



**Director of
Central
Intelligence**

~~Top Secret~~

OCPAS/CIG

CY# 285

25X1

25X1

National Intelligence Daily

**Saturday
28 April 1984**

~~Top Secret~~

CPAS NID 84-100JX

28 April 1984

Copy **285**

25X1

Page Denied

Top Secret



25X1

Contents



25X1

| | |
|--|---|
| Japan: New Trade Package | 2 |
| South Africa-Angola: Talks Held | 3 |
| Argentina: Domestic Economic Woes | 4 |

Notes



25X1

| | |
|--|---|
| UN-Cyprus: Security Council To Meet | 7 |
|--|---|



25X1

| | |
|--|---|
| USSR-North Korea: Soviet Gestures | 8 |
| Yugoslavia: More Pressure on Dissidents | 9 |

| | |
|-----------------------|----|
| In Brief | 10 |
|-----------------------|----|

Special Analysis

| | |
|---|----|
| Israel: Likud Election Prospects | 11 |
|---|----|

25X1

Top Secret



25X1

28 April 1984



Page Denied

Next 1 Page(s) In Document Denied

Top Secret

[Redacted]

25X1

JAPAN:

New Trade Package

Prime Minister Nakasone is characterizing the trade liberalization measures he announced yesterday as a demonstration of Japan's willingness to take its proper role in strengthening the free trade system. [Redacted]

25X1

The package focuses on tariff cuts. It also includes measures to promote imports and investment and statements on energy cooperation and on the possibility of future purchases of foreign communications satellites. [Redacted]

25X1

In addition, Tokyo emphasized its recent steps to reduce trade frictions over agricultural products and high-technology imports. Tariff reductions on some agricultural goods, however, such as forestry products, were omitted because of opposition by the farm bloc among Diet members, according to Embassy reporting. [Redacted]

25X1

Comment: Although the package is directed primarily at improving relations with the US, it also addresses concerns of the West Europeans and less developed countries. Nakasone wants to use the package to smooth the way for a visit by Vice President Bush and also to set the stage for a successful performance at the London Economic Summit. The Prime Minister, who is facing difficulty getting his domestic program through the Diet, needs foreign policy successes to maintain his political strength. [Redacted]

25X1

[Redacted]

25X1

Top Secret

[Redacted]

25X1

Top Secret

[Redacted]

25X1

**SOUTH AFRICA-
ANGOLA:**

Talks Held

South African and Angolan diplomats meeting in Zambia resolved differences that could have impeded the withdrawal of South African troops from southern Angola. [Redacted]

25X1

Foreign Minister Botha, who attended the meeting, says Angola agreed to Pretoria's demand that the joint patrols in the disengagement area continue for up to a year after South African forces withdraw. Both countries also agreed to exchange prisoners of war. [Redacted]

25X1

A senior Zambian official has told the US Embassy that both sides are satisfied with the pace of the disengagement. The South Africans and Angolans have agreed to meet after the South African withdrawal is completed. [Redacted]

25X1

Botha proposed a meeting between SWAPO and the Namibian political parties. He says that both Zambia and Angola support the proposal and that Angola will urge SWAPO President Nujoma to attend. [Redacted]

25X1

In addition, Botha demanded that Luanda expel the ANC. He threatened to attack all ANC training camps in Angola. [Redacted]

25X1

Comment: Although the presence of several hundred SWAPO insurgents in southern Angola and northern Namibia has slowed the departure of South African troops, both sides still seem committed to the disengagement. The withdrawal could be completed by late next month. [Redacted]

25X1

Zambian President Kaunda believes a meeting between SWAPO and the Namibian parties will precede a cease-fire in Namibia and is necessary before the UN plan for Namibia can be carried out. Pretoria, on the other hand, seeks an agreement between SWAPO and the Namibian parties as a way of limiting SWAPO's political power in an independent Namibia. [Redacted]

25X1

Top Secret

[Redacted]

25X1

Top Secret

[Redacted]

25X1

ARGENTINA:

