



**Director of
Central
Intelligence**

~~Top Secret~~



25X1

National Intelligence Daily

**Monday
9 February 1987**

Handwritten scribbles



25X1

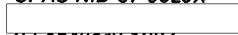


25X1

~~Top Secret~~

CPAS NID 87-032JX

9 February 1987



25X1

Page Denied

Top Secret



25X1

Contents



25X1

Iran-Iraq: Fighting Likely To Intensify	2
Syria: Assad's Economic Initiatives	3

Notes

Lebanon-Syria: Negotiations on Summit Stalled	4
Iraq: After Al Basrah	4
Philippines: Military Operations To Resume	5
Sri Lanka: New Military Offensive	5
France-Chad-Libya: French Troop Deployments	6



25X1

UN-USSR: Soviet Bid To Control Disarmament Session	7
USSR: Resistance to Quality Control	7
Saudi Arabia: Drawing Down Oil Stockpiles	8
Canada-South Africa: Hints of Further Sanctions	8

In Brief	9
-----------------------	---

Special Analyses

India-Pakistan: Force Levels, Tensions Remain High	10
USSR: Improved Economic Performance in 1986	12
Peru: The Threat From Sendero Luminoso	14



Top Secret



9 February 1987

25X1

25X1

Page Denied

Next 2 Page(s) In Document Denied

Top Secret



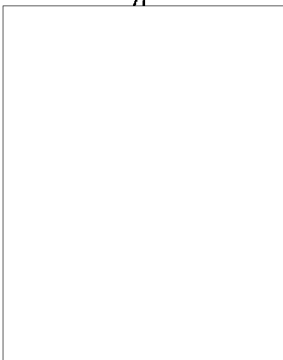
25X1



25X1

IRAN-IRAQ:

Fighting Likely To Intensify

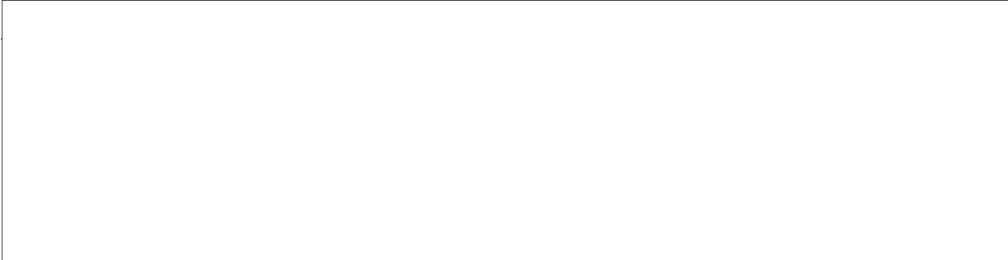


Anticipating a resumption of intense fighting on the battlefield east of Al Basrah, both sides have sent more men into the area and continue to fortify their positions; Iraq will probably also increase its airstrikes against Iranian cities and economic targets.

25X1

25X1

25X1



Iraqi warplanes attacked Qom and Tabriz in response to Tehran's Scud missile attack on Baghdad on Thursday. So far this year, Iraq has bombed more than 20 cities and towns in Iran, some almost daily. Tehran says total Iranian civilian casualties this year already exceed 12,000.



25X1

Comment: ~~A major Iraqi counterattack to remove the Iranian salient east of Al Basrah remains unlikely in the next few weeks.~~ Instead, Iraqi units will probably try to nibble at the Iranian frontlines and slowly drive them back with small, localized attacks. Baghdad probably wants to conserve its resources because it expects Iran to launch new attacks.

25X1

Iran probably will launch new attacks, either to expand its salient east of Al Basrah or to threaten Iraq's forces elsewhere on the southern front—and thus to draw Iraqi units away from the fighting near Al Basrah. ~~Tehran wants to isolate, not necessarily to capture, Al Basrah, but it is also trying to wear down Iraq's Army, particularly the reserves.~~

25X1

25X1

~~Iraq's bombing of Iranian cities is unlikely, at least in the near term, to dissuade Tehran from further offensives. A more effective use of air and artillery strikes against Iranian rear staging areas, however, might disrupt Tehran's preparations.~~

25X1

DIA Comment: While the Iranians could launch a major attack with little warning, both sides now appear to be consolidating their positions. DIA believes that the Iraqis control Ujayrawiyah Island, and there is no positive evidence of Iranians there. The position of any remaining Iranian forces would be tenuous at best because they would be well within Iraqi direct-fire weapons range.

25X1

Top Secret



25X1

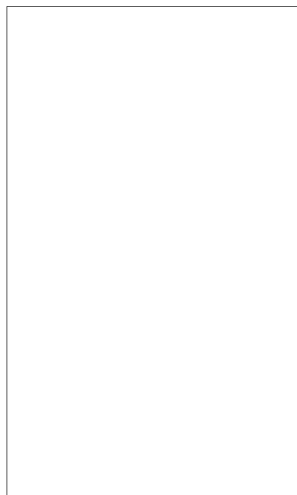
25X1

Top Secret

25X1

SYRIA:

Assad's Economic Initiatives



President Assad is taking new measures to halt Syria's economic decline—his most critical domestic concern—including pressing for more aid from moderate Arab states and cutting government subsidies.

