threatened attacks in Beirut against French troops of the Multinational Force if they do not depart within a week. [Redacted]

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[Redacted]

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Latin America

[Redacted]

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— The pro-Cuban National Liberation Army of Colombia has increased its terrorist activities. This probably is part of a long-term strategy of challenging the nation’s two largest guerrilla groups, the 19th of April Movement and the Revolutionary Armed Forces of Colombia. [Redacted]

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