Domestic Economic Woes

President Alfonsin's failure to curb inflation is causing labor unrest and could undermine the government's economic program. [Redacted]

25X1

Price rises, according to US Embassy reports, slowed moderately in January but then rose to 20 percent in March, double the expected rate. A wage policy that grants salary increases in excess of price rises has been a major factor in keeping inflation high, according to the Embassy. [Redacted]

25X1

The increase in prices, according to various reports, has helped to unify the Peronists. Their demands for higher wages have intensified, and the number of strikes by Peronist-led unions has increased in the past several weeks. Two weeks ago the Peronists publicly rejected collaborating with the government on economic policy and vowed to resist a slowdown in salary increases. [Redacted]

25X1

In an effort to reach an agreement with the Peronists, Alfonsin recently appointed a representative to try to mollify labor, and he began talks with Peronist political bosses, according to press and Embassy reporting. This past week Alfonsin replaced his combative labor minister with a moderate who, according to the Embassy, is more acceptable to the Peronists. [Redacted]

25X1

Comment: Failure to slow inflation is likely to encourage investors to shift funds from productive ventures to more speculative fields. Labor is almost certain to call for more wage hikes, which Alfonsin will be hard pressed to resist. Further salary increases will complicate both Alfonsin's domestic growth strategy and his relations with foreign lenders whose credits are vital to industrial recovery. [Redacted]

25X1

Additional wage hikes, however, are unlikely to placate Peronists, who seem inclined toward confrontation. Peronist leaders also probably will try to exploit Alfonsin's setbacks before the congressional elections scheduled for next year. On the other hand, the economic problems have opened rifts in Alfonsin's own party, which will complicate his efforts to cope with the Peronist challenge. [Redacted]

25X1

[Redacted]

25X1

Top Secret

[Redacted]

