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DIRECTORATE OF INTELLIGENCE

MAY 1987

NICARAGUA AND EL SALVADOR

MONTHLY REPORT #4

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This memorandum was prepared by the Nicaragua and Central America Branches of the Office of African and Latin American Analysis. It was coordinated with the Directorate of Operations. It contains information available as of 5 June 1987. Questions and comments are welcome and should be addressed to Chief, Middle America-Caribbean Division, ALA [Redacted]

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NICARAGUA AND EL SALVADOR MONTHLY REPORT #4

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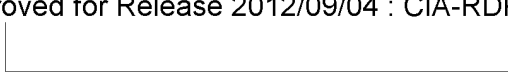
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NICARAGUA

Developments During May

The Insurgent Effort


Levels of fighting and rebel aerial resupply increased during May. The insurgents also made political gains with the restructuring of their umbrella organization, although internal rivalries will continue to undermine unity. The rebels appear to have been caught off guard by a Sandinista offensive into the Rio Bocay Valley, but the operation had only limited military impact. 

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Insurgent attacks on economic targets have become widespread. (See attached indicators.) On 10 May, the insurgents attacked and severely damaged fuel and chemical storage tanks near Rama, according to the US Embassy in Managua. 

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Meanwhile, the Nicaraguan Democratic Force (FDN) increased its propaganda effort by airdropping antiregime leaflets near the cities of Esteli, Chinandega, and Matagalpa. 

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Insurgent operations were sustained by airdrops made throughout eastern Nicaragua and as far west as Lake Apanas in Jinotega Department. 

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Months of political negotiations finally bore fruit with the formation of a new umbrella organization called the Nicaraguan Democratic Resistance, which added representatives of the center-left Southern Opposition Bloc and the Atlantic coast Indians to the constituent groups of the previous umbrella organization. A new seven-member directorate includes Southern Bloc leader Alfredo Cesar and recently self-exiled moderate Azucena Ferrey. The addition of Cesar and Ferrey, who have ties to political groups in Western Europe and Latin America, may provide some additional international support to the insurgents. The restructuring, however, probably will not resolve personal and ideological differences. Tensions are likely to be aggravated as rebel leaders 

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jockey for influence and begin to discuss personnel and policy issues, including the formation of a national army. 

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[redacted]

The Sandinista Regime

Managua--using aggressive tactics and tight security--scored a propaganda victory in a brief operation against the rebel supply and infiltration route in the Rio Bocay Valley early in the month. The government demonstrated improved capabilities in conducting its largest airmobile operation ever, carrying 700 to 1,600 troops by helicopter to an area just south of the Honduran border, according to press reporting [redacted] The regime probably believed the offensive would discredit press accounts that the insurgents had established a permanent presence on Nicaraguan soil. Good operational security--a Sandinista strength--allowed government troops to surprise FDN forces. The multibattalion operation was well-coordinated, but Managua lost a helicopter to an insurgent Redeye surface-to-air missile and admitted several dozen casualties. [redacted]

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On the political side, a government-sponsored multi-ethnic assembly approved a draft autonomy plan for the Atlantic coast in late April. On paper, the proposal appears to be responsive to the concerns of minorities in the region. The US Embassy in Managua reports, however, that the fundamental issue of control over local resources is not addressed, the central government retains significant powers, and the coastal population's reaction has not been enthusiastic. The plan is likely to be approved by the National Assembly late this summer and will be touted internationally as an example of Sandinista commitment to minorities. [redacted]

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Meanwhile, the government has taken several steps, including lifting many import restrictions and suspending raids on illegal markets, that contrast sharply with its previous hard line toward the black market. The new policy--which may be in response to rising public discontent, unfavorable press coverage, and Soviet criticism--could ease shortages of some consumer goods over the short term but is unlikely to undercut informal commerce substantially. [redacted]

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[redacted]

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[redacted]

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**The Anti-Sandinista Insurgency  
Key Indicators**

Legend      ○ Deficient      ● Substantial  
                  ○ Weak              ● Strong  
                  ○ Moderate

High } Level of confidence  
 Med } in judgment  
 Low }

Military Capabilities		1986						1987						
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr		May
1	Presence in country	○	○	○	○	○	○	○	○	○	○	○	○	High
2	Geographic extent of operations	○	○	○	○	○	○	○	○	○	○	○	○	High
3	Command, control, and complexity of operations	○	○	○	○	○	○	○	○	○	○	○	○	Med
4	Intelligence and security	○	○	○	○	○	○	○	○	○	○	○	○	High
5	Military initiative	○	○	○	○	○	○	○	○	○	○	○	○	Med
6	Combat proficiency	○	○	○	○	○	○	○	○	○	○	○	○	Med
7	Troop morale and discipline	○	○	○	○	○	○	○	○	○	○	○	○	Low
8	Availability of weapons/ammunition/equipment	○	○	○	○	○	○	○	○	○	○	○	○	High
9	Logistic support	○	○	○	○	○	○	○	○	○	○	○	○	High
<b>Political Capabilities</b>														
10	Leadership quality and charisma	○	○	○	○	○	○	○	○	○	○	○	○	High
11	Cohesion and unity	○	○	○	○	○	○	○	○	○	○	○	○	High
12	Appeal of movement inside Nicaragua	○	○	○	○	○	○	○	○	○	○	○	○	Med
13	Development and expression of political program	○	○	○	○	○	○	○	○	○	○	○	○	High
14	Cooperation of rural population	○	○	○	○	○	○	○	○	○	○	○	○	Med
15	Urban support	○	○	○	○	○	○	○	○	○	○	○	○	High
16	Cooperation by Central American states	○	○	○	○	○	○	○	○	○	○	○	○	High
17	Foreign support and recognition	○	○	○	○	○	○	○	○	○	○	○	○	High

**The Sandinista Regime**  
**Key Indicators**

Legend            ○ Deficient            ⊖ Substantial  
                     ⊙ Weak                ○ Strong  
                     ⊕ Moderate

