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The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

SC 8450/87

22 December 1987

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

VIA: National Intelligence Officer for Warning

FROM: [redacted]
Acting National Intelligence Officer for
Latin America

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SUBJECT: Latin America Warning and Forecast Meeting
December 1987

1. The following items were discussed at the Latin America Warning and Forecast Meeting on 16 December 1987.

2. Nicaragua

The insurgents continue to maintain the tactical initiative and have sustained relatively high levels of combat activity, despite the threat of a cut-off in US military assistance. Morale reportedly remains high and recruitments are up. We believe that without further US military assistance the rebels could sustain their current level of operations for three to six months, depending on the aerial resupply system and how much materiel is cached inside Nicaragua. [redacted]

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With the dry season Sandinista activity along the Honduran border has increased, but we do not believe a large-scale incursion is likely during the next month or so. [redacted]

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[redacted]

[redacted]

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[Redacted] The negative political impact of a major incursion also argues against an attack, at least until after the mid-January Central American presidential summit. [Redacted]

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WARNING ISSUE: While the rebels have materiel sufficient to continue fighting for 3 to 6 months, their ability to remain in the field will hinge on their fragile aerial resupply system, which will become increasingly vulnerable to improving Sandinista air defense capabilities. [Redacted]

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[Redacted]

3. Brazil

We see little likelihood of any diminution in economic and political tensions in Brazil in the short term. The next six months will probably be marked by continued policy drift and erosion in popular support for President Sarney. Inflation will likely top 1000 percent this year and economic growth could slip again in 1988, from 2 percent to perhaps zero or worse. As a result, there are growing indications that Brazilian elites are becoming uncharacteristically pessimistic about the future of the country, at least as long as President Sarney remains in office. The President, however, is unlikely to resign any time soon, despite [Redacted] health and emotional problems. Congress will examine the new constitution in March, and we expect the newly formed centrist coalition to eliminate or modify many of the leftist and anti-military provisions, including a parliamentary system and excessive state controls over the economy. [Redacted]

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Despite mounting pressures, we judge that the military is unlikely to intervene directly anytime soon and will be content to remain a behind-the-scenes--albeit important--player. The posture of the armed forces could change, in our view, if there is a dramatic increase in social unrest or if the congress becomes deadlocked over the new constitution, which would paralyze decisionmaking. [Redacted]

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The malaise in Brazil will probably block significant progress on outstanding bilateral issues with the United States. The centrists will not be able to eliminate all the nationalistic economic provisions in the new constitution and problems, such as imports of computer equipment into Brazil, will likely persist. [Redacted]

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WARNING ISSUE: Although the transition process probably will remain on track, the problems posed by Sarney's health, continued economic decline, and ongoing constitutional debates could encourage the military to assume a more active role in governing the country.

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4. El Salvador

President Duarte, whose domestic political fortunes had declined in the wake of the regional peace talks, is working to regain momentum as his administration heads into legislative elections in March. Duarte had lost support among senior military officers and conservatives because of his decisions to declare a unilateral ceasefire, back a broad amnesty, and allow two rebel political leaders to return from exile, as well as his reluctance to replace an Interior Ministry official who was advocating human rights investigations. Military promotions and reassignments in coming months may cause further discontent. Duarte is also trying to contend with widening rifts within his own Christian Democratic Party (PDC). Unless party leaders and factions soon reunite and mount a vigorous campaign, the Christian Democrats will probably lose their majority in congress. Duarte's political opponents believe that elements of the PDC may try to rig the elections, and if the March 1988 voting is marred by credible allegations of fraud or other irregularities, the legitimacy of the Duarte government and of El Salvador's fledgling democracy would be damaged--perhaps seriously--both at home and internationally.

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On the military front, the fighting remains stalemated. Government forces, however, have been shown a lack of discipline in field operations, leading to mishaps that claimed nearly a dozen lives in the past several weeks. The insurgents have been quick to exploit such weaknesses and they may soon try another spectacular attack, perhaps in conjunction with the mid-January Central American presidents' meeting. Recent reporting also suggests that the FMLN has received training in the use of surface-to-air missiles. There is no indication that the insurgents have such weapons in their inventories, but if they do acquire them, it would sharply diminish the effectiveness of the government's air force, which has been critical in maintaining troop mobility.

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5. Haiti

The ruling National Governing Council (CNG), which thwarted the 29 November national elections, appears determined to adhere to its new electoral schedule regardless of domestic public opinion and international criticism. Moreover, the CNG is determined to control who runs in the election and the outcome. There are no provisions in the new timetable for a presidential run-off, suggesting that military leaders appear united behind a plan to assure a victory for a candidate acceptable to them. Meanwhile, the political opposition remains fractured and the unity of the newly formed coalition of the four centrist presidential candidates is fragile.

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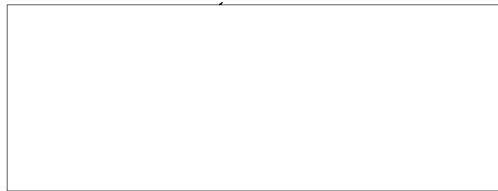
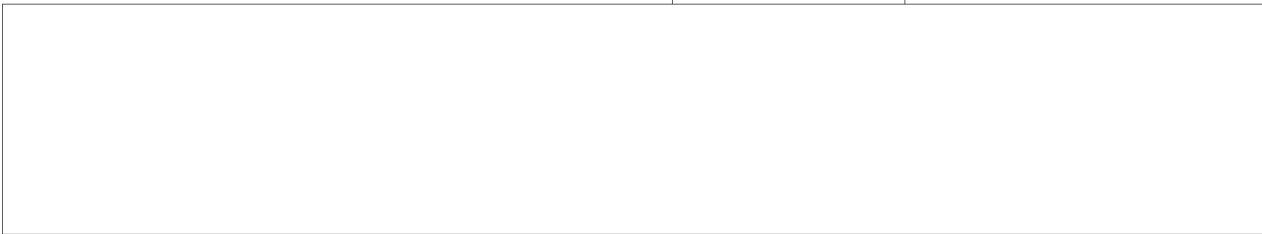
The weakness of the political center will allow extremists free hand and polarization will increase in coming weeks. More violence is almost certain--much of it spontaneous and isolated. A more general upheaval could occur, however, if a major opposition figure is killed or extreme leftists undertake terrorist acts which escalate into large-scale fighting. Fragmentation on the right could also prompt fighting between the CNG and Duvalierists. In any case, the next government will resort to Duvalierist tactics to remain in power, and the uncertainty will create new opportunities for Cuban involvement.

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WARNING ISSUE: The potential for violence will remain high as the CNG moves Haiti closer toward controlled elections that will have little legitimacy either in Haiti or abroad.

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Participating in the NIO/Latin America Warning Meeting of 16 December 1987 were representatives of the following agencies:

- DIA: DIO/DIA
- DIA/DE3
- DIA/DB3C2
- DIA/DB3C1
- DIA/OA-5
- JSI-4B
- DIA/CAJIT

National Security Agency

Department of State/INR

Department of the Army

Department of the Navy

Department of the Air Force

CIA Participants:

- ALA
- OGI
- OIA
- LDA
- OIR
- DO/LA
- [Redacted]
- DO/EPS
- NIO/W
- NPIC
- FBIS
- NIC/AG

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