25X1

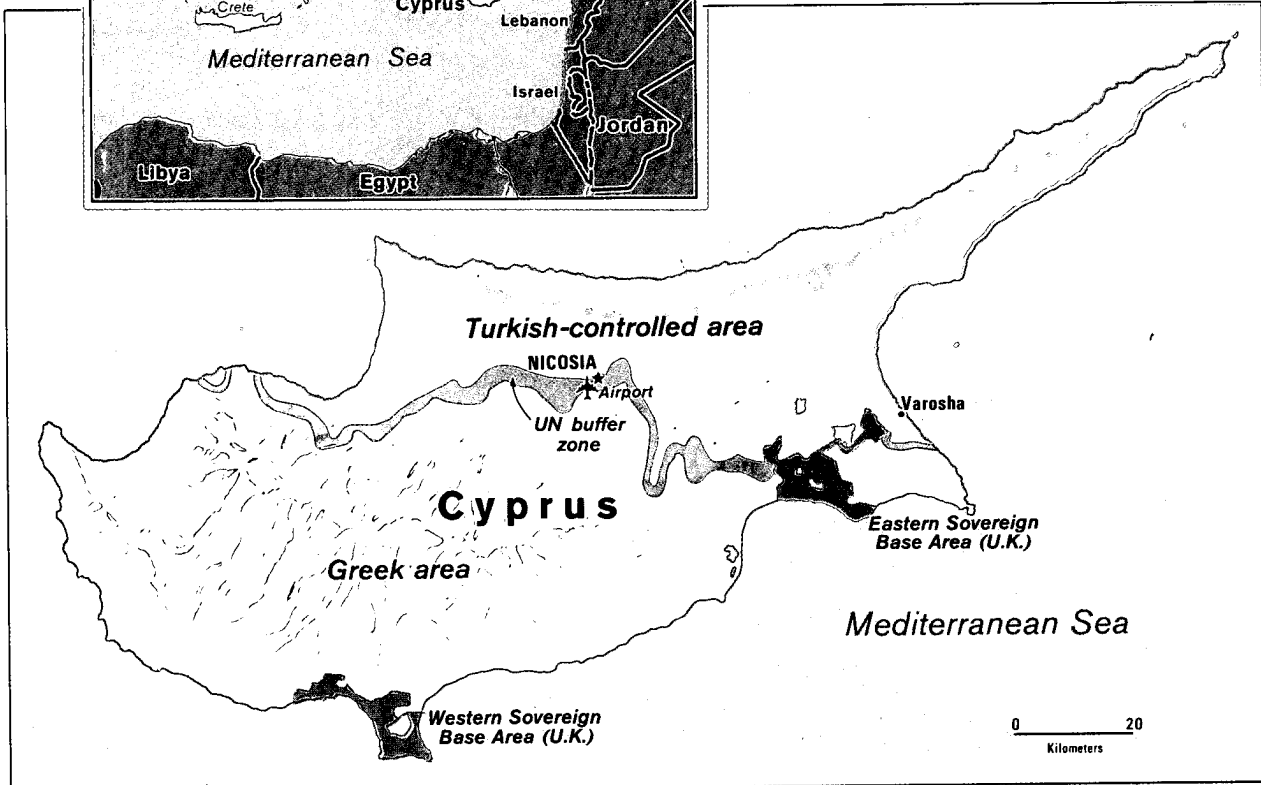
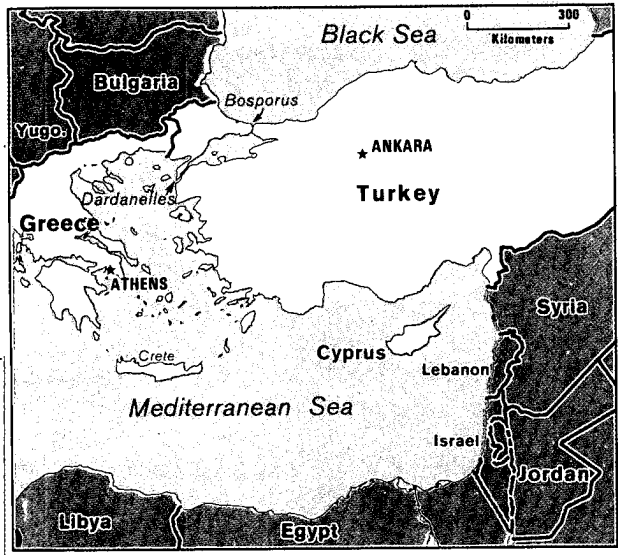
Page Denied

Next 3 Page(s) In Document Denied

Top Secret



25X1



702262 4-84

Top Secret



28 April 1984

25X1

Top Secret

[Redacted]

25X1

UN-CYPRUS: Security Council To Meet

The Security Council is likely to meet next week to consider a Greek Cypriot complaint that the Turkish Cypriots are violating a Council resolution by continuing in their effort to create an independent state. The US Embassy in Nicosia reports that the Greek Cypriots feel compelled to push hard to counter Turkish Cypriot plans to promulgate a constitution and hold presidential elections. The Turkish Cypriots indicate that condemnation by the UN might provoke them to settle part of the vacant city of Varosha and terminate the mandate of the UN peacekeeping force when it comes up for renewal in mid-June. [Redacted]