High } Level of confidence  
 Med } in judgment  
 Low }

	Military Capabilities	1986					1987							
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		Apr	May
1	Command and control	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	Med
2	Strategy and tactics	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	Med
3	Intelligence and security	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	Med
4	Military aggressiveness	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	Med
5	Mobility/Presence in countryside	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	High
6	Combat effectiveness	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	Med
7	Recruitment and retention	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	Med
8	Availability of weapons and equipment	○	○	○	○	○	○	○	○	○	○	○	○	High
9	Logistic support	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	High
10	Ability to assimilate equipment and operate without foreign advisors	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	Med
<b>Political Capabilities</b>														
11	Directorate unity and cohesion	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	Med
12	Civilian/military relations	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	Med
13	Internal security	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	High
14	Political institutions	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	Low
15	Ability to mobilize mass support	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	Low
16	Control of political opposition	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	High
17	Ability to defuse religious/ethnic discontent	⊙	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	Med
18	Ability to deflect dissatisfaction with economic performance	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	Med
19	Foreign political/diplomatic support	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	Med



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### Government and Insurgent Activity, May 1987



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### Nicaraguan Clashes, April-May 1987



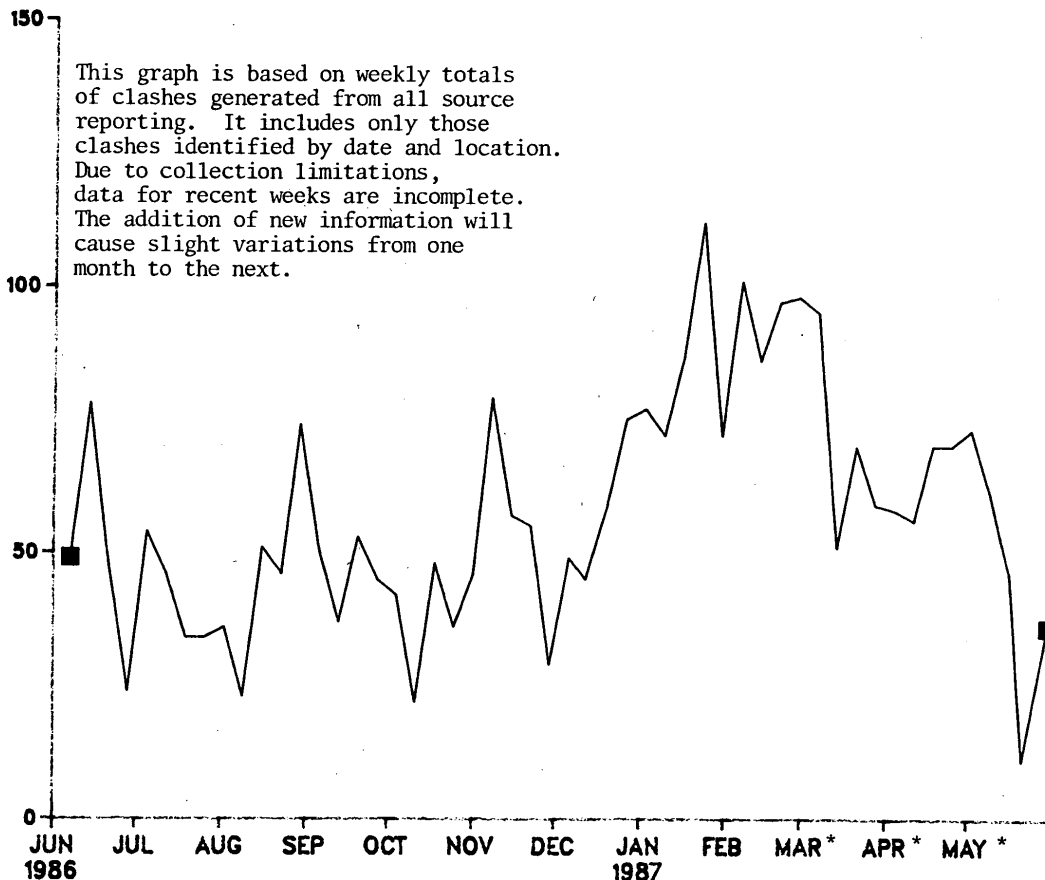
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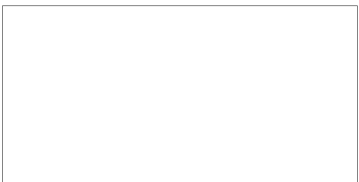


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### Nicaraguan Clashes June 1986 - May 1987



