



DIRECTORATE OF INTELLIGENCE

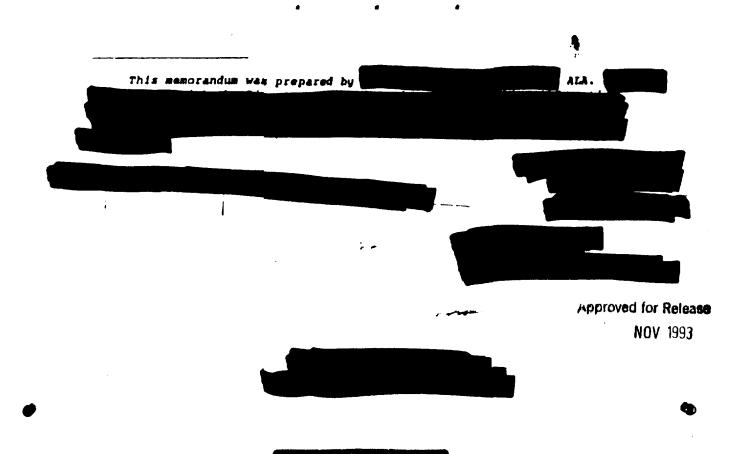
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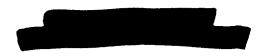
CENTRAL AMERICAN MONTHLY REPORT #3



Summary

Tensions in the region continue to escalate as the search for a peaceful solution goes on. The Sandinista regime has come under intense military and economic pressure over the past month as a result of continued insurgent attacks, but it is reacting defiantly and calling for more military aid. In Bl Salvador, the insurgents have continued their offensive actions, although their military resupply from Cuba and Nicaragua may be reduced. In Guatemala, Chief of State Mejia has removed one of his main military rivals, but the security situation remains tense as a result of both rightist and leftist violence. The Honduran government is pushing for greater regional comperation against the Sandinistas amid reports of a possible new insurgent infiltration attempt. Costa Rican relations with Nicaragua have reached a new low as a result of a Sandinfsta attack on a Costa Rican border post. In Panama, President de la Espriella and General Noreiga continue to maneuver in preparation for next year's scheduled elections. Finally, the Contadora peace effort has produced several draft treaties, but serious obstacles remain.





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Military

The guerrillas' joint offensive in eastern and central El Salvador continued throughout October. Their activity in large part has been marked by hit-and-run attacks against small towns and isolated garrisons, sabotage of electrical facilities and bridges, and ambushes of government relief forces. Government units took particularly heavy losses in attacks on Tenancingo and Nuevo Eden de San Juan. The offensive has succeeded in blunting much of the momentum built by the Army during its summer campaign.

The insurgents appear to be planning for stepped up operations in the Central part of the country.

an unspecified number of quarter area of Cuscatlan for a new operation, possibly against the besieged town or suchitoto.

cuba recently urged the querrillas to resolve their differences.

representatives from all five ractions met they reached agreement on a division of responsibilities.

insurgent leadership in wrear agua recently solicited cuban advice regarding plans for the upcoming offensive.

The Army's optimistic outlook evident this summer has now given way to some pessimism. Some field commanders have been criticized for failing to be more aggressive, and junior officers are unhappy over the conduct of the war and the; failure of many senior officers to visit the battlefront. Nevertheless, the Army continues to launch sweep operations to regain lost territory and preempt insurgent actions.

Meanwhile, growing military dissent over the war and other is ues has prompted some key military commanders to propose a shakeup of the High Command. these officers have convinced Defense Minister Vides to make some sweeping command changes by the end of the year, including reshaping the entire General Staff apparatus, appointing a new Chief of Staff, and replacing some department and unit commanders. Vides own position, however, appears safe at this juncture.

Arms Flow

the insurgents continue to the supplies consist primarily of ammunition as well as spare parts, clothing, and medicine, and are being sent by various air, land, and sea routes.

Cuba informed querrilla leaders that it would reduce assistance to them because problems in Nicaragua were forcing Havana to divert greater resources to the Sandinistas.

serves as a transhipment point for sea delivery of war materiel to the Salvadoran insurgents.

dreacked the rectifity at the end of the munch, but the extent of damage is not yet known.

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Political

Salvadoran labor turned but for a demonstration in late September in support of mobe liberal reformation the draft of constitution currently being debated in the Assembly. Some 15,000 to 20,000 workers and campesinos staged a peaceful rally in San Salvador that was actively supported by members of the Christian Democratic Party.

The rally was overshadowed by a resurgence of rightwing death squad activity aimed at ending the reform campaign. Several union leaders and leftist intellectuals have been either kidnapped or killed. Ultrarightist leader Roberto D'Aubuisson charged publicly that the moderate leader of the largest democratic campesino labor organization had ties with the extreme left. An Assembly deputy also received a telephone threat during legislative debate on reform articles, causing the session to be suspended. Each of the parties in the Assembly is promoting its own version of an article dealing with land tenure, but here compromise is expected on the amount of land available for future agrarian reform.

The presidential election is still on track for the first quarter of 1984. Claimed that Foreign Minister Chavez Mena has agreed to pecome Duarte's running mate, a

development that would strengthen the ticket and perhaps result in a Christian Democratic majority on the first ballot.

There were no meetings this month between the government's peace commission and the insuggents to the Theure that have proposed El*Salvador as the site for any future meetings. The government is reluctant to accept this, however, and the dialogue is at an apparent impasse.

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