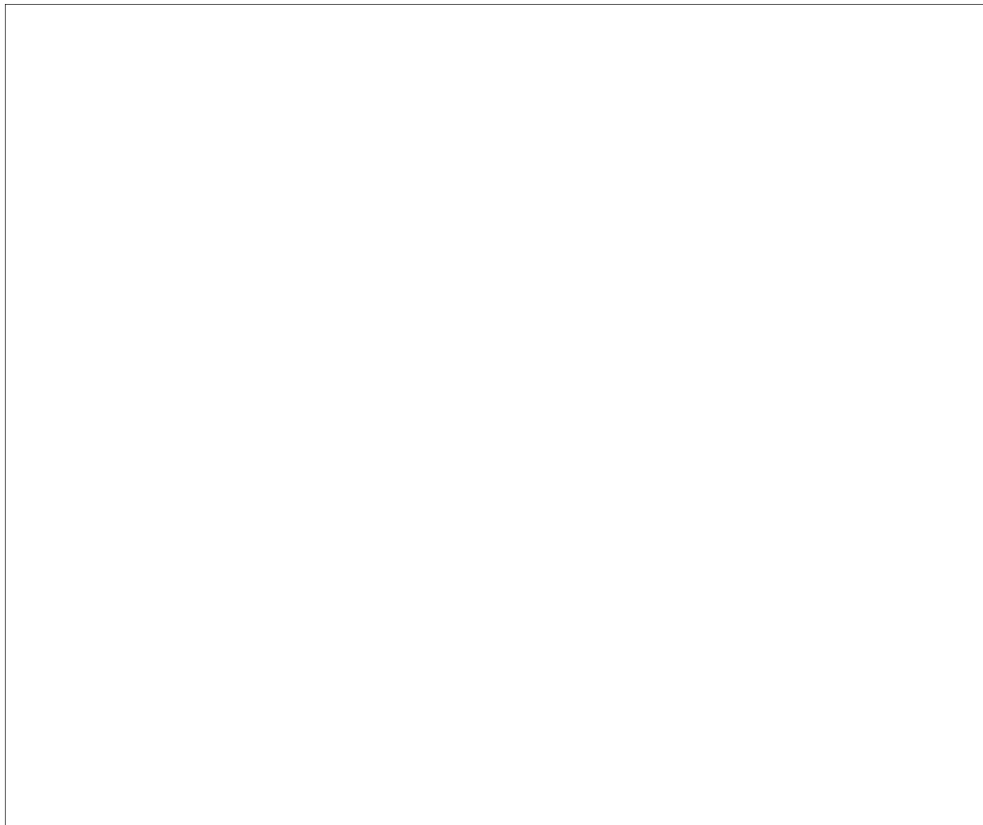
25X1

Comment: The eight nonaligned members of the Security Council usually act in unison, and they probably will play an important role in the debate. In the past, they have supported the Greek Cypriots. If they help pass a resolution condemning the Turkish Cypriots, tensions in Cyprus almost certainly will become more serious. [Redacted]

25X1

[Redacted]

25X1



25X1

Top Secret

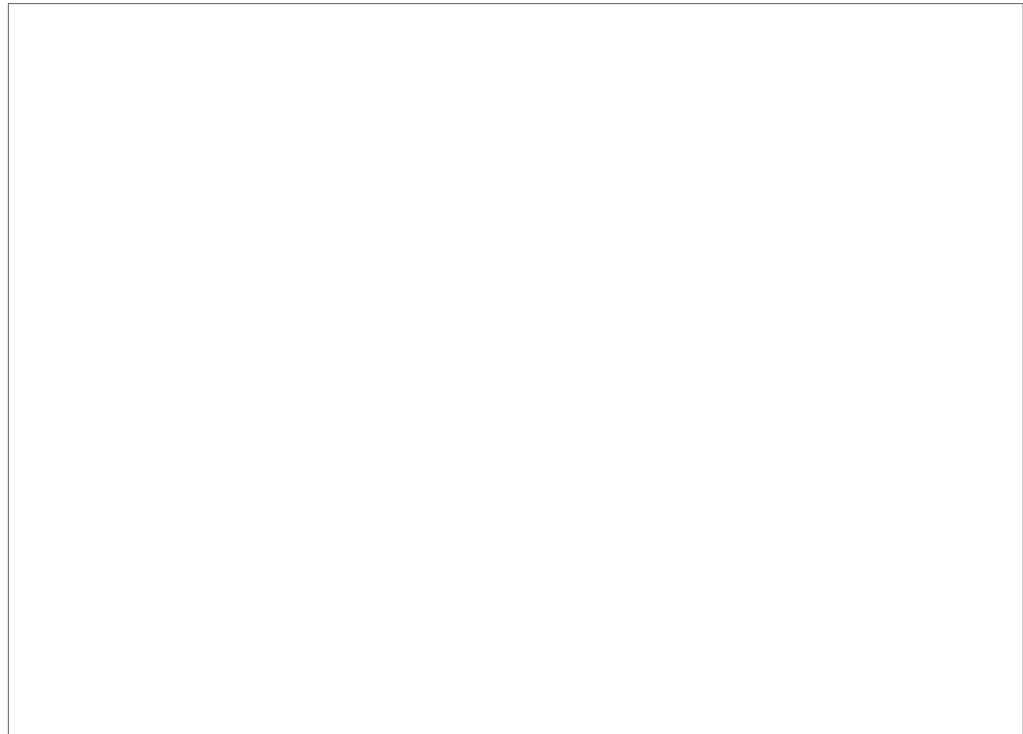
[Redacted]