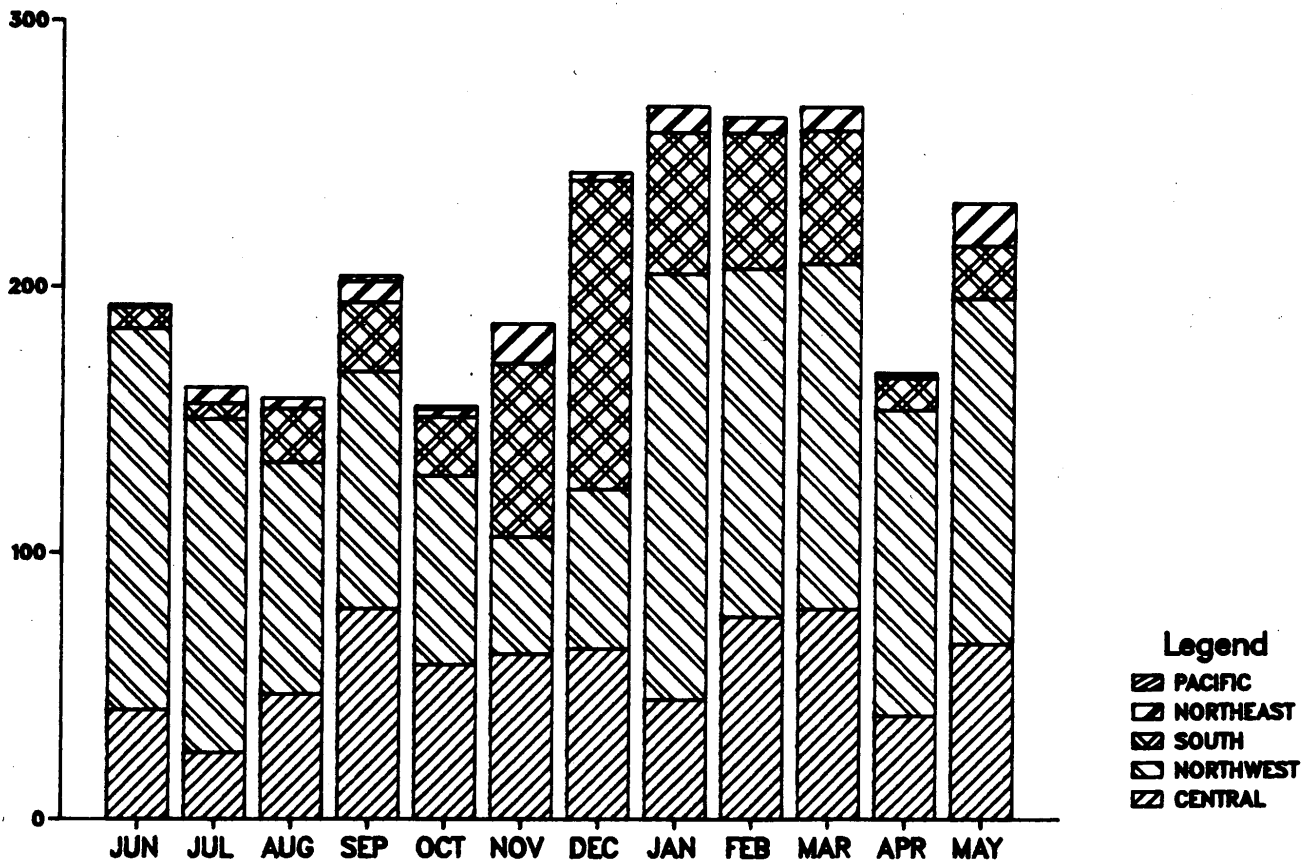
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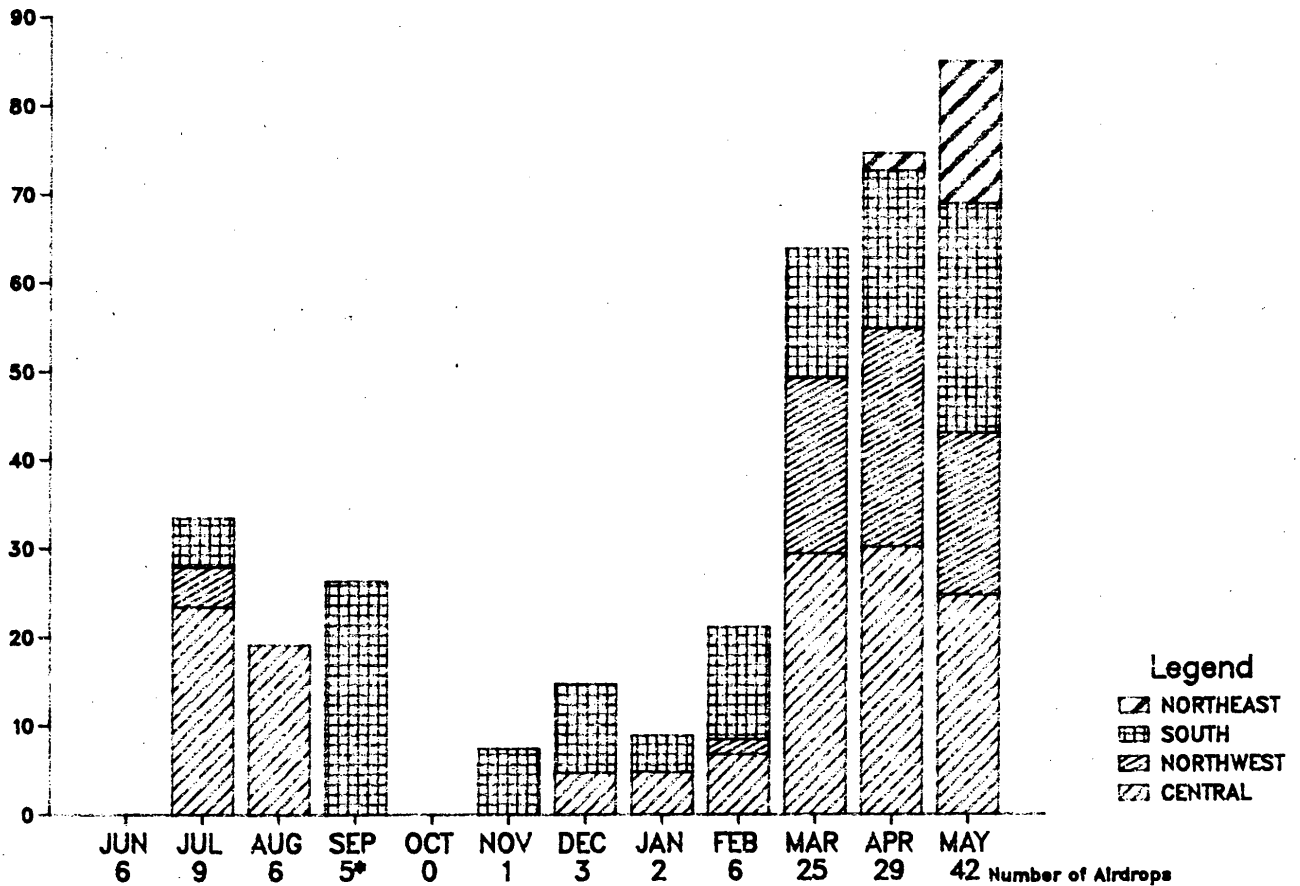
### NICARAGUAN CLASHES BY REGION June 1986 - May 1987