25X1

~~The US Embassy in Damascus reports that economic concerns influenced Assad's decision to attend the recent Islamic summit in Kuwait. As an enticement for Assad's attendance, Kuwait provided Syria with free oil late last year.~~

25X1

25X1

25X1

25X1

25X1

Weakened domestic finances have forced Assad to approve additional measures to cut spending, although they will impose further hardships on the Syrian population. Earlier this week, Damascus increased the price of gasoline by 71 percent and meat by 31 percent.

25X1

~~Prime Minister Kasm plans to reduce subsidies further in six months, including another 70 percent rise in the price of gasoline.~~

25X1

Public dissatisfaction over economic conditions is increasingly evident in Damascus, although there is little active dissension.

25X1

~~3,000 automobiles were confiscated from midlevel government officials for resale, adding to the bitterness of such officials over the growing sacrifices they are being asked to make. The US Embassy in Damascus says police recently used force to control a crowd outside a government store.~~

25X1

25X1

Comment: Assad's position is still secure, but he will face increasing difficulty in deflecting the blame for economic problems. The plan to eliminate subsidies will probably be implemented slowly, and those for bread are likely to be left in place.

25X1

Assad is ready to use Syria's extensive security apparatus to quash any domestic unrest. His opponents—chiefly Islamic fundamentalists—have been unable to translate economic distress into organized antiregime activity.

25X1

Top Secret

25X1

9 February 1987

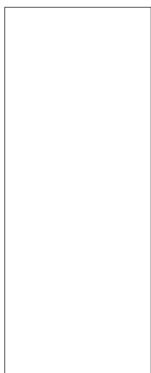
Top Secret



25X1

X

LEBANON-SYRIA: Negotiations on Summit Stalled



The Syrian-Lebanese negotiations on convening a summit between Presidents Assad and Gemayel are continuing, but new obstacles are likely to delay any such meeting.

25X1

~~Damascus insists on the inclusion of Muslim militia leaders Barri and Junblatt in the negotiations, which are focused on preparing a package of Lebanese political reforms.~~ In the meantime, an additional 400 Syrian troops entered West Beirut late last week to bolster the existing 1,000- to 1,500-man contingent that has been there since last July. The fresh troops were dispatched to enforce a new security plan to cope with the deteriorating conditions in West Beirut, especially at Beirut International Airport.

25X1

25X1

Comment: Syrian insistence on including the Muslims in the negotiations for the summit almost certainly will delay the meeting between Assad and Gemayel. Substantive differences continue to separate the two sides. The deployment of additional Syrian troops into West Beirut will do little to contain the growing anarchy there. To be effective, Damascus must introduce several thousand troops, a commitment it has been reluctant to make.

25X1



25X1

IRAQ: After Al Basrah



Baghdad remained relatively calm during the early phases of Iran's recent offensives, ~~according to US Embassy reports,~~ but public morale began to decline as the magnitude of the casualties—estimated at 20,000—became known. There was great elation among the leaders when the Iranian attacks east of Al Basrah finally were blunted; President Saddam Husayn awarded Defense Minister Khayrallah the country's highest medal for directing the counterattack. ~~The Embassy says~~ Iraq's generals are pushing for more aggressive tactics, but civilian leaders fear the public would not stand for continued high casualties.

25X1

25X1

Comment: Barring a catastrophic military defeat or an assassination, the Iraqi regime will probably stay intact. A coup would be likely only if Saddam's continued rule is perceived to jeopardize Iraq's survival. The elevation of Khayrallah last week to the post of Army Chief of Staff may be an attempt to placate the generals by giving them greater influence in the leadership councils. The generals will use him as their conduit into Saddam's inner circle. Khayrallah's military competence is suspect, however, and this could become an issue if Iran launches another attack within the coming weeks, as expected.

25X1



Top Secret



25X1

Top Secret



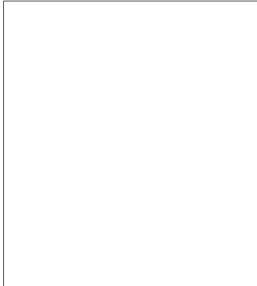
25X1
25X1



X

PHILIPPINES: Military Operations To Resume

The 60-day truce between the Philippine Government and Communist insurgents ended Friday—shortly before its scheduled expiration—after a rebel ambush in northern Luzon in which five soldiers were killed. In a published announcement, the insurgents accused the government of brutally suppressing their forces, appeared to rule out any possibility of further talks, and said the truce was over in northern Luzon. Philippine military leaders warned they would begin operations against the rebels today but said they would exempt areas where local peace talks are continuing.



25X1

25X1

Comment: Although further raids are likely in remote areas as the Communists seek to demonstrate their military power and to bolster insurgent morale, local Communist leaders probably remain divided over future plans. Insurgents in the western islands reportedly are considering extending the truce, while rebels and military forces elsewhere are braced for a resumption of hostilities. The attack in northern Luzon and the insurgents' uncompromising public statement,



he Communist national leadership feared the continuation of the truce would erode the propaganda and military gains made thus far.