25X1

Top Secret



25X1



25X1

USSR-NORTH KOREA: Soviet Gestures



the Soviets are indeed interested in improving relations with P'yongyang. According to a North Korean official, General Secretary Chernenko, in an "unprecedented" gesture, sent congratulations and gifts to President Kim Il-song on his 72nd birthday on 15 April. Soviet Deputy Foreign Minister Kapitsa, at a recent ceremonial meeting in Moscow, toasted Kim's son as "Comrade Kim Chong-il, beloved guide of the DPRK." The North Korean official adds that nine DPRK delegations and six from the USSR exchanged visits during the first three months of this year—a marked increase over 1982 and 1983.

25X1

25X1

Comment: The North Korean's remarks come against a background of mounting rumors that Kim intends to visit Moscow within the next two months. There also are signs that the Soviets may be giving at least tacit endorsement to Kim's plans for his son to succeed him. Nonetheless, any marked improvement in bilateral relations—severely strained for several years—will require more than gestures from both sides.

25X1

Top Secret



25X1

Top Secret

[Redacted]

25X1

YUGOSLAVIA: More Pressure on Dissidents

Belgrade's crackdown on dissidents appears to be growing in scope and intensity. Authorities have canceled a public discussion by leading intellectuals, banned the latest issue of a philosophical journal, and suspended a journalist from a major Belgrade paper. Press reports indicate the police have warned Serbian dissidents against further "illegal" gatherings and have charged two dissidents arrested last week with criminal offenses. This week a Macedonian representative on the federal party presidium demanded renewed controls on "negative" messages in the press. In addition, the federal secret police recently were granted more authority to intervene in local affairs. [Redacted]

25X1

Comment: The moves may reflect a long-postponed decision to confront Serbian intellectuals, who have had considerably more license than other domestic dissidents. Although Serbian dissidents have felt the brunt so far, party attacks against the press suggest direction from the federal party. Despite negative reaction in the West, the regime probably will extend the crackdown to other segments of society, including the churches. [Redacted]

25X1

Top Secret

[Redacted]

25X1

Top Secret

[Redacted]

25X1

In Brief

Middle East

- Armored personnel carriers recently sent from **US** were distributed to Christian brigades in East Beirut last week . . . **Lebanese** Muslims will see this as further evidence of Christian intentions to dominate the Army by keeping Muslim units weak. [Redacted]
- **Morocco** says it pushed back major Polisario attack near **Mauritanian** border yesterday . . . largest since Morocco began extending defensive berm last December . . . Rabat expects more attacks during construction but confident it can defeat insurgent forces. [Redacted]
- Dutch salvage experts have extinguished the fire on **Saudi** supertanker . . . cargo will have to be transferred before ship can be towed to **Bahraini** drydock. [Redacted]
- **North Yemeni** President Salih has met with Mitterrand in **France** this week . . . discussed assistance for electric power, oil distribution, and storage projects . . . possible military sales . . . visit prompted by progress in oil exploration. [Redacted]

