



**Director of
Central
Intelligence**

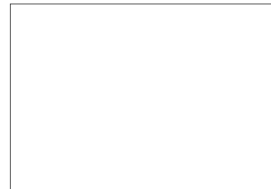
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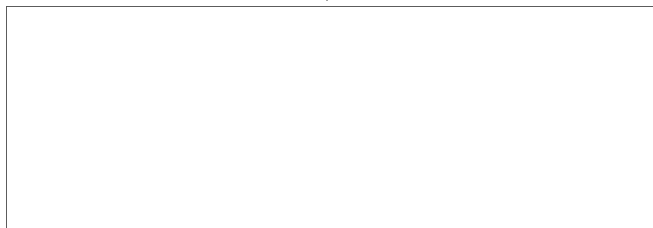
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National Intelligence Daily

**Friday
21 August 1987**



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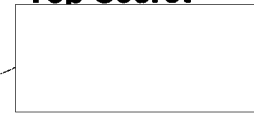
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CENTRAL AMERICA:

Foreign Ministers Meet



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Initial reports suggest the Central American Foreign Ministers, who ended their two-day meeting in San Salvador yesterday, concentrated on organizational issues and did not attempt to resolve ambiguities in the peace agreement.



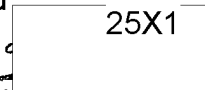
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All the Central American participants were upbeat in their statements to the press, and the Foreign Ministers of both Nicaragua and El Salvador termed the meeting a success. The ministers fulfilled several requirements of the Guatemala agreement, including installing themselves as an Executive Committee, formally inviting the Contadora countries and the Secretaries General of the Organization of American States and the UN to join the International Verification Commission, and requesting economic aid from the EC countries.

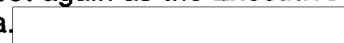


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The communique did not specify the working commissions that had been created and tersely noted that the ministers would study a Salvadoran proposal on standards to implement the peace accord. The ministers will meet with the Contadora countries on Saturday in Caracas and will meet again as the Executive Committee within 30 days in Managua.

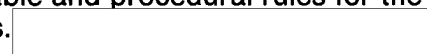


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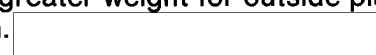
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The communique contrasts with a draft version formulated by the democracies, ~~and obtained by the US Embassy~~. That document proposed giving the ministers the power to coordinate the work of both the National Reconciliation Commission and the Verification Commission with each government; Nicaragua rejected the proposal. The draft also created working committees on refugees and amnesty, renewed work on the proposed regional parliament, and committed the Ministers to presenting a timetable and procedural rules for the Verification Commission at Caracas.



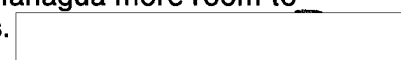
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Comment: Although the results closely followed the agenda, the meeting appears to have achieved less than the democracies, particularly El Salvador, wanted on some organizational questions. Managua probably rejected explicit jurisdiction for the ministers over other bodies to enhance its own autonomy over reconciliation talks and to gain greater weight for outside players on the Verification Commission.



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Failure to enter the meeting with a common position on arms control probably handicapped the democracies, and the lack of an agreed timetable and procedural rules could give Managua more room to maneuver when the venue shifts to Caracas.



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TUNISIA:

Fundamentalist Challenge Growing

Recent demonstrations and bombings in Tunisia, probably by Islamic fundamentalists, presage an intense struggle between President Bourguiba and religious militants against a background of deteriorating public order.

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Two groups of sympathizers of the Islamic Tendency Movement—MTI is Tunisia's principal Islamic group—clashed with police yesterday in Tunis, according to the US Embassy. The demonstrations reportedly stem from the arrests earlier of six Tunisians who confessed—possibly falsely—to bombings at four hotels early this month and to membership in MTI. President Bourguiba is pressing for their execution, [redacted] despite concerns elsewhere in the government about fundamentalist retaliation. [redacted]

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[redacted] the attacks in fact were carried out by a pro-Iranian group unaffiliated with MTI. [redacted]

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[redacted] the indiscriminate roundup of fundamentalists—nearly 2,000 are in police custody—is undermining popular support for the regime. The US Embassy reports there is public skepticism about the government's attack on MTI.