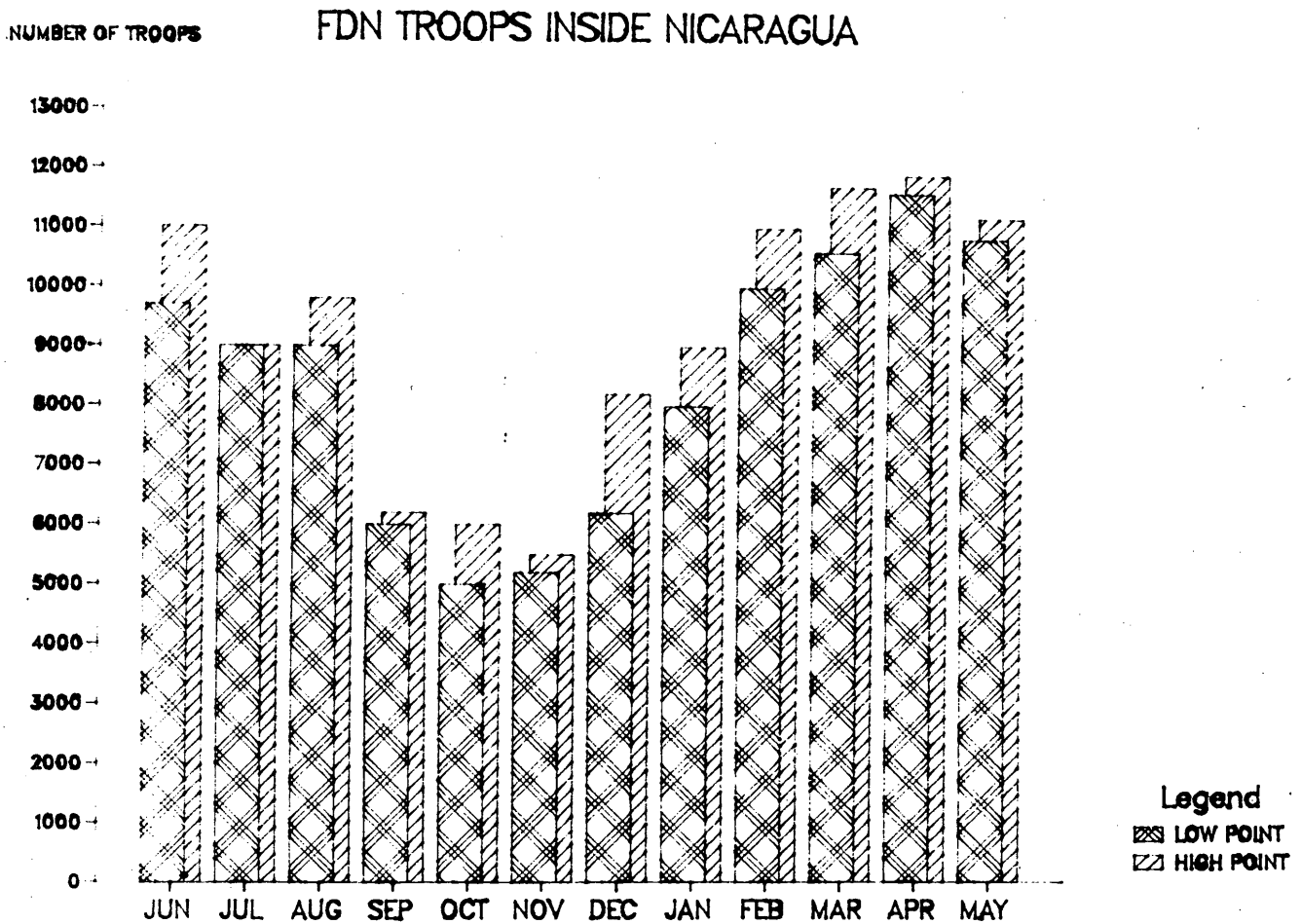
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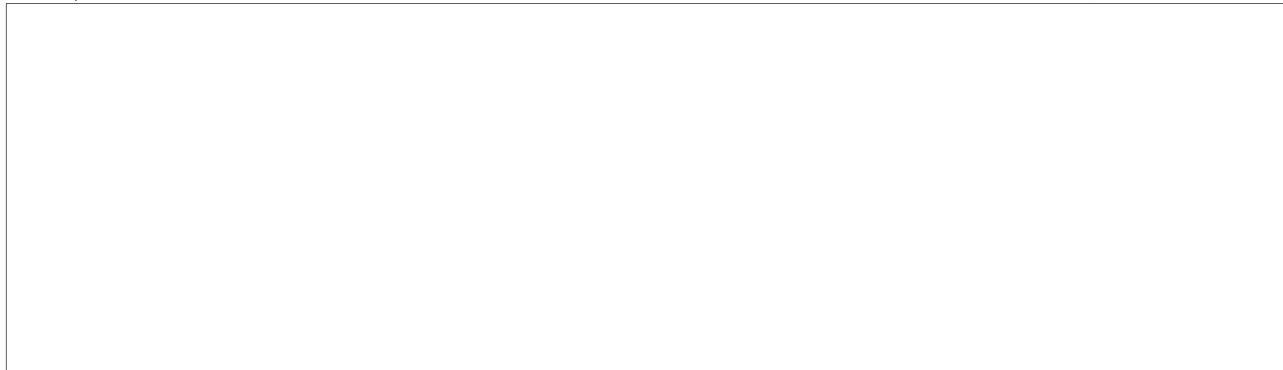
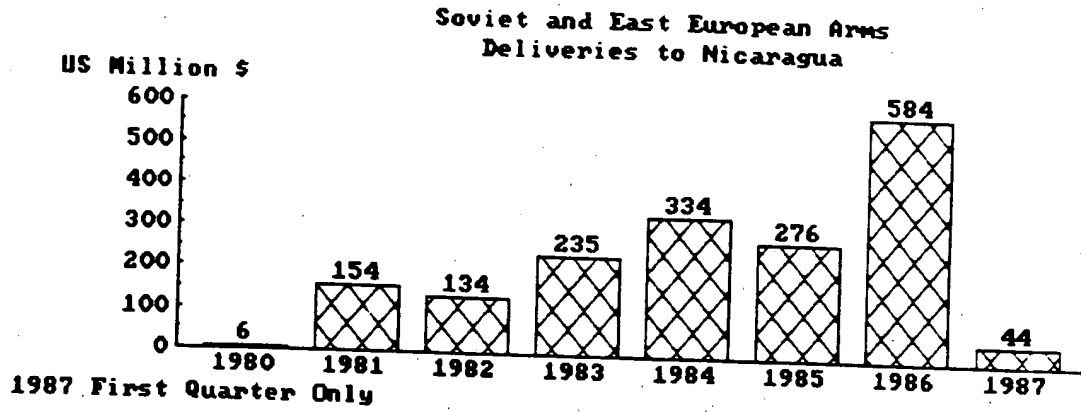
### INSURGENT AIR RESUPPLY June 1986 -- May 1987