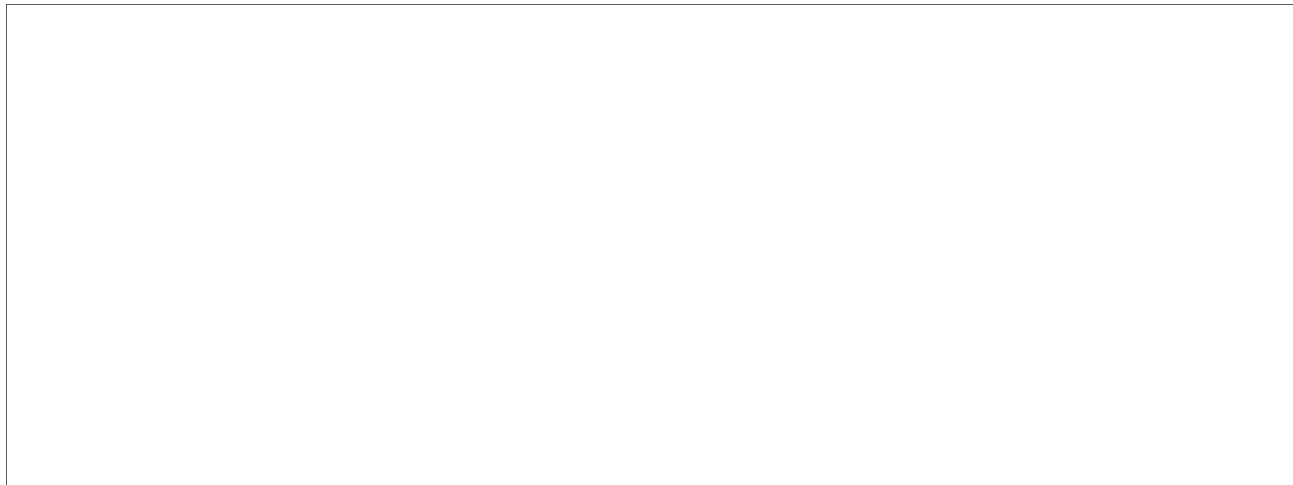
25X1

25X1

25X1

25X1

25X1



Far East

- **Japanese** press reports say Cabinet has approved \$247 million loan package to **Philippines**, despite domestic criticism . . . \$189 million in quick-disbursement commodity loans . . . Tokyo argues it could not let Philippine economy collapse. [Redacted]

25X1

Top Secret

[Redacted]

25X1

Top Secret

25X1

Current Composition of Likud Bloc

| Party | Leader | Knesset Members |
|--|----------------------------------|----------------------------|
| Herut (Freedom) | Yitzhak Shamir, Prime Minister | 25 |
| Liberal Party | Yitzhak Modai, Energy Minister | 17 |
| La'am (To the People) | Eliezer Shostak, Health Minister | 4 |
| Independents Yigal Hurvitz Mordechai Ben-Porat ^a | | 2 |
| Total | | 48 |

^a Resigned from cabinet, 29 January.

25X1

Top Secret

28 April 1984

25X1

Top Secret

25X1

Special Analysis**ISRAEL:****Likud Election Prospects**

The Likud bloc of parties, which dominates the governing coalition, enters the campaign for the national elections on 23 July troubled by factionalism, leadership rivalries, and a low standing in the opinion polls. The strong second-place finish by former Defense Minister Sharon in the vote by the Herut Party central committee to choose the Likud's candidate for prime minister was a repudiation of Shamir's uninspired leadership. It also was a setback for Deputy Prime Minister Levy. Many Sephardi voters—Israeli Jews from Asia and North Africa—probably will abandon Likud because they believe they would suffer from economic reforms it would put into effect. To limit this loss, Likud is likely, reluctantly, to exploit Sharon's charismatic appeal to the Sephardis, and he will demand an important role in the campaign and in a new Likud government.

25X1

Prime Minister Shamir has dealt with Israel's problems and kept his shaky coalition intact far better than most Israelis expected when he took office last October. Nevertheless, he has failed to establish a sense of firm leadership over the coalition and his party.

25X1

Shamir was faced with almost constant threats to his government from its small coalition partners, from the TAMI and Agudat Israel Parties, and from dissidents within his own Likud bloc. He has not been able to prevent Sharon's periodic outbursts aimed at undermining his leadership or to assuage his rival Levy's resentment at not getting the Foreign Affairs portfolio, which Levy believed Shamir had promised him.