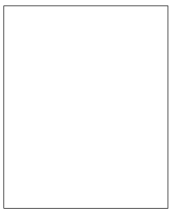
25X1
25X1
25X1
25X1

SRI LANKA: New Military Offensive



25X1

The military offensive Colombo launched against Tamil insurgent strongholds in the north this weekend—the second in a month—may damage prospects for a renewal of Indian-backed peace talks. Government spokesmen claimed the Army's two-pronged attack in Jaffna destroyed 15 insurgent bunkers while limiting casualties on both sides, according to press reports. Indian officials expressed serious concern to Colombo on Saturday about its month-old economic blockade of the Jaffna Peninsula and other recent Sri Lankan military operations in the east, which allegedly killed at least 100 Tamil civilians. Tamil insurgents have launched raids against Sinhalese villages in the east in retaliation for Colombo's alleged massacres. Two Indian envoys are scheduled to arrive in Colombo later this week to resume discussions on peace talks.



25X1

25X1

Comment: Colombo probably will try to limit civilian casualties in the Jaffna operation—it has not yet used aircraft—to prevent charges of massacre by security forces and to avoid providing an excuse for further insurgent reprisals against civilians. Military operations against rebels in the north this year have been more successful than past efforts and probably have been designed in part to show that Colombo is not negotiating from a position of complete weakness. New Delhi, however, may delay the visit of its envoys to protest Colombo's offensive.



25X1

Top Secret



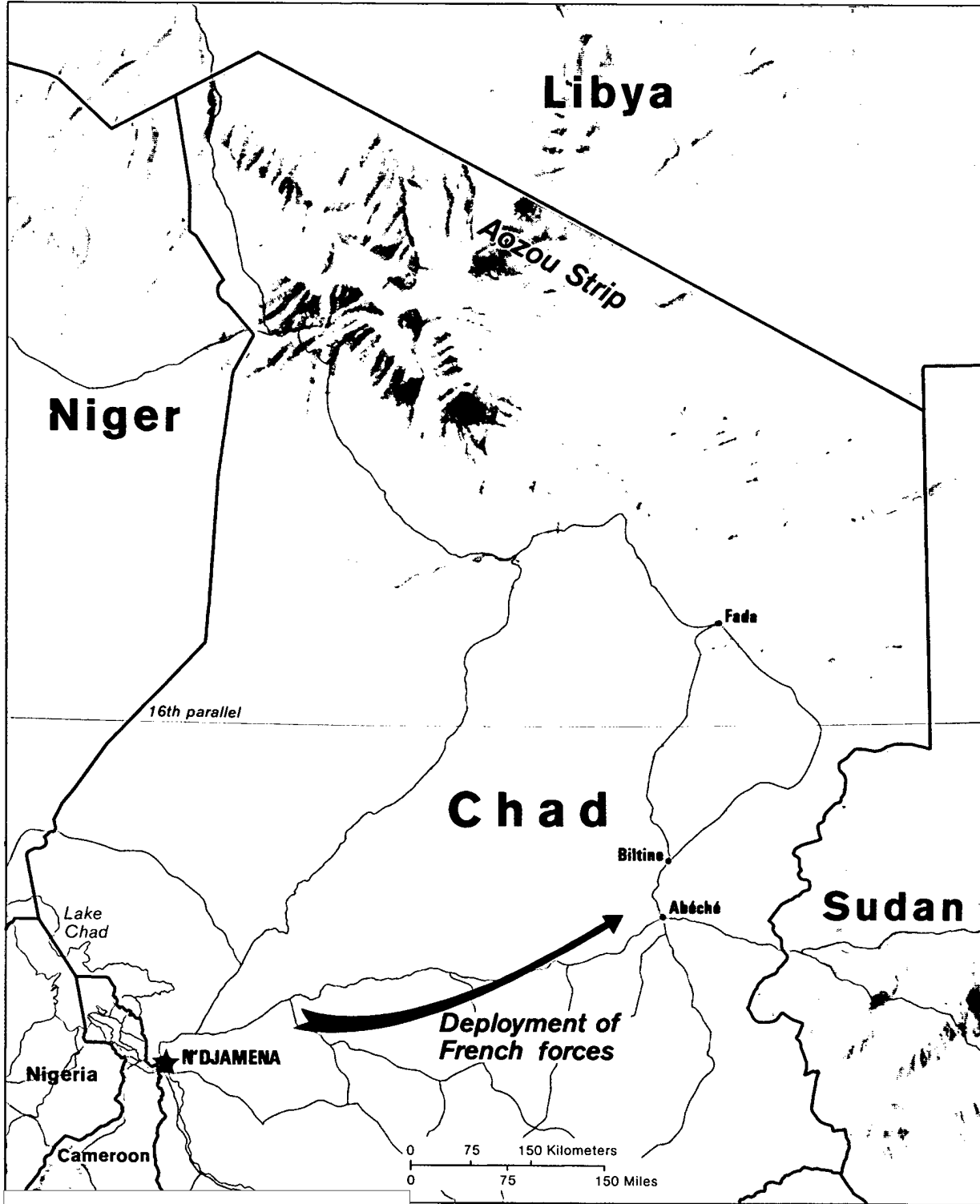
25X1

Top Secret



25X1

Military Developments



709530 (A05977) 2-87

25X1

Top Secret



9 February 1987

25X1

Top Secret

[Redacted]

[Redacted]

25X1
25X1
25X1
25X1

X

FRANCE-CHAD-LIBYA: French Troop Deployments

French forces in Chad were moved on Friday to Abeche and possibly Biltine, according to press and [Redacted]. The redeployment to Abeche, 138 miles (220 kilometers) south of the 16th parallel, is the first step in setting up a forward defensive and logistic base from which the French can ship supplies to Chadian forces above the 16th parallel and block an attempted Libyan advance toward N'Djamena. [Redacted] France also will move air defense radars and Crotale surface-to-air missile launchers to Abeche and will improve the runway there. [Redacted]

