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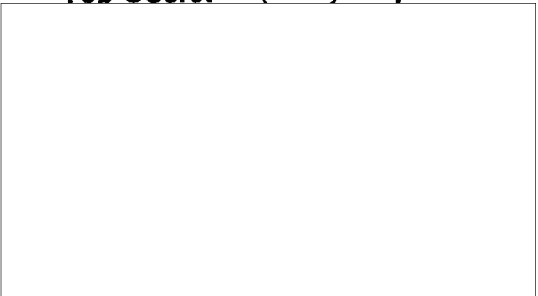


Director of  
Central  
Intelligence

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CIA/CPAS NID 85-2381X



APPROVED FOR RELEASE DATE:  
07-22-2010

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CPAS NID 85-2381X

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LATE ITEM

ITALY-US-  
EGYPT:

Interception of Hijacker Aircraft

*Last night US F-14 aircraft, flying from the carrier Saratoga, detected the Egyptian 737 that was transporting the Achille Lauro terrorists and diverted it to the airbase at Sigonella, Italy.*



The operation took place without firing a shot. The aircraft landed with Italian consent and was surrounded by American and Italian troops, and the terrorists aboard were taken into custody by Italian authorities for legal proceedings.



**Comment:** Rome now is likely to seek legal jurisdiction over the hijackers and to prosecute them, although Prime Minister Craxi and his colleagues are almost certain to harbor private reservations about taking the hijackers into custody. Various Arab terrorist groups have stepped up activity in Italy in recent weeks, and Rome cannot help but worry about future retaliation.



Craxi has been anxious to project a decisive image in public. Middle East policy and Craxi's handling of the crisis, however, have already created strains within the governing coalition. If the hijackers are convicted, some Italian officials might lean toward trading them in a future hostage situation.




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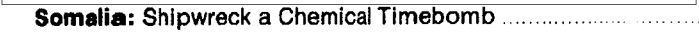
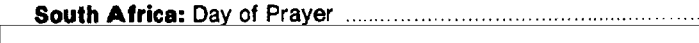
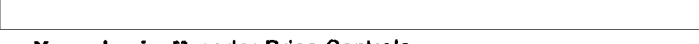


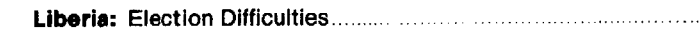

**Contents**

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<b>El Salvador: Major Guerrilla Attack</b> .....	1
<b>Mozambique: Government Offensive</b> .....	2
 .....	3
<b>Cyprus: Kyprianou Under Attack</b> .....	4


**Notes**

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 .....	5
 .....	5
 .....	6
 .....	6
<b>Somalia: Shipwreck a Chemical Timebomb</b> .....	7
<b>South Africa: Day of Prayer</b> .....	7
 .....	8
<b>Yugoslavia: Broader Price Controls</b> .....	8
 .....	9
 .....	9
 .....	10
<b>Liberia: Election Difficulties</b> .....	10
<b>In Brief</b> .....	11

**Special Analyses**

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<b>Nicaragua-Warsaw Pact: Military Assistance Trends in 1985</b> .....	12
 .....	14

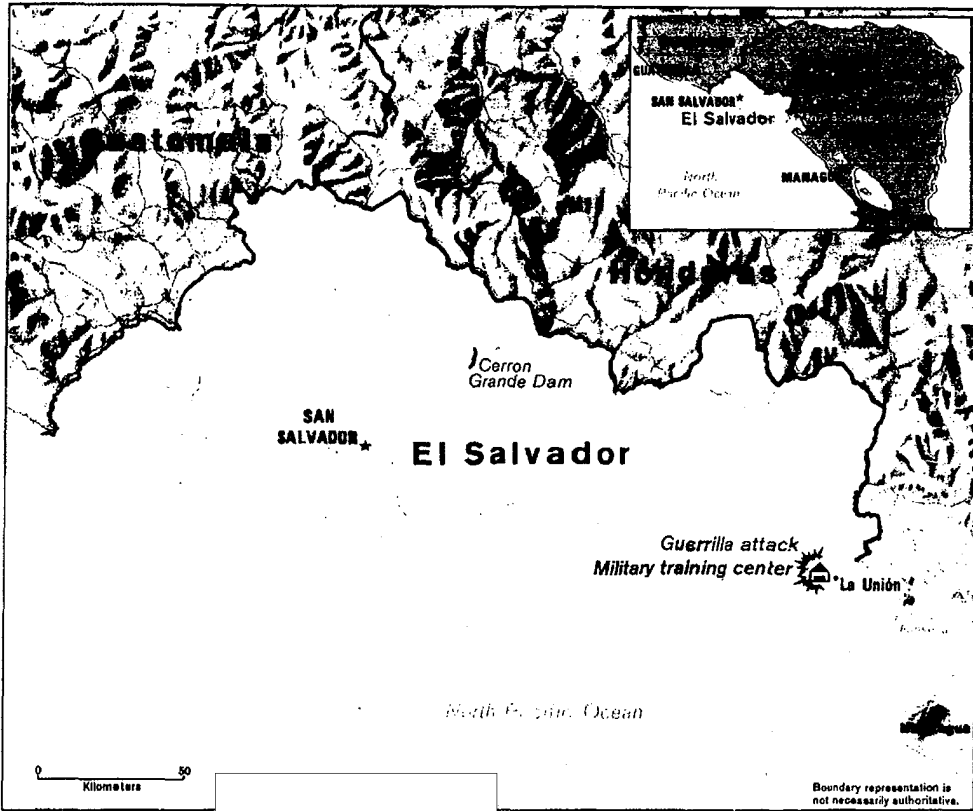


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**EL SALVADOR:**

**Major Guerrilla Attack**

***Yesterday's assault on the Salvadoran military's training center in La Union was the largest rebel operation in more than a year and probably will add to pressures on President Duarte to stand firm in negotiating with his daughter's kidnapers.*** [Redacted]