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Comment: Scattershot arrests are not likely to bring an end to the increasingly violent street demonstrations MTI has staged over the past six months. The movement's moderate leadership seems to have given up hope of gaining legal status, making it less inclined to curb violence by activists. The disparate radical and student groups associated with the loosely organized mass movement are in any event not amenable to close control. Local police forces lack experience in dealing with widespread civil disorder. [redacted]

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Amid indications that the government is restricting even nonpolitical Islamic activity, the executions of the fundamentalists if they materialize and the opening of threatened trials against the president of MTI next month, as well as the beginning of the school year in October, will inflame tensions. In such an atmosphere, fundamentalists might turn to attacks on foreign embassies and personnel and Tunisian officials [redacted]

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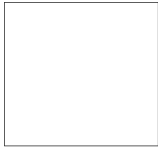
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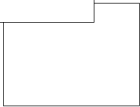
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AFGHANISTAN: Insurgent Commanders Confer

Insurgent commanders inside Afghanistan are taking a larger political role, apparently in part because of their unhappiness with the Pakistani-based leadership of the seven-party resistance alliance. 


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Several hundred insurgent commanders representing the major resistance parties met recently in central Afghanistan, according to ~~US officials and~~ media reports. They issued a communique that calls for full military and political cooperation among all guerrilla groups fighting in Afghanistan and declared that only those fighting the war would determine Afghanistan's future political system. The statement rejected Kabul's national reconciliation scheme, called for the creation of an Islamic state, and demanded the unconditional withdrawal of Soviet forces. The commanders warned that unless Moscow paid "war indemnities" Soviet forces would be attacked as they withdrew. 

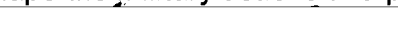
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The meeting was arranged by Jamiat party commander Ismail Khan and was the second large gathering of commanders this year. Several hundred commanders from several parties gathered in Quetta, Pakistan, in April to discuss political aspects of the war. 

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Comment: The more recent meeting produced the clearest expression yet of the deep dissatisfaction of internal commanders with the alliance's chronic political weakness. The commanders seem to believe that the increasing cooperation they have achieved on the battlefield is creating a foundation on which they can build an effective nationwide political and military organization. The strong Islamic cast of the communique reflects the commanders' increasing use of Islam as the unifying symbol of the resistance. 

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The growth of such a network would weaken—and in the long run perhaps break—the link between the commanders and their party leaders in Peshawar. A loosening of the Peshawar-based alliance's control over its commanders would significantly reduce Pakistan's ability to shape the military actions and political positions of the resistance. 

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BRAZIL:

Military Concerns Rising

Brazil's military high command is apprehensive about threats to its institutional interests and is putting civilian politicians on notice that there are limits to its support for democratic government.



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[Redacted] the high command is united in opposing proposals in the Constituent Assembly to reinstate leftist officers cashiered during the era of military rule. As written into the draft constitution, the so-called military amnesty measure would provide for full back pay and promotion for such officers.

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Army Minister Leonidas is ordering his congressional staff to refuse any compromise on the issue, [Redacted] and some officers are hinting openly to deputies that the armed forces will close the Assembly if the provision is passed. The military reportedly is worried, however, that closing the legislature would be seen as a blatant overthrow of the government and is uncertain whether junior officers would support the move. [Redacted]

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Leonidas is backing the creation of a military information service, [Redacted] to counter what the armed forces see as increasingly irresponsible reporting by leftist journalists.

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Comment: The veiled threat to close the Assembly almost certainly is aimed at deflecting the amnesty proposal and not at staging a coup. The high command appears to be aware of the lack of popular support for another military intervention in politics. The military would face widespread civil unrest if it moved against the Assembly at this time. [Redacted]

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Leonidas's lobbying efforts to cut an acceptable deal on amnesty in the next month will be critical to easing pressure from hardliners in the officer corps. Leonidas probably will look to President Sarney for help to prevent passage of an unacceptable amnesty provision. Should Sarney fail, the armed forces might rally around the issue and plot seriously against the government. [Redacted]