[Redacted]

25X1
25X1
25X1
25X1

Comment: The French have portrayed the redeployment as part of the defensive mission of their force in Chad, but it is probably also intended to signal Libyan leader Qadhafi that Paris intends to live up to its commitment to Chadian President Habre. The decision to move the Crotale missiles to Abeche may explain the denial of Habre's recent request to move the system to Fada. [Redacted]

[Redacted]

[Redacted]

25X1
25X1
25X1
25X1

[Redacted]

X

[Redacted]

25X1
25X1
25X1
25X1

[Redacted]

[Redacted]

[Redacted]

Top Secret

[Redacted]

9 February 1987

25X1

Top Secret

[Redacted]

25X1

[Redacted]

25X1

UN-USSR: Soviet Bid To Control Disarmament Session

[Redacted]

The USSR is already working to ensure that next year's scheduled UN Special Session on Disarmament—the first since 1978—is an effective forum for Soviet positions at the expense of the US. The session will be chaired by an East German, unless the West succeeds in postponing it to 1989, when a Latin American would normally assume the chair. ~~The Soviets are supporting Cuban and Hungarian candidates for two other top positions and an Indian bid to chair a preparatory commission, which will meet this May.~~

25X1

~~the Soviets plan to press the US hard on disarmament issues with an eye on the US Presidential election campaign.~~

25X1

25X1

[Redacted]

25X1

Comment: Moscow is well aware the special session in New York will attract close international attention. The Soviets will bend every effort to control the agenda and resist Western moves to delay the session.

25X1

[Redacted]

USSR: Resistance to Quality Control

[Redacted]

25X1

[Redacted]

Soviet industrial managers are concerned about growing dissatisfaction among factory workers with new quality-control measures. According to senior officials, inspections have sparked increased grumbling among workers and have reportedly led to isolated work stoppages. The complaints focus on requirements to fix substandard goods, which take time away from work on the quantitative targets on which salaries and bonuses are based. General Secretary Gorbachev renewed his support for the quality-control program, despite opposition, at the recent plenum of the Soviet party's Central Committee.

25X1

25X1

Comment: The recent protests underscore the perversity of the Soviets' incentive structure and the strains inherent in Gorbachev's modernization drive. Civilian industries are being required to raise quality standards, but they have gotten no relief from ambitious plan targets and have experienced few improvements in the supply of raw materials. Gorbachev's commitment to the program is expected to remain strong, however, even if dissatisfaction among workers escalates. The Soviet leader has made clear that he will keep pressing in order to achieve long-term payoffs in the form of greater Soviet competitiveness in manufacturing and increased consumer satisfaction within the USSR.

25X1

[Redacted]

Top Secret

[Redacted]

25X1

Top Secret



25X1

SAUDI ARABIA: Drawing Down Oil Stockpiles



Saudi Arabia apparently believes its 55-million-barrel oil stockpile abroad is unnecessarily large and potentially destabilizing to oil prices and has begun trimming it. [redacted] the drawdown has averaged about 200,000 barrels per day since early last month. At this rate, oil stockpiles could be virtually eliminated by fall. [redacted]

25X1

25X1

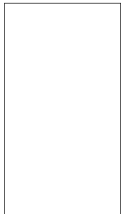
25X1

Comment: Riyadh stockpiled oil as a strategic hedge against disruptions of the world oil market by the Iran-Iraq war and to increase its marketing flexibility. It probably will continue its cautious rate of depletion to avoid depressing oil prices. Nevertheless, Riyadh is eager to trim storage costs, which—at about \$6 million per month—now outweigh the benefits of large stockpiles. The Saudis may also be attempting to dissolve Norbec, their Swiss-based oil-marketing arm, which has been managing the oil stocks.



25X1

CANADA-SOUTH AFRICA: Hints of Further Sanctions



Prime Minister Mulroney announced recently that Canada was considering total economic sanctions against South Africa and might go as far as breaking diplomatic relations. Mulroney also said he would try to persuade the US and the UK of the need for stronger action against Pretoria. The comments followed meetings with leaders of the Frontline States, at which he opposed the use of violence to combat apartheid. [redacted]

25X1

25X1

Comment: Canada has played a major role within the Commonwealth on the South African issue and is likely to call for more sanctions at a Commonwealth meeting in Vancouver next fall. It may also propose more economic aid for the Frontline States, but a break in diplomatic relations with Pretoria is unlikely. Greater economic pressure against South Africa would meet with widespread public support in Canada and would cost the troubled Mulroney government little because South Africa accounts for less than 1 percent of Canada's foreign trade. Given recent tensions with the US, Ottawa is unlikely to make a major attempt to influence US policy toward South Africa. [redacted]



25X1

25X1

Top Secret



25X1

Page Denied

Top Secret

25X1

In Brief**Africa**

- UNITA commandos attacked bridge near Cuito Cuanavale in **Angola** on Thursday, [redacted] primary supply route to forward Angolan units severed . . . will temporarily reduce threat to insurgent strongholds in area. [redacted] 25X1
- Former President Nyerere may renege on promise to resign as head of **Tanzania's** only party . . . cronies reportedly engineering appeals demanding he stay . . . Nyerere undermining President Mwinyi's economic reform, new IMF agreement. [redacted] 25X1