AMOUNT IN TONS



\*ESTIMATED





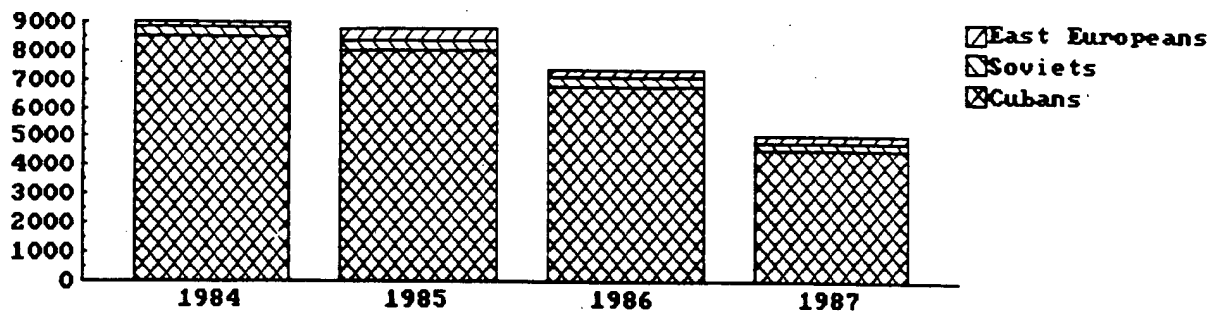
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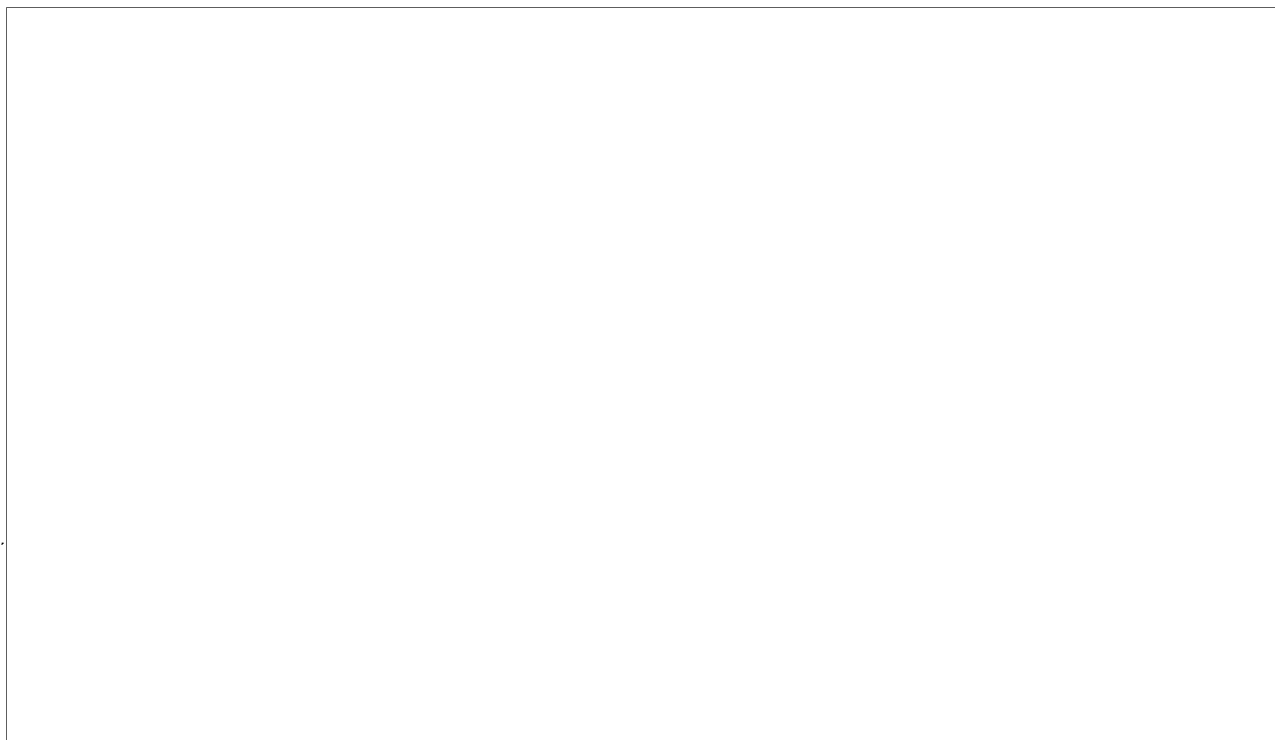
**Foreign Advisers in Nicaragua**