Some 75 guerrillas infiltrated the base in small units, [Redacted]  
[Redacted] 43 Salvadoran soldiers were killed and 75 others wounded, while the rebels suffered only 10 dead. [Redacted]

Rebel radiobroadcasts claim the attack commemorated the 5th anniversary of the five-faction guerrilla alliance. [Redacted]

**Comment:** This attack was the largest military action by the rebels since they seized the Cerron Grande Dam in June 1984, inflicting more than 150 Army casualties. The training center provided a convenient target of opportunity given its light defenses. [Redacted]

The action underscores the insurgents' determination to slow the government's momentum and to refocus public attention on their military capabilities. It comes against the backdrop of yet another nationwide transport ban, increased economic sabotage, and urban terrorism. [Redacted]

The attack is likely to complicate negotiations for the release of Duarte's daughter. Private criticism of the President's willingness to negotiate already is evident and may intensify if he fails to respond forcefully to this latest guerrilla spectacular. The armed forces are likely to press for a strong military response and reiterate their view that the captured mayors and other officials held by the rebels should be included in any exchange of prisoners. [Redacted]

[Redacted]

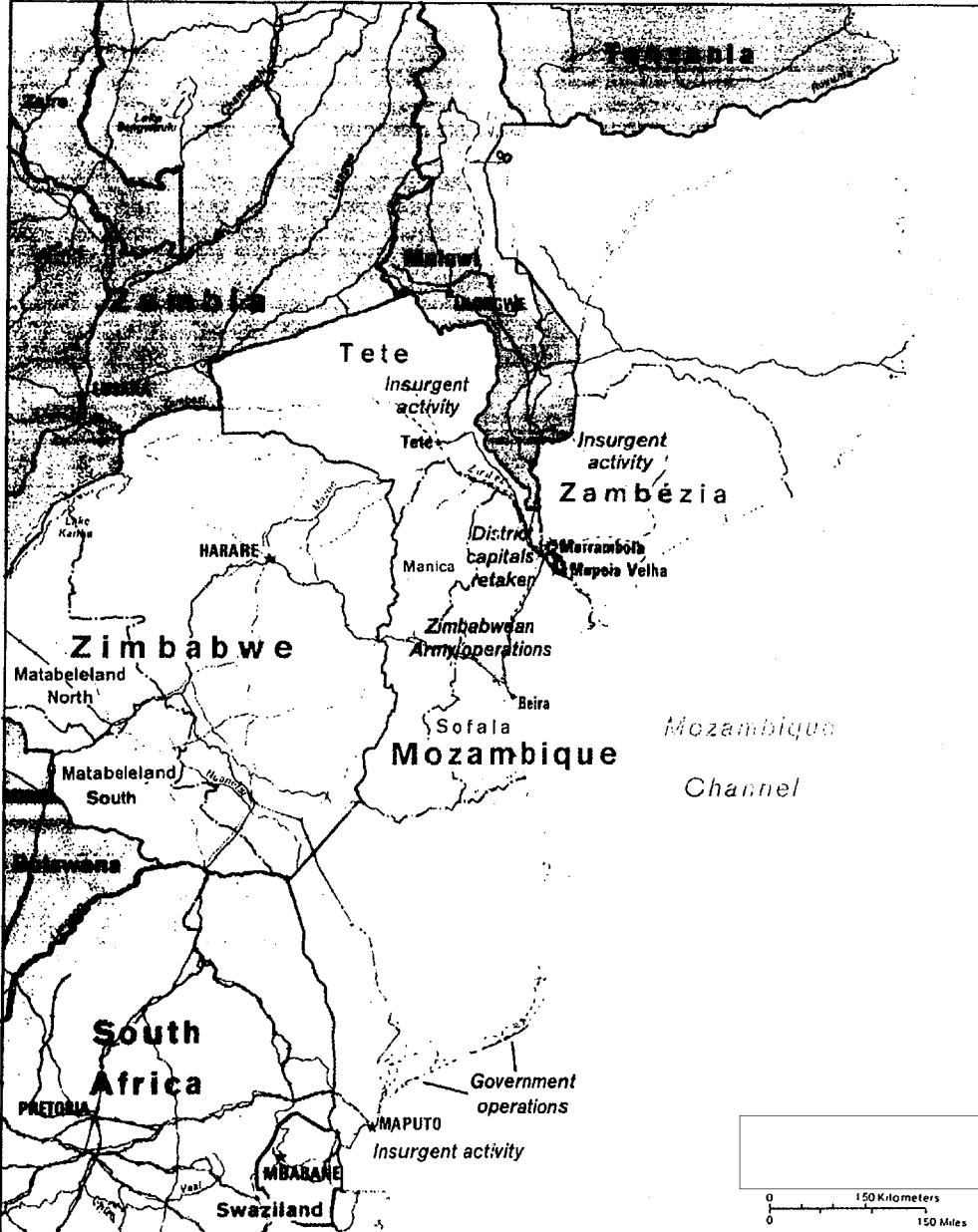
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