Americas

- **Colombian** terrorist group M-19 reiterating threat to kidnap US Embassy personnel in retaliation for Lehder's arrest . . . reports have linked terrorists to traffickers in plans to target Embassy personnel. [redacted] 25X1

East Asia

- **South Korean** police easily handled some 9,000 protesters, mostly students, who turned out for human rights rallies in Seoul, elsewhere Saturday . . . meager public response may scuttle opposition plans for additional protests [redacted] 25X1
- **South Korea** reportedly will respond on Friday to **North Korea's** call for political-military talks . . . will reiterate these issues should be left to summit . . . P'yongyang rejected this approach before, will probably persist in pushing new forum. [redacted] 25X1

Western Europe

- Antonio Hernandez Mancha elected this weekend to head **Spain's** main conservative opposition party . . . likely to give party more progressive, center-right image . . . first major test will come in municipal, local elections this spring. [redacted] 25X1
- **Norwegian** Defense Minister Holst, Chief of Staff Bull-Hansen continuing dispute over military strength, embarrassing minority Labor government . . . opposition, conservative press support Bull-Hansen . . . if he resigned, government might be in jeopardy. [redacted] 25X1

Top Secret

25X1

Page Denied

Top Secret



25X1

Special Analysis



25X1

INDIA-PAKISTAN: Force Levels, Tensions Remain High



The agreement this week to reduce forces in the border area is likely, if implemented by both sides, to reduce tensions and to provide the basis for continuing efforts to defuse the current situation. New Delhi appears determined to follow through with the Brass Tacks IV exercise, however, which is scheduled to continue until April, and each side is almost certain to retain a higher-than-normal military presence in sensitive border areas at least until the exercising forces return to garrison.

25X1



25X1

So far, both sides have deployed forces to provide defense against a sudden attack by the other. With the juxtaposition of heavily armed regular Army forces, a shooting incident could escalate quickly to more intense fighting, which could involve major forces on each side. Both countries appear prepared for a localized border conflict now.



25X1

Although India and Pakistan have taken steps to increase their overall military preparedness, particularly in the immediate border area, neither has taken the steps it would consider necessary for offensive action. Forces in the immediate border area are primarily infantry divisions, not the armored or mechanized units that both sides would rely on to press a major assault.



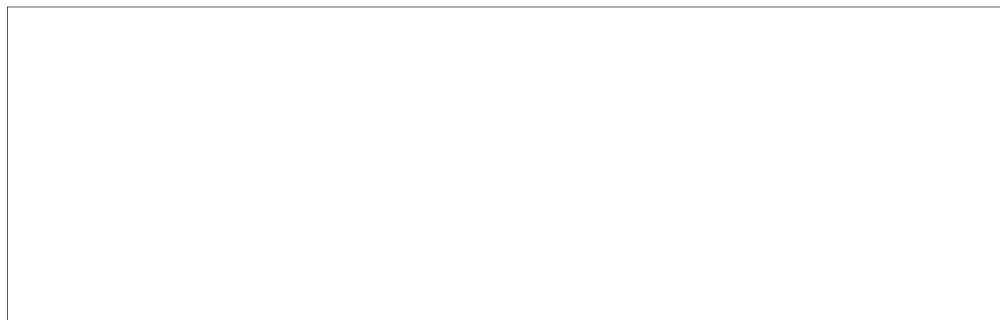
25X1

India, if unconstrained by efforts to conceal the transition to a war footing, would be prepared to launch a major invasion of Pakistan and to bring the country to a war footing in 48 to 72 hours. Islamabad could achieve similar preparedness in 48 hours.



25X1

Ground Forces



25X1

Pakistan has some 145,000 troops and 850 tanks near the border, including its two armored divisions held in strategic reserve opposite Kashmir and Punjab. Islamabad considers these two divisions as necessary to counter any Indian



25X1

continued

Top Secret



25X1

Page Denied

Top Secret

[Redacted]

25X1

breakthrough; New Delhi sees them as the primary Pakistani invasion forces. [Redacted]

25X1

Air and Naval Forces

[Redacted]

25X1

Navies have not traditionally played a major part in Indo-Pakistani wars, and current naval dispositions probably are not considered threatening by either side. Both Navies are on alert, but most ships remain in port. [Redacted]

25X1

Continued Risks

During the initial implementation of the limited withdrawal agreement, Indian and Pakistani forces probably will continue to take additional steps to increase readiness elsewhere. The momentum of India's buildup should begin to slow next week, however. Because either side could gain a substantial advantage by cheating on the agreement, ~~given their poor intelligence capabilities,~~ both will continue to eye each other warily; a perception of cheating could trigger new deployments and a new round of increased tensions.