**CURRENT FOREIGN PRESENCE IN NICARAGUA**

	<u>Military</u>	<u>Civilian</u>
Cubans	2,225*	2,225*
Soviets	75	200
East Europeans	100	225

\*Midpoint of 2,000-2,500

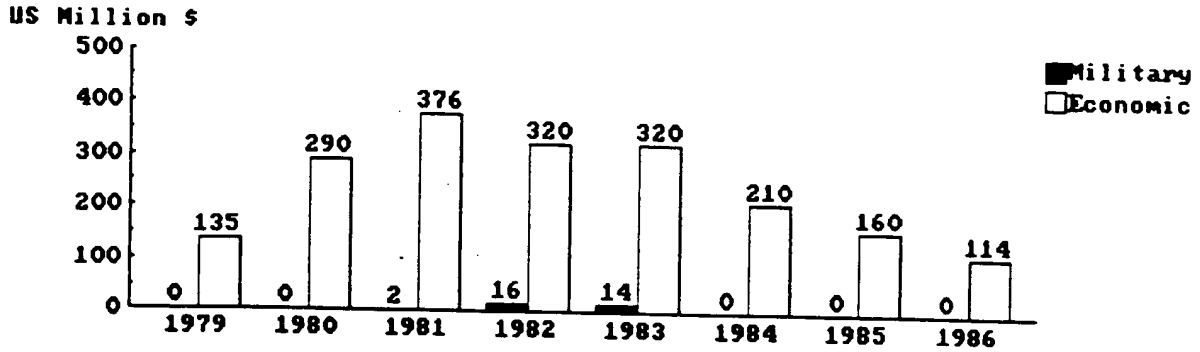


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Western Aid to Nicaragua



Recent Developments

[redacted] Nicaraguan Vice President Ramirez in mid-May asked Mexican President de la Madrid for an increase in crude oil deliveries to Nicaragua. The US Embassy in Mexico City reports that de la Madrid refused to promise any more oil on credit, even though Ramirez claimed the Soviets will cease oil shipments to Nicaragua in October. Managua accumulated a \$500-million oil debt to Mexico City before shipments were suspended in June 1985.

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[redacted]

25X1

According to Nicaraguan press reports, Minister of Foreign Cooperation Ruiz signed a \$7-million economic assistance agreement with Finland in early May, representing Helsinki's largest-ever economic aid package to the regime. The Nicaraguan press also reported that Norway will increase aid to \$15 million this year while the Netherlands will reduce assistance by as much as one half.

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[redacted]

[redacted]

25X1

[redacted]

25X1



NICARAGUAN HUMAN RIGHTS CHRONOLOGY

In May, Sandinista accusations of insurgent human rights violations remained low, following a six-month pattern. Nicaraguan President Ortega publicly denied the existence of either systematic or official violations of human rights. He confirmed however, that there were 8,000-10,000 prisoners in the country, of which 60 percent were classified as common criminals.

[Redacted]

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INSURGENT HUMAN RIGHTS RECORD

4 May

The rebels kidnaped 10 Nicaraguans, including two women teachers, from a village in Nueva Segovia Department and took them to Honduras, according to Sandinista press reporting.

[Redacted]

25X1

[Redacted]

25X1

16 May

According to the US Embassy, an eyewitness claimed two Sandinista Defense Committee organizers were shot by the rebels in Comalapa, Chontales Department.

[Redacted]

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SANDINISTA HUMAN RIGHTS RECORD

24 April-4 May

[Redacted] Sandinista troops committed several human rights abuses.

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-- Sixto Gonzalez Hernandez, presumably a civilian, was murdered by a Sandinista patrol at Santa Anita de Sisle, Jinotega Department.

-- A Nicaraguan woman was killed by a Sandinista mine while en route from Planes de Vilan to Guapinol, Jinotega Department.

[Redacted]

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[Redacted]

25X1

[Redacted]

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28 April

Rebels claim Sandinista patrol murdered the father of six children for not providing information on insurgent troop positions. [redacted]

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8 May

Army troops attacked the home of two civilians at Piedra Grande, Chontales Department, killing them and wounding others. [redacted]

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A man and his two sons were murdered by an EPS patrol from Paiwas [redacted]

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15 May

A civilian in Ocotol was killed after stepping on two anti-personnel mines which had been placed by Sandinista troops. [redacted]

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[redacted]

25X1

[redacted] 25X1

[redacted] 25X1

[Redacted]

SIGNIFICANT NICARAGUAN POLITICAL EVENTS

- 2 May International Parliamentary Union conference, with delegations from 90 countries, ends in Managua after discussing prospects for peace in the Middle East and Central America. [Redacted] 25X1
  
- Mid-May New seven-member directorate of insurgent umbrella group, renamed the Nicaraguan Democratic Resistance, is formed. It includes representatives from the center-left Southern Opposition Bloc, the Atlantic coast Indians, the Social Democrats, the Christian Democrats, and the Nicaraguan Democratic Force. The Consultative Assembly is expanded to 54 members to accommodate delegates from each of the traditional political and ethnic groups as well as labor and business. [Redacted] 25X1

[Redacted]

25X1  
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EL SALVADOR

Political and Economic Developments

El Salvador's economic problems continued to plague President Duarte last month. The Finance Minister has told the US Embassy that the government faces a \$25-million budget deficit in June and will be unable to meet its payroll. Declining coffee tax revenues, coupled with a successful right-wing challenge to government efforts to raise revenues through a tax on wealth earlier this year, will increase the overall deficit to more than \$160 million and spur already expanding inflation, according to Embassy reporting. The budget crisis, which already has delayed salary payments to both military and civilian employees, is increasing tensions in the government work force, but we believe it is unlikely to affect the counterinsurgency effort in the short term. [redacted]