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EL SALVADOR: More Combat Likely To Precede Cease-Fire

The pace of military activity in El Salvador is likely to increase in the next 11 weeks as both the Army and the guerrillas try to gain the upper hand before the cease-fire mandated by the Central American peace plan. [Redacted]

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~~The Army will follow President Duarte's instructions to increase its presence nationwide—particularly in guerrilla base areas—and launch new operations against enemy resupply activity before the planned cease-fire in November, [Redacted] and Embassy reporting [Redacted]~~

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Although the military has been distrustful of negotiations with the guerrillas, some Salvadoran officers reportedly believe a cease-fire under the terms of the peace agreement would gain international and domestic support for the Army. The defense attache reports that they are skeptical, however, that the insurgents will honor the accord, and few field commanders are preparing contingency plans to implement a cease-fire [Redacted]

25X1

The guerrillas, meanwhile, have intensified attacks on lightly defended targets, including a telecommunications facility and at least 10 bridges since late last month. The government is expecting a major guerrilla attack on a key installation before November, according to the defense attache. Guerrilla spokesmen have publicly rejected the peace plan. [Redacted]

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Comment: The armed forces support the peace plan's cease-fire arrangement because they interpret it as prohibiting guerrilla occupation of "liberated zones" while permitting the Army to move freely through the country. Despite the guerrillas' rejection of the plan, San Salvador probably will call for a cease-fire anyway so the rebels can be blamed for any continued fighting. [Redacted]

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Government operations—which had slowed in recent weeks—probably will intensify in an effort to weaken the insurgents by keeping them on the move and targeting their strongholds and supply lines. The Army, however, will have difficulty maintaining a long-term presence in guerrilla strongholds in remote areas. [Redacted]

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The guerrillas probably will continue low-risk attacks on economic targets as well as attempting some spectacular action. They have had nearly five months—since their assault on the Army brigade at El Paraiso—to plan and prepare for another major attack. By November, however, the insurgents may agree to a cease-fire to obtain greater opportunities for rest, resupply, recruitment, and political activities. [Redacted]

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NICARAGUA:

Continuing Search for Oil

Nicaragua is hinting that the Central American peace accord may be in jeopardy if oil supplies are not guaranteed.



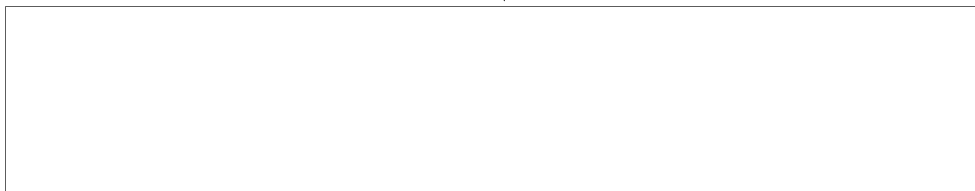
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On Tuesday, Vice President Ramirez warned that Nicaragua "cannot have the necessary peace of mind and security" to pursue the peace effort unless a 30-percent shortfall in oil supplies can be filled. He added, however, that Managua will live up to its obligations under the peace agreement.



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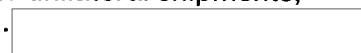


Comment: The oil shortfall—caused primarily by the military's rapidly growing demand for fuel—is probably closer to 15 percent, and the Soviets almost certainly will cover it if other suppliers are not found. By suggesting that peace in Central America may hinge on secure oil supplies, Ramirez probably is trying to gain political and economic support from sympathetic neighbors, primarily Mexico. His statement may also be intended to appear responsive to Soviet enjoiners to expand Western economic ties



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Mexico City, which reportedly is looking for ways to regain a role in the peace process, may agree to provide some oil to the Sandinistas on concessionary terms. If Mexico decides to provide oil to the Sandinistas, it would prefer to make deliveries within a regional framework. Barring support for such an initiative, however, it may attempt to garner Latin American agreement for unilateral shipments, arguing they are needed to salvage the accord.



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USSR-JAPAN:

Representatives Expelled

This week's mutual expulsions of diplomatic personnel mark an intensification of Moscow's and Tokyo's charges and countercharges of espionage, a development that further strains an already troubled relationship.



