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**BI-WEEKLY WARNING ISSUES
FOR THE DCI**

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KEY WARNING ISSUES

PANAMA: Noriega's Cuba and Nicaragua Game

ANGOLA: Cuban-South African Showdown Possible

Prepared by NIO/Warning and Staff

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KEY WARNING ISSUES

PANAMA: Noriega's Cuba and Nicaragua Game

General Noriega is increasing his reliance on Cuba and Nicaragua for support for himself personally, the Panamanian economy, and the defense of Panama in the event of further United States moves against him. The mutual interests of the three countries in opposing the US suggest that Managua and Havana will continue to back Noriega.

We do not know the exact levels of materiel and advisory assistance from Cuba and Nicaragua, but [redacted]

[redacted] indicate that Cuban military advisors have arrived in Panama and senior Nicaraguan officials continue to travel to Panama City. We agree with SOUTHCOM's estimate that there are probably less than 100 Cuban military advisors currently in Panama. In addition, [redacted] Cuba alone delivered perhaps 300 tons of assorted goods through 21 unscheduled flights in May and June; the pace of deliveries accelerated in the two weeks after the suspension of US/Panamanian negotiations on 25 May. With this help, Noriega is able to:

- o Reduce the Panama Defense Forces' (PDF) reliance on US-supplied military gear and consumables, cutting his vulnerability to an arms embargo.
- o Supply especially loyal military and paramilitary forces with weapons stocks. Limited information indicates that these include "artillery"--probably mortars--and hand-held surface-to-air missiles needed to defend against the

much more heavily armed US 193rd Infantry Brigade and US reinforcements. Some of the materiel probably is in rural caches because of concern about a US invasion.

- o Receive military advisors for new equipment familiarization and instruction in skills such as guerilla warfare and intelligence as well as basic training for paramilitary units.
- o Get Cuban intelligence information.
- o Procure quickly commodities needed by both the PDF and the populace, reducing the effectiveness of US trade sanctions and keeping morale from slipping dangerously. He also saves precious hard currency.

The assistance provides a small supplement to the PDF's military power and helps mobilize popular support for the regime--strengthening Noriega's ability to survive even further tightened US economic sanctions. The development of a base of personal support improves Noriega's chances of retaining influence in Panama even if he eventually is forced to retire or leave the country. It also builds a political base upon which to make a run for the presidency in the 1989 election; he reportedly is considering resigning in November to make a presidential bid.

For Havana and Managua, support for Noriega's Panama offers major

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opportunities at low material and political cost to:

- o Strengthen a Latin American leader who for opportunistic reasons will back their own policies in the region.
- o Reduce US influence in Latin America.
- o Win points with Moscow by boosting the worldwide aspirations of their mentor.

There is no apparent reason for any of the three collaborators to withdraw from the mutually beneficial rela-

tionship, and we expect their relationship to expand gradually. At low cost, the Cubans and Nicaraguans build influence--and IOUs--while Noriega strengthens himself and presumably sees no threat to his security from a slightly greater Communist presence in Panama. As Noriega's position consolidates, moreover, there may be profitable new opportunities for joint ventures, both economic and political, that will have a common threat of anti-US action. All sides nevertheless will be careful to avoid major overt Communist involvement that could cause the US to invoke provisions of the 1977 Panama Canal Treaty that call for the US to defend the canal.

ANGOLA: Cuban-South African Showdown Possible

The completion of Cuban deployments in southwestern Angola has created a potential for a military showdown with South African forces in the next three months. Fidel Castro, in particular, apparently believes that now is the time to force South Africa from Angola and Namibia, both through negotiations and by decisive military action. The NIO for Warning believes that the recent withdrawals of South African units from southwestern Angola primarily are tactical moves which do not represent a total withdrawal from Angola or a lack of will by Pretoria to defend its vital strategic interests in the border area, such as the Ruacana hydroelectric facility just inside Namibia.

Castro's Calculus

Both Castro and senior Angolan officials recently have stated that the main purpose of the military buildup near the Angolan-Namibian border is to pres-

sure South Africa to grant concessions in settlement negotiations. If this does not occur, Castro probably believes that he has changed the correlation of forces sufficiently to achieve a decisive, strategic, and permanent change in Angola through military action. Castro's willingness to pursue an offensive strategy is reinforced by the urgent shipment of additional MiG-23/FLOGGER tactical aircraft to Angola.

South African Response

The Cuban moves have sparked a major policy debate in South Africa over how to respond to this challenge. Opinions range from those favoring a strong military response to those calling for greater caution and even disengagement for now to avoid an unwinnable war of attrition. The withdrawal of South African units from southwestern Angola following the 27 June clash near the Calueque Dam indicates Prime Minister Botha has chosen the more cautious

policy. South African units in this part of the border have been ordered to fight only if fired upon, but to defend strategic interests in Namibia.

[redacted] air and ground attacks into Namibia by Cuban forces in the near future. Pretoria has now built up a sufficient force, which includes major tank and artillery units, to challenge the Cubans in any fight in Namibia. South Africa's strategy evidently is to wait and let the Cubans make the next aggressive move and then retaliate strongly. Over time, the Cubans will have difficulty maintaining their forces because of long logistical lines and the degrading effects of weather and terrain.

There is a good chance of a major battle, depending largely on how hard Castro pushes a military solution. He and his staff have already criticized the Cuban commanders in southwestern Angola for responding too timidly in the late June encounter with the South Africans.

[redacted]

[redacted] assembly and preparation of Cuban forces for a major attack into Namibia. In that event, there is at least an even chance that South African forces will stage a preemptive offensive rather than wait for a Cuban attack. Alternatively, South Africa may escalate limited strikes designed to harass the Cubans, interdict supply lines and disrupt any preparations for offensive operations.

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The Soviet Angle

Castro probably fears that Gorbachev's desire to reduce the risks and burdens of supporting the Luanda regime will undercut, if not endanger, Cuba's position in Angola. This concern not only will magnify Soviet-Cuban frictions, but reinforce Castro's incentives to score a military and political success before the Soviets apply sufficient pressure on Havana to liquidate its Angolan venture without achieving longstanding objectives.

[redacted]

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