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Competing political and financial challenges will make it difficult for Duarte to implement measures--including new taxes, spending cuts, and currency devaluation--to strengthen the economy. With legislative elections less than a year away, Duarte and others in the ruling Christian Democratic Party have repeatedly told Embassy officials they cannot undertake any initiatives that would further erode their popular support. Meanwhile, the government's lack of a coherent economic agenda is holding up disbursement of US economic aid. Although some in the military are increasingly disenchanted with the President's performance, [redacted] Duarte can count on strong backing from senior officers to survive the crisis. The Army appears resigned to civilian lethargy and mismanagement because the guerrillas seem unable to mobilize much urban support or protest activity despite growing economic problems. [redacted]

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The President has initiated moves to abandon state-of-emergency legislation and Decree 50, which allowed the security services wide latitude in arresting and interrogating prisoners. On 7 May, he submitted a proposal to the legislature to free 600 of 800 prisoners awaiting trial for subversive activities under Decree 50. In early June, he plans to propose a new anti-terrorist law that would replace Decree 50 and the state of emergency and give terrorists the protection of constitutional guarantees. Duarte's moves are meant to demonstrate his continued efforts to improve human rights conditions in El Salvador and undercut the guerrillas, who have pointed to Decree 50 as evidence of continued government repression. [redacted]

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Military Developments

On 20 May, the government committed all six infantry brigades and several elite battalions to a 60-day nationwide counterinsurgency operation. The Army probably felt hard pressed by domestic criticism arising from several successful guerrilla actions during March and April. The operation is intended primarily to disrupt insurgent logistics operations and planning

[redacted] 25X1

[redacted] 25X1

[redacted]  
as well as dispel fears that the armed forces' commitment to the counterinsurgency is flagging. Early results were encouraging; the Army reported having killed 90 guerrillas, captured many others, and recovered 85 weapons in the first two weeks. [redacted]

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[redacted], guerrilla kidnapings and killings of civilians in Usulután and San Miguel Departments increased significantly early in the month. The insurgents took advantage of the apparent lack of Army aggressiveness in that area to force civilians to serve as porters and new recruits. Such activities probably have fallen off since the Army operation began. [redacted]

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The insurgents increased attacks on government civil defense units during the month. In the most serious incident, one child and three members of a unit in northern La Paz were killed. Rebel attacks in the past have inhibited civilians from participating in civil defense. [redacted]

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[redacted] 25X1

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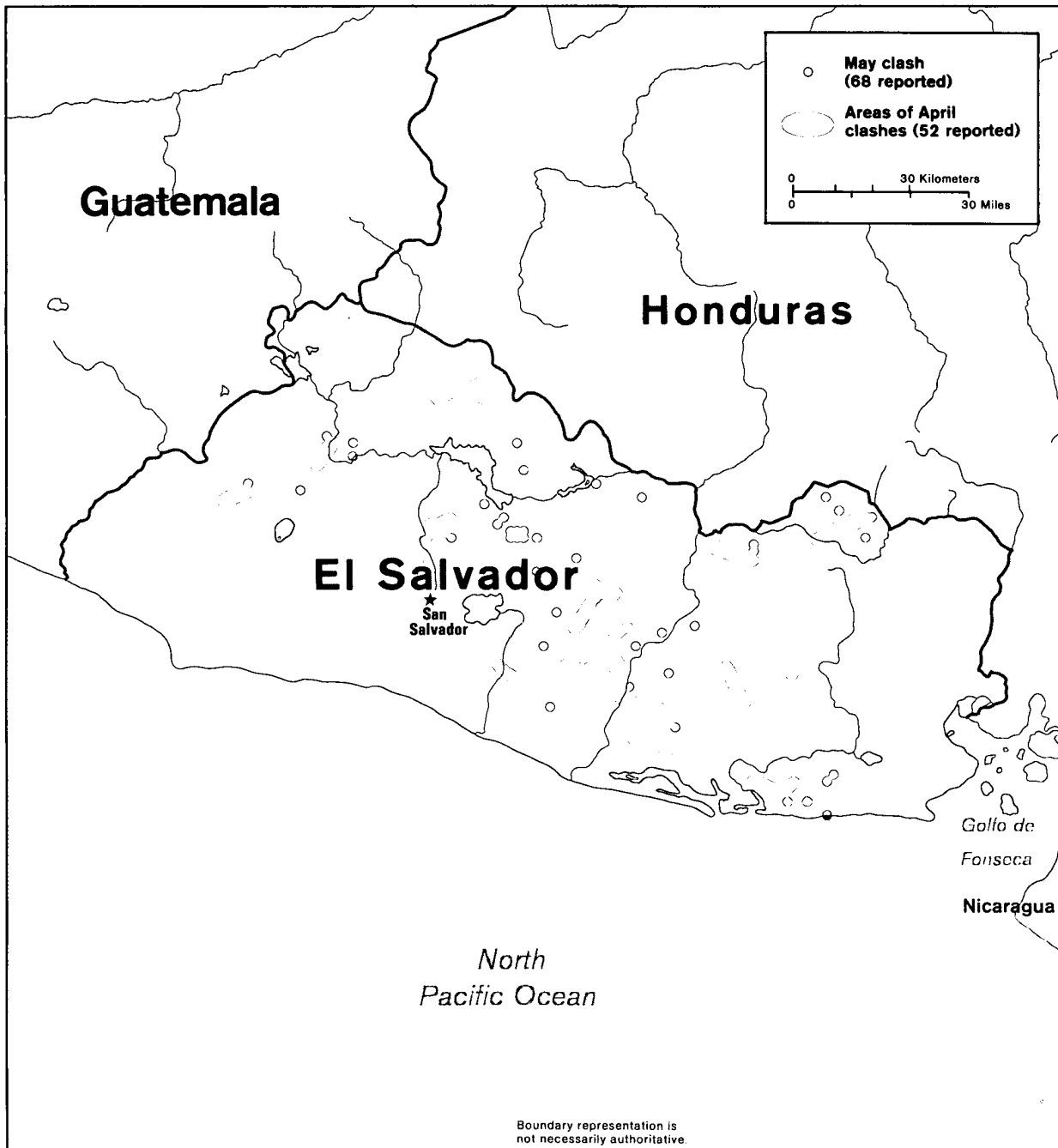
### Government and Guerrilla Activity, May 1987