25X1

Sharon's Comeback

Sharon has returned to a position of influence as a result of his show of strength in the Herut Party's central committee voting earlier this month. He has convincingly demonstrated that he has appeal among the party's rank and file, unlike Shamir. Sharon has gained public recognition as a possible future leader of Herut and has called attention to the transitional nature of Shamir's incumbency.

25X1

Sharon will now compete with Levy for the number-two position in the party hierarchy. Levy probably had hoped that, by not challenging Shamir now, he would solidify his claim to be Shamir's heir apparent.

25X1

*continued***Top Secret**

25X1

Top Secret

25X1

Press reports indicate that much of Sharon's vote came from Levy's supporters, and Levy presumably is wondering how much of this shift was a protest against Shamir and how much represents a permanent drop in his own support in the party. Levy received some consolation at the Herut Party central committee meeting when Shamir chose him to head Likud's election campaign. [redacted]

25X1

Plagued by Factionalism

The alliance between the Herut and Liberal Parties, which is the heart of the Likud bloc, has been severely strained in recent months, and it may collapse. The US Embassy reports many Herut loyalists see the Liberal Party as a fractious and unreliable partner. They blame it for the government's downfall and for the need for an election because the defection of one Liberal allowed the passage of the early election bill. [redacted]

25X1

The Herut secretariat has bowed to demands by party members to renegotiate the 19-year-old agreement that guaranteed the Liberals "safe" seats on the combined electoral list. Many members of Herut believe the number of Liberals in the top ranks of the Likud list for the Knesset should be reduced to reflect more accurately their current lack of support among the voters. [redacted]

25X1

The Liberal Party is disrupted by its own leadership problems. Earlier this week, its central committee elected Energy Minister Modai to head the Liberals' list of candidates for the election. This list will be combined with Herut's and La'am's to form the Likud list of candidates for the Knesset. [redacted]

25X1

According to Embassy officials, most of the power brokers in the Liberal Party supported Justice Minister Nissim in the vote because they believe Modai is unpredictable and too ambitious. Last summer, for example, Modai demanded that he be appointed deputy prime minister to replace the late Simcha Ehrlich, and he later sought the finance and foreign affairs portfolios as well. Modai now is demanding that he be given the second position, behind Shamir, on the Likud list. [redacted]

25X1

Campaign Prospects

Likud's prospects in the coming election rest in large measure on its ability to retain the support of the vast majority of Israel's lower income Sephardi voters. The US Embassy reports that the Sephardis are particularly worried that Finance Minister Cohen-Orgad's

*continued***Top Secret**

25X1

[redacted]
28 April 1984

Top Secret

[Redacted]

25X1

attempts to turn Israel's ailing economy around will lead to long-term erosion in real wages, high unemployment, and severe cuts in social services and that they will bear the brunt. [Redacted]

25X1

Sharon's charismatic campaigning would improve Likud's appeal to the Sephardis, despite the country's economic problems and reverses in Lebanon. On the other hand, the harsh rhetoric and invective that Sharon would bring to the campaign probably would alienate many undecided voters. The latter make up about 20 percent of the electorate and were instrumental in reelecting former Prime Minister Begin in 1981. [Redacted]

25X1

Labor's ability to capitalize on Sephardi discontent and on Likud disunity will depend largely on whether it can maintain a united leadership and present itself as a convincing alternative to the public. Party Chairman Peres has done a good job in recent months in organizing the party leadership and in unifying the party. His public standing in opinion polls, however, remains low. [Redacted]

25X1

Peres probably will secure more support as the campaign heats up, in view of the lack of enthusiasm for Shamir's leadership. The active participation in the Labor leadership of former President Yitzhak Navon, a Sephardi, probably will attract many disgruntled Sephardis into the Labor camp. So will the appointment next month of Israel Kessar—a Sephardi of Yemenite origin—as secretary general of Israel's large trade union federation, the Histadrut. [Redacted]

25X1

[Redacted]

25X1

Top Secret

[Redacted]

25X1

Top Secret

25X1



Top Secret