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Soviet officials told the Japanese Ambassador on Wednesday that a defense attache had to leave as soon as possible and gave the deputy head of the Mitsubishi Corporation's Moscow office—who has spent 13 years in the USSR—a week to leave. Tokyo responded yesterday by ordering a Soviet trade official to leave Japan as soon as possible.



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The Soviets had earlier lodged several protests about the way the Japanese handled the Toshiba diversion case and various espionage-related matters. The Soviets have recently taken steps to underscore their concerns. On 7 August, for example, they had a Foreign Ministry official stage manage a presentation about alleged Japanese-West German spy operation last year on the Trans-Siberian railway.



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The Soviets have recently criticized purported mistreatment of their fishing trawlers in a Japanese port, complained about demonstrations at their Embassy in Tokyo, and publicly warned the Japanese to consider their long-term interests instead of getting carried away with their economic success.



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Moscow has been unyielding on other points as well. Although the Soviets have agreed to allow the same number of visits to Japanese graves in the Northern Territories as they permitted last year, they have again refused to allow visits to Kunashiri and Etorofu—the two largest islands. Annual bilateral consultations on UN matters on 12 August produced little of note, other than the promise of a foreign ministers' meeting at the UN in the fall.



other

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Comment: The Soviet expulsions retaliate for Japan's crackdown earlier this year on Soviet spy operations, which led to the withdrawal of several Soviet officials from Tokyo. Japan's decision to respond immediately by expelling a Soviet diplomat shows that Tokyo is prepared to weather a downturn in relations.



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The expulsions will be high on the agenda for the scheduled meeting between the two Foreign Ministers at the UN. The affair provides fresh evidence that the Soviets, while still talking about a visit to Tokyo by General Secretary Gorbachev under the right conditions, have no intention at this time of making concessions to help bring about such a visit.



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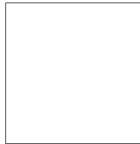
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UGANDA: Security Situation Deteriorating

Ugandan President Museveni is worried about deteriorating security in the north and east and is convinced that Kenya is aiding Ugandan rebels, [redacted] Despite rebel losses last week in attacks near Soroti, insurgent strength in the east is growing, and local residents are afraid to cooperate with the government for fear of rebel reprisals, [redacted] The US Embassy reports that northern insurgents, meanwhile, have interdicted the main road linking Kampala to Nile Province, delaying convoys supplying refugees returning from Sudan. [redacted]

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Comment: Kenyan President Moi dislikes Museveni and may be turning a blind eye to rebel recruiting and organizing in Kenya, but Moi almost certainly is not actively assisting the Ugandan rebels. Museveni's belief that Nairobi is actively aiding the insurgents will further strain relations with Kenya—Uganda's most important economic partner—complicating Museveni's efforts to revive his economy and build domestic support for his government. [redacted]

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PHILIPPINES: Antinuclear Legislation Proposed

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Legislation was introduced in the Philippine Senate yesterday that would ban the storage of nuclear weapons or devices in the Philippines as well as their transit through its territorial waters and airspace. One bill—signed by at least half of the 24 Senators, including Senate President Salonga—would also ban nuclear-powered ships. The Philippine Constitution says that the country will pursue a nuclear-free policy “consistent with the national interest.” [redacted]

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Comment: The legislation is an early attempt to address what is likely to become a divisive issue during forthcoming negotiations on the US-Philippine Military Bases Agreement. Some Senators may want to scare Washington into a more lucrative compensation package for the bases but may not understand that a ban on nuclear-powered ships might make the bases inoperable. The legislation also represents a congressional challenge to President Aquino's authority to define the “national interest.” Aquino appears comfortable with Washington's policy of neither confirming nor denying the presence of nuclear weapons, but many legislators evidently want to force her hand. [redacted]

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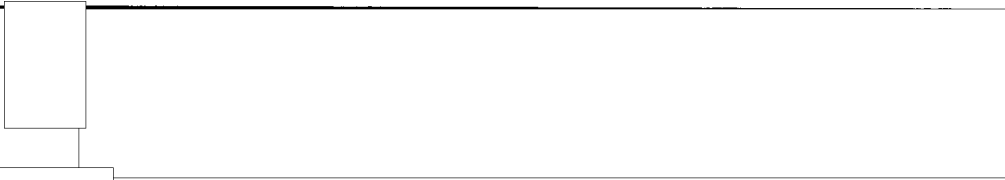
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In Brief

East Asia



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French Secretary of State for Defense arrived in Beijing yesterday ... highest level defense official to visit **China** since 1949 ... probably will discuss arms sales, naval port calls, future visit of French Defense Minister.