[Redacted]

25X1

Top Secret

[Redacted]

25X1

Top Secret

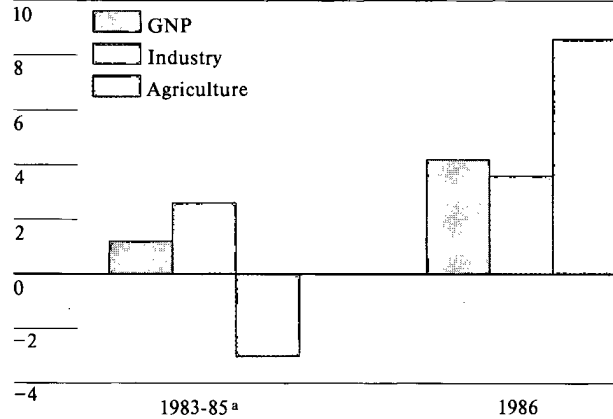


25X1

Soviet Economic Indicators for 1986

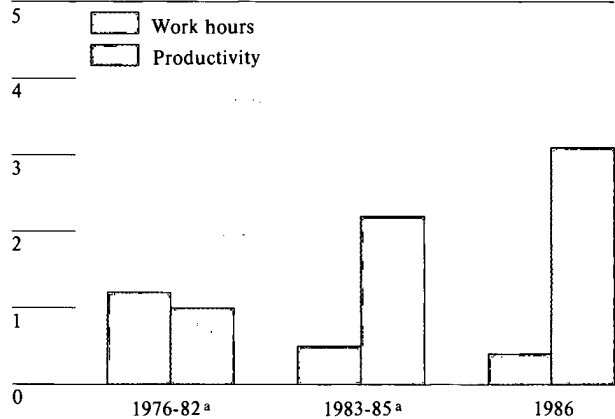
Percent

Upturn in Economic Growth



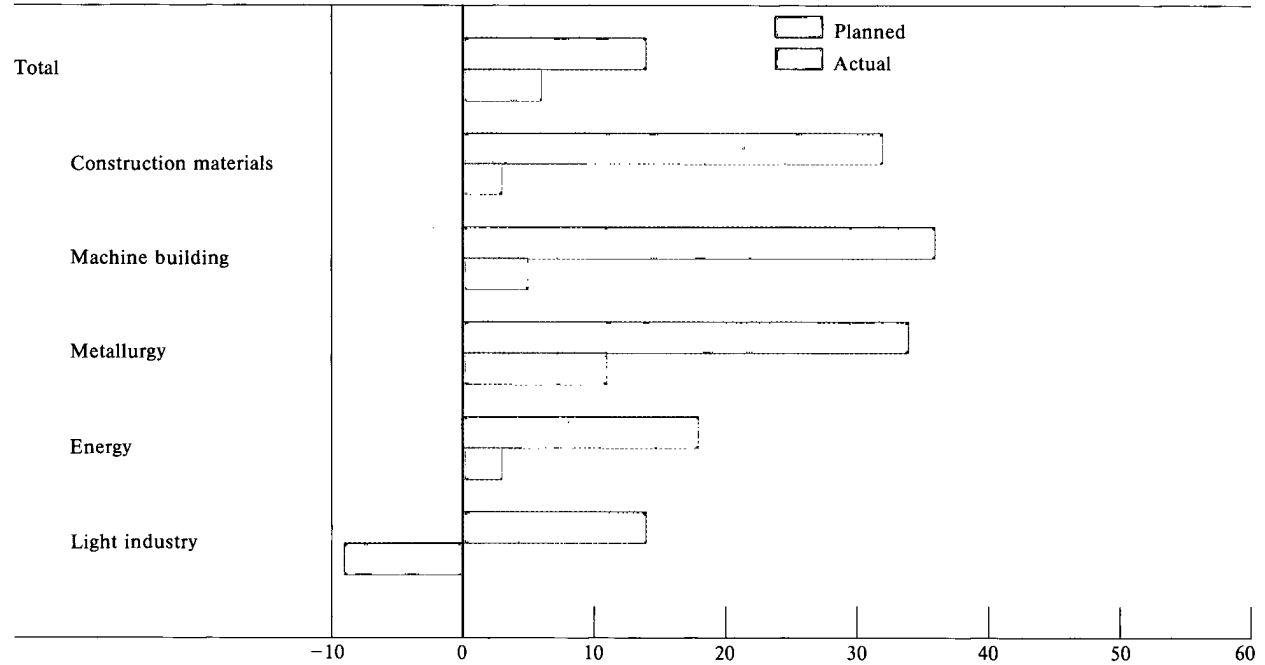
^a Average annual rate of growth.

Labor Productivity Improves



^a Average annual rate of growth.

Growth in New Production Capacity Falls Short of Plan



311861 2-87

25X1

Top Secret

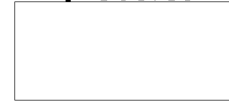


9 February 1987

25X1

Top Secret

25X1



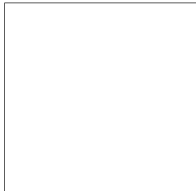
X

Special Analysis

USSR:

Improved Economic Performance in 1986

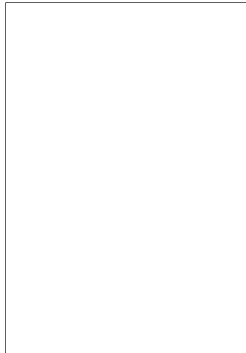
The Soviet gross national product increased by about 4 percent last year, its fastest rate in a decade, because of a new high in farm output and reduced loss of work time. Progress in industrial modernization was slow, however, and some targets important to General Secretary Gorbachev's program to accelerate economic growth were missed.



25X1

25X1

Farm output increased by more than 7 percent, ~~as an excellent forage crop and the fourth-largest grain harvest on record helped Moscow reduce grain imports and contributed to increased production of meat, milk, and eggs.~~ Industry posted solid gains with annual growth of roughly 3.5 percent—up from about 2.5 percent in 1985. In the machinery sector output grew by nearly 4.5 percent—respectable but well below the 6.6-percent growth planned to support industrial modernization. The sector was repeatedly criticized for failing to meet goals for output mix, timely deliveries, and product quality.