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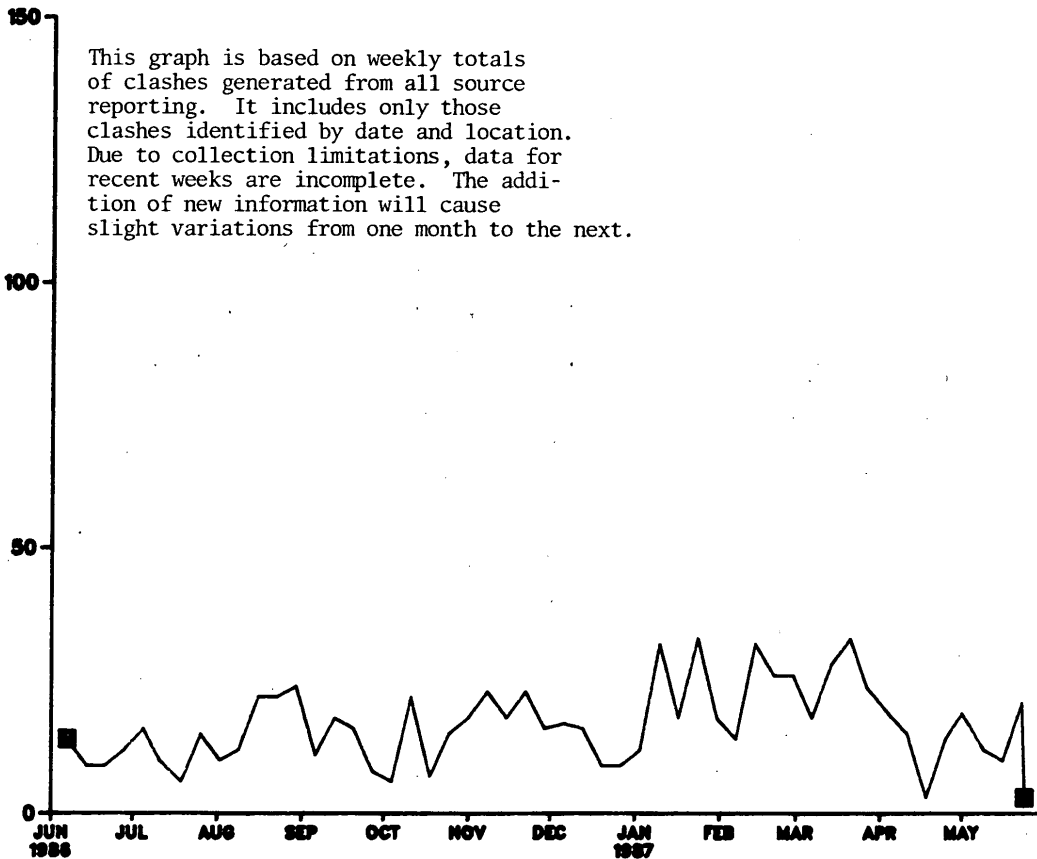
### Salvadoran Clashes, April-May 1987



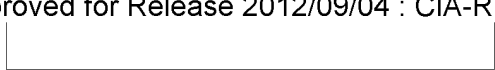
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## Salvadoran Clashes June 1986 - May 1987







EXTERNAL SUPPORT FOR SALVADORAN INSURGENTS

Nothing to report.



COMING EVENTS IN CENTRAL AMERICA DURING JUNE

- 1 June President Duarte is scheduled to make a State of the Union Address, in which he plans to make several political and economic policy initiatives. [redacted] 25X1
- 6 June Costa Rican President Arias returns from a four-week trip to Portugal, Spain, Belgium, the United Kingdom, West Germany, Italy, and France. Arias solicited support for his peace plan and economic assistance for Costa Rica during his visit. [redacted] 25X1
- 14-16 June Arias plans to attend the Pan American Economic Leadership Conference in Indianapolis to promote his regional peace initiative. [redacted] 25X1
- Mid-June The Foreign Ministers of Honduras, Costa Rica, Guatemala, and El Salvador will meet in Tela, Honduras, for further discussions of the Arias peace plan. [redacted] 25X1
- 25-26 June The Central American Presidents will attend a summit Guatemala to discuss Costa Rica's peace proposal. [redacted] 25X1

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- 58 - C/OGI/FSIC/DDI 3G04
- 59 - C/OGI/FSIC/SA/DDI - 3G13
- 60 - C/OGI/FSIC/PIB/DDI - 2G09
- 61 - C/OGI/FSIC/I/DDI - 3G46
- 62 - C/OGI/ISID/DDI - 2G28
- 63 - C/OGI/GD/WH/DDI - 2G00
- 64 - C/OGI/ECD/DDI - 3G46
- 65 - D/LA/LDA/DDI - 1H39
- 66 - C/LA/LDA/DDI/ -1H39
- 67-68 D/ALA/DDI - 3F45 - (2)
- 69-70 Production Staff/ALA/DDI - 4F21 - (2)
- 71 - C/ALA/MCD/DDI - 4F29
- 72-73 DC/ALA/MCD/DDI/ - 4F29 (2)
- 74 - C/ALA/MCD/Nicaragua/DDI - 4F29
- 75 - C/ALA/MCD/Central America/DDI - 4F39 (files)
- 76 - C/ALA/MCD/Mexico/DDI - 4F39
- 77 - C/ALA/MCD/Cuba/DDI - 4F39
- 78 - C/ALA/Caribbean/DDI 4F21

25X1

25X1

[Redacted]

25X1

- 95-99 ALA/MCD/Files - 4F29 - (5)
- 100 - ALA/MCD/Nicaragua Branch Files - 4F29
- DDI/ALA/MCD/NIC/CA [Redacted] (8May87)

25X1

[Redacted]

25X1

[Redacted]

25X1