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The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

NIC 00372-87
27 January 1987

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA: National Intelligence Officer for Warning

FROM: Robert D. Vickers, Jr.
National Intelligence Officer for Latin America

SUBJECT: Latin America Warning and Forecast Meeting
January 1987

1. The following items were discussed at the Intelligence Community's Warning and Forecast Meeting held on 21 January 1987.

Suriname

2. The military situation is at a stand-off after the Army's recent counterinsurgency sweeps in the northeast, but rebel activity in the area over the past few months has now created a serious economic problem for the Bouterse government. The Suralco bauxite refinery, Suriname's largest source of foreign earnings, is planning to close as a result of the guerrilla threat in that area. The loss of jobs and revenues would add a major burden to the already depressed economy. The Bouterse government, therefore, is under pressure to take decisive military action against the insurgents at the risk of triggering charges of new human rights violations. At the same time, it needs to project an image of moderation, and continued movement toward democracy.

WARNING ISSUE: The economy could spiral downward following a Suralco closing, thereby placing the Bouterse government under considerable labor and political pressure. Under such circumstances, Bouterse may turn to Libya for aid. Libya would probably attempt to extract concessions, such as use of Surinamese territory to support leftist revolutionary movements in the region and a more assertive anti-Western foreign policy.

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- Will Bouterse turn to Libya for financial assistance?
- Is Libya likely to provide aid this time, given its poor track record in recent years?

El Salvador

3. The business sector has seized upon the recent tax package as an opportunity to challenge the President. Their efforts to enlist the left in this effort were unsuccessful. While some military officers were in sympathy with business, the high command managed to keep them all in line behind the President. For now, the President is in control and will probably weather this challenge from the extreme right--the first in two years. Meanwhile the extreme left is attempting to increase the pressure on Duarte by mobilizing leftist labor unions and increasing its propaganda efforts. Renewed attacks on the coffee crop and transportation stoppages are also hurting the government economically.

WARNING ISSUE: The extreme right and extreme left are both focusing on El Salvador's unfavorable economic prospects as the President's most vulnerable point. Attacks on his policies from both ends of the political spectrum are likely. If they should cooperate, the pressure on the President would increase, but the key will continue to be military support for the President.

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Nicaragua

4. Some 8,000 Contras are now in Nicaragua and more should be entering in the near future. As a result, the Sandinistas have had to redeploy forces away from the northwest border in order to cope with increased rebel activity in central Nicaragua. With an improved logistical support system, the Contras feel they are in a better position than they have been in the past. Rebel planning for more aggressive action--with perhaps a "spectacular"--is now underway. The EPS now has a strength of 70,000-80,000, but it is noteworthy that they have not called up the Reserves as yet.

5. Prospects for Nicaragua's domestic political opposition parties remain bleak despite their recent efforts to regain some political space. Attempts to win recognition and support from abroad have likewise shown little promise. The government is unlikely to restrict them

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further since they represent no real threat yet they lend a measure of credibility to the Sandinista claim that Nicaragua is still an open society.

6. Assistance to Nicaragua from the Bloc is expected to remain at its current high level for the near future. More--and improved--air defense weapons will probably be the only departure from the present patterns.

WARNING ISSUE: With their improved logistical system in place, will the Contras be able to strike at more visible targets, particularly on the Pacific coast? Can the Sandinistas deal with more frequent and more dispersed attacks without calling up the reserves? Will the Bloc have to increase its military and economic support to keep the Sandinistas afloat?

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Participating in the NIO/Latin America Warning Meeting of 21 January 1987 were representatives of the following agencies:

- DIA: DIA/DE3
- DIA/DB3C1
- DIA/DB3C2
- DIA/DB6D2
- DIA/DB5C2
- DIA/OA-5
- JSI-4B

National Security Agency

Department of State/INR

Department of the Navy/ONI

Department of the Air Force/AFIS-INOL

CIA Participants:

- ALA
- OGI
- OIA
- CRES
- LDA
- OIR
- DO/LA
- DO
- DO
- DO/EPS
- NIO/W
- ICS/HC
- NPIC
- FBIS

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