25X1

25X1

Labor productivity in industry increased substantially to roughly 3 percent, as compared with about 2 percent per year between 1983 and 1985. Much of the improvement appears to have come from increased discipline, less drunkenness on the job, and more effective management, forced, in part, by labor shortages.

25X1

Some Mixed Signals

Some indicators of technical progress in industry show little improvement in 1986, despite gains in volume of output. The share of steel output produced with modern technology, for example, was virtually unchanged. In the machinery sector the rate of increase in production of high-technology products was not substantially higher than in recent years. On the other hand, ~~Soviet reporting suggests that some slow progress was made last year in the conservation of energy and metal resources.~~

25X1

25X1

The Soviets fell well short of their plan to increase manufacturing capacity—an essential for Gorbachev's modernization campaign—despite the fastest annual growth in investment since the mid-1970s, about 7.5 percent. Although newly commissioned production facilities increased by 6 percent, this was less than half the rate planned to support the modernization program. Shortfalls were especially large in metallurgy, machine building, and energy. Progress remained slow in concentrating resources on high-priority projects, curtailing construction time, and reducing the volume of unfinished construction.

25X1

continued

Top Secret



25X1

Top Secret



25X1

Per capita consumption grew by less than 1 percent in 1986, in part because legal sales of alcohol—a major component of consumer expenditures—fell by 37 percent as a result of the antialcohol campaign. Continued growth in wages, coupled with cutbacks in alcohol sales, resulted in a large increase in the amount of cash held by consumers. Despite greater availability of quality foods in both state-controlled and free markets, prices in the uncontrolled collective farm markets rose during 1986, reflecting the substantial increase in discretionary purchasing power.



25X1

Gains in key components of consumer welfare—food and housing—may have earned Gorbachev some points with the populace. He can claim credit for improving Soviet economic performance despite the impact of the Chernobyl' nuclear accident and a deterioration of 15 to 20 percent in hard currency terms of trade because of the falling world price of oil.