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Americas



Peruvian Embassy in **Panama** granting provisional asylum to two leaders of National Civil Crusade, according to US Embassy ... regime will permit departure ... other Crusade members may seek asylum, but opposition maintains it can replace them.

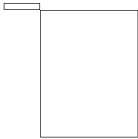
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Colombia's state oil company suspended exploration activity in northeast, cited guerrilla actions, including attack on helicopter, oil camp Monday ... move not related to tensions with **Venezuela** ... resumption contingent on improved internal security measures.

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Cuba has ended TV series on alleged US spying ... 15-day exhibit of "captured" US equipment opens today, "double agents" available to answer visitor questions ... probably retaliating for Radio Marti interviews of counterintelligence defector.

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Surinamese Head of Government Bouterse to visit **Libya** briefly tomorrow following stay in **Ghana**, previous visit in 1985 solidified military, economic agreements on which both governments subsequently reneged.

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Middle East



US Consulate in Jiddah says **Saudis** lifted blockade of **Iranian** Consulate ... two senior Iranian pilgrimage officials left following deportation order ... Riyadh probably reciprocating for reopening of Saudi Embassy in Tehran, hoping to ease tensions.

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Israeli vehicle in Gaza Strip hit by Molotov cocktail Wednesday ... third attack against military in three weeks ... one killed, one wounded in earlier incidents ... Israeli officials suspect cooperation between PLO, local Islamic fundamentalists.

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Oceania



Proindependence group marching tomorrow in **French** territory of **New Caledonia** despite ban, increased police presence ... group protesting referendum on island's status set for 13 September, which it expects to lose ... violence possible.

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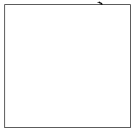


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Special Analysis

LATIN AMERICA: Contadora View of Peace Plan

The Contadora mediators have publicly endorsed the Central American peace plan, yet [redacted] recognize that their part in the process has been reduced and that major hurdles still exist. Mexico appears to be trying to reinsert the Contadora countries into the process and to repair what Mexico City perceives as its diminished international image. The other three mediators—Venezuela, Colombia, and Panama—are preoccupied with domestic concerns and are reacting more cautiously. [redacted]

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Mexican officials found many positive aspects in the agreement but some are concerned about the diminished Contadora role, [redacted]. [redacted] The plan's provisions for an end to external aid to insurgents and democratization without foreign interference comply with basic tenets of Mexico's regional policy. Nonetheless, Mexico City perceives that its political standing in the region has declined [redacted]. President de la Madrid has ordered his Foreign Minister to find new ways for Mexico to continue its role in the peace initiative. [redacted]

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The other Contadora mediators have not reacted beyond general public statements supporting the plan. They are not likely to initiate new proposals. Venezuela and Colombia are involved in a territorial dispute and Panama is facing major political unrest. [redacted]

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The Contadora support group—Argentina, Brazil, Peru, and Uruguay—is likely to maintain a low profile as well. US Embassy reporting indicates some of these governments are skeptical of the plan, believing it will encounter the same stumblingblocks as previous efforts. Argentina, however, is prepared to condemn the Sandinistas should they show bad faith in implementing the agreement, according to Embassy sources [redacted]

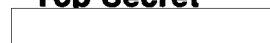
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As part of the peace plan, the Contadora countries are assigned the task of helping to develop the arms control proposal and serving on the international verification commission—along with the OAS and UN Secretaries General and support group foreign ministers. Representatives of Contadora, the support group, and the Central American nations will meet in Caracas this weekend to develop a strategy for implementing the plan, according to Embassy reporting. Only Mexico is likely to urge a more vigorous Contadora role; it may also suggest establishing an aid package for the region. [redacted]

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