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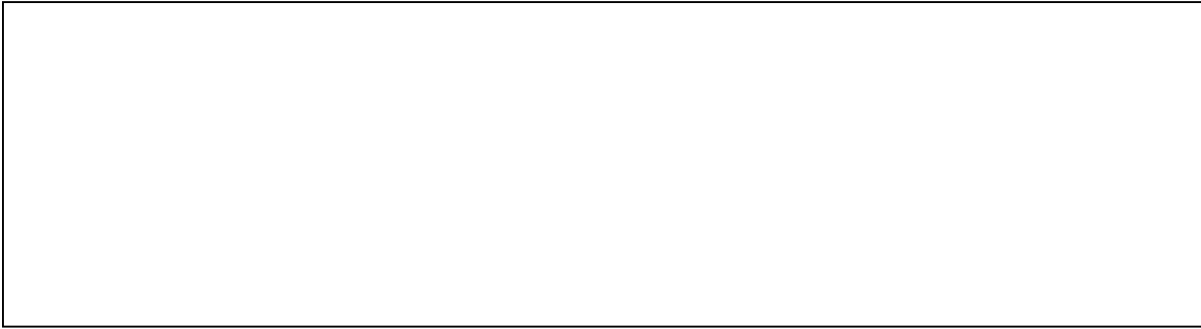
1 September 1987

SUBJECT: Talking Points for [redacted] to Use with SecState

-- The Resistance directorate and northern front military commander met with the President on 27 August in Los Angeles, and a delegation of the directorate followed up with a meeting with Speaker Wright on 28 August in Dallas. In both meetings, the directors promoted their proposal for an FY88 funding plan calling for approval of full funding but placement in escrow of the portion designated for lethal supplies.

-- While the Administration formally welcomed the plan as a "useful contribution", Speaker Wright was less enthusiastic. However, he did indicate in his conversations with the Resistance delegation that he believed some humanitarian assistance could be approved. One of the Resistance directors who attended the meeting with the Speaker described him as categorically rejecting any possibility of a lethal program, whether in escrow or not, but in the course of the meeting, softening this position, although never to the point of agreeing to lethal aid. He is also adamantly opposed to allowing the Administration to make the judgment about when to release any funds held in escrow, describing the Administration as having lost all credibility with the Congress.

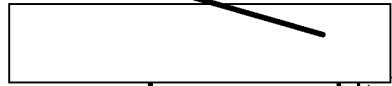
-- The Resistance was pleased with their meeting with the President and other senior administration officials. The delegation that met with the Speaker felt positive about the meeting with the Speaker -- apparently a person very interested in first-hand impressions, and who frequently cites personal exchanges with Sandinista officials as the source of his views. They think they have given him an alternative source of information about the Nicaraguan situation and considered the Speaker's public appearance with them and his statement that he considered the directors to be making a good-faith effort to seek peace to be major steps forward.



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-- Combat activity in the past week remained at about the same level as before Esquipulas and was marked by several successful ambushes:

-- 28 August an MI-17 helicopter was shot down near Pantasma, while carrying 22 troops, eleven of whom were killed, eight wounded, and three missing (and possibly captured). Managua claims the aircraft was shot down by a Redeye missile, but we do not have independent confirmation from the field. (Daniel Ortega, in citing the shootdown as evidence of U.S. duplicity vis-a-vis the Esquipulas Accords, noted that the Resistance has shot down 20 helicopters.)

-- A vehicle ambush north of Jinotega resulted in the death of two 6th Military Region headquarters officers, including the deputy commander.

-- sixteen EPS reservists were killed and two wounded in an ambush near La Trinidad. The hospital in the immediate vicinity was so full that wounded had to be transported to Esteli.

-- Several fixed-wing aircraft and helicopters operating from Matagalpa and Juigalpa airfields were grounded due to battle damage.

-- ERN/South, under the new leadership of Comandante "Ganso", is increasing its activity and drawing additional EPS counterinsurgency assets into the southern 5th Military Region.

-- ERN/South units overran and destroyed the garrison at La Fonseca, southeast of Nueva Guinea on 21 August.

-- There have been more than 20 attacks on EPS garrisons since 1 August, but this was the most successful to date by the ERN/South.

-- Two additional counterinsurgency battalions have been drawn into the area to help government units cope with these attacks.

-- The Sandinista General Staff's concern over the constant tempo and scope of Resistance activity prompted it to mobilize several reserve battalions from the Managua area, and presumably from other Pacific coast cities, for use in the 1st and 5th Military Regions.

-- Almost 1,000 reservists have been training throughout the month at the Ocotal Military Training Center, where some 65 Cubans have also been reported.

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-- Other reservists from the 1st Military Region have been mobilized for a period extending from August through the end of the year, and many are undergoing artillery and other support activity training.

-- A light hunter battalion engaged in combat operations in Matagalpa Department recently was ordered to place one of its subordinate companies under the command of a probable Cuban advisor and to follow his instructions. This suggests that this particular unit may have absorbed a large number of new recruits or reservists to fill its ranks.

-- Desertions among draftees has reached such a level that EPS officials in the northwest have created a commission including members from the Mothers' Patriotic Movement to assist in stemming the manpower drain and the need to divert men and resources into so-called "disciplinary" units whose sole job is hunting down deserters.

-- Units in virtually all the combat areas reported materiel shortages, which in many cases impaired or even prevented counterinsurgency operations. The lack of timely aerial resupply by helicopters and spot shortages of fuel were of particular concern to field units.

-- Ocotal is apparently becoming the focal point for the coordination of intelligence and operations in the northwest.

-- Troops from an air surveillance radar battalion, the Mixed Air Brigade, probably from the Punta Huete Airfield, and from the 1st Military Region headquarters were being assigned to Ocotal. Sandinista commanders in this area are clearly concerned about the need for more positive control of their own assets, especially air, and better synthesis of intelligence for use at the tactical level.

-- In a probably related development, the 1st Military Region headquarters in Esteli was also developing plans for a quick reaction company with a helilift capability.

-- In addition, a new telecommunications network connecting Ocotal to Esteli and other nearby militia brigade garrisons has been newly installed.

-- During the period since the last report, five aerial resupply missions have been completed, dropping 30,944 pounds of supplies and equipment to Resistance forces. Totals since the resumption of United States' assistance are 218 missions flown and 1,112,034 pounds (556 tons) of supplies delivered.

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