25X1

Top Secret



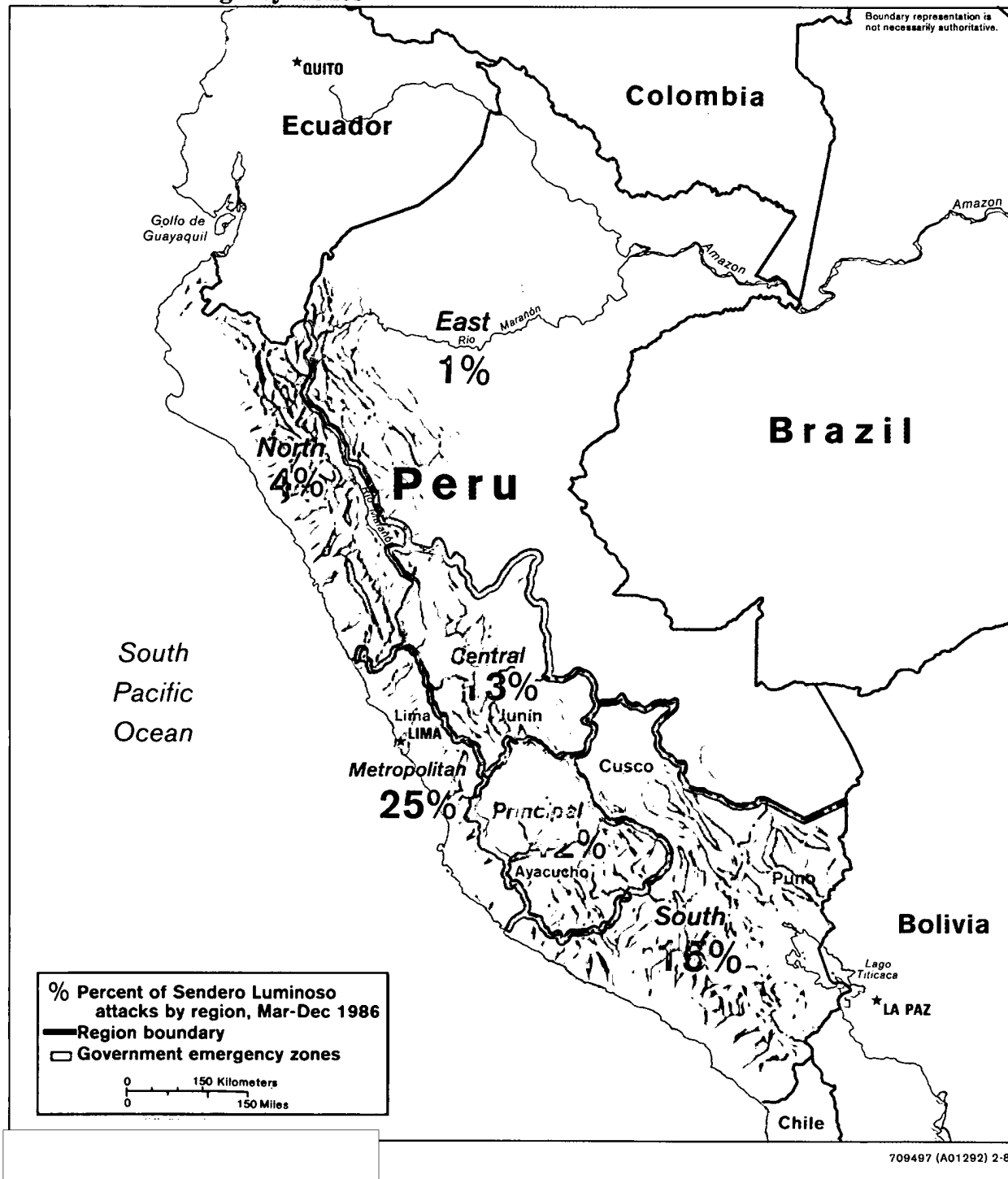
25X1

Top Secret



25X1

Sendero Luminoso Operating Regions and Government Emergency Zones



25X1

Top Secret



9 February 1987

25X1

Top Secret
[Redacted]

25X1

Special Analysis

X

PERU:

The Threat From Sendero Luminoso

[Redacted]

Widespread attacks last month indicate that the extremist Sendero Luminoso insurgency has recovered from personnel losses it suffered during prison riots in mid-1986. The movement continues to recruit among the Indian peasantry, extend its rural operations into new regions, and increase its terrorist strikes in Lima. Neither President Garcia nor the military has developed a counterinsurgency strategy that will stem growing violence.

25X1

[Redacted]

25X1

Sendero Luminoso, or Shining Path, is Peru's largest and most dangerous insurgent group. It is a tightly knit organization of ethnocentric fanatics who espouse a hybrid ideology fashioned from Marxism-Leninism, Maoism, and a rural, indigenous populism. The group seeks the total elimination of white and mestizo authority from Peru and the expulsion of all foreign influences. Although it shuns foreign sponsors and spurns alliances with other domestic radicals, it has grown from several hundred members in remote Ayacucho Department in 1980 to more than 4,000 guerrillas who operate throughout the country. [Redacted]

25X1

Sendero Luminoso suffered a severe setback last year when some 250 members were killed during the government's suppression of riots in Lima's prisons. As a result, [Redacted] its leaders slowed operations during the last months of 1986 and restructured their forces nationwide. [Redacted]

25X1

25X1

25X1

Resumption of Insurgent Attacks

Lima has recently experienced a new wave of terrorist attacks, and, [Redacted] Sendero Luminoso plans to carry out a major attack in the capital every week. In mid-January, according to the US Embassy, the group blacked out Lima and six coastal departments—affecting more than one-half of Peru's population—by bombing power facilities in Lima and Junin. During the power failure, the guerrillas burned two textile factories and bombed several banks. [Redacted]

25X1

25X1

Late last month, the group bombed several offices of Garcia's ruling party, wounding at least seven party members. The guerrillas also killed three guards in a daylight assault on the Indian Embassy and a few days later murdered a senior member of the ruling party. [Redacted]

25X1

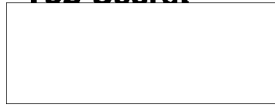
Meanwhile, the guerrillas continue small-scale attacks in rural areas to replenish supplies, damage economic infrastructure, and kill local authorities. Embassy reporting indicates the group is expanding

continued

Top Secret
[Redacted]

25X1

Top Secret



25X1

rapidly into Puno and Cusco Departments in the south. [redacted]
[redacted] the insurgents are establishing a new military
front in Puno—which borders Bolivia—and are making Cusco a
logistic center and safehaven. [redacted]

25X1

25X1

25X1

The Government Response

Garcia has been unwilling to extend to new areas of heavy guerrilla activity emergency powers that would enable the military to take over the counterinsurgency effort from the police. He apparently believes such a move would call attention to the declining security situation. Peru's three police forces, however, lack the manpower, weapons, transport, communications equipment, and intelligence resources to combat the insurgency effectively [redacted]

25X1

Even in areas where the armed forces are in control, according to [redacted] the military generally reacts to insurgent actions and provides defense for larger towns, rather than patrolling aggressively. The rugged mountain regions where the insurgency thrives pose special tactical problems for the Army, particularly because the military is deficient in high-altitude helicopters. [redacted]

25X1

25X1

Garcia has often said that the underlying causes of the insurgency are poverty and inequity, but neither he nor the military is yet committed to a comprehensive counterinsurgency program that emphasizes civic action, psychological operations, or rural development. Sendero Luminoso leaders, however, apparently recognize the potential effectiveness of government civic action programs; they are increasingly targeting persons and facilities associated with rural development efforts. [redacted]

25X1

Outlook

Rural insurgent attacks and urban terrorism are likely to increase this year. The guerrillas probably will continue to avoid major clashes with the military, preferring small-unit attacks and high-profile sabotage operations that pose little risk of a substantial setback. Moreover, the extension of Sendero Luminoso activities into new rural areas will further stretch the government's already strapped counterinsurgency resources [redacted]

25X1

Peru—particularly Lima—already is experiencing one of the highest rates of terrorism in the world, and the likelihood of foreign casualties, even if incurred incidentally, is rising. Attacks on foreign targets, and assassinations of high-level civilian and military leaders, would put increased pressure on Garcia to adopt tougher counterinsurgency measures. [redacted]

25X1

Top Secret



25X1

~~Top Secret~~

25X1

25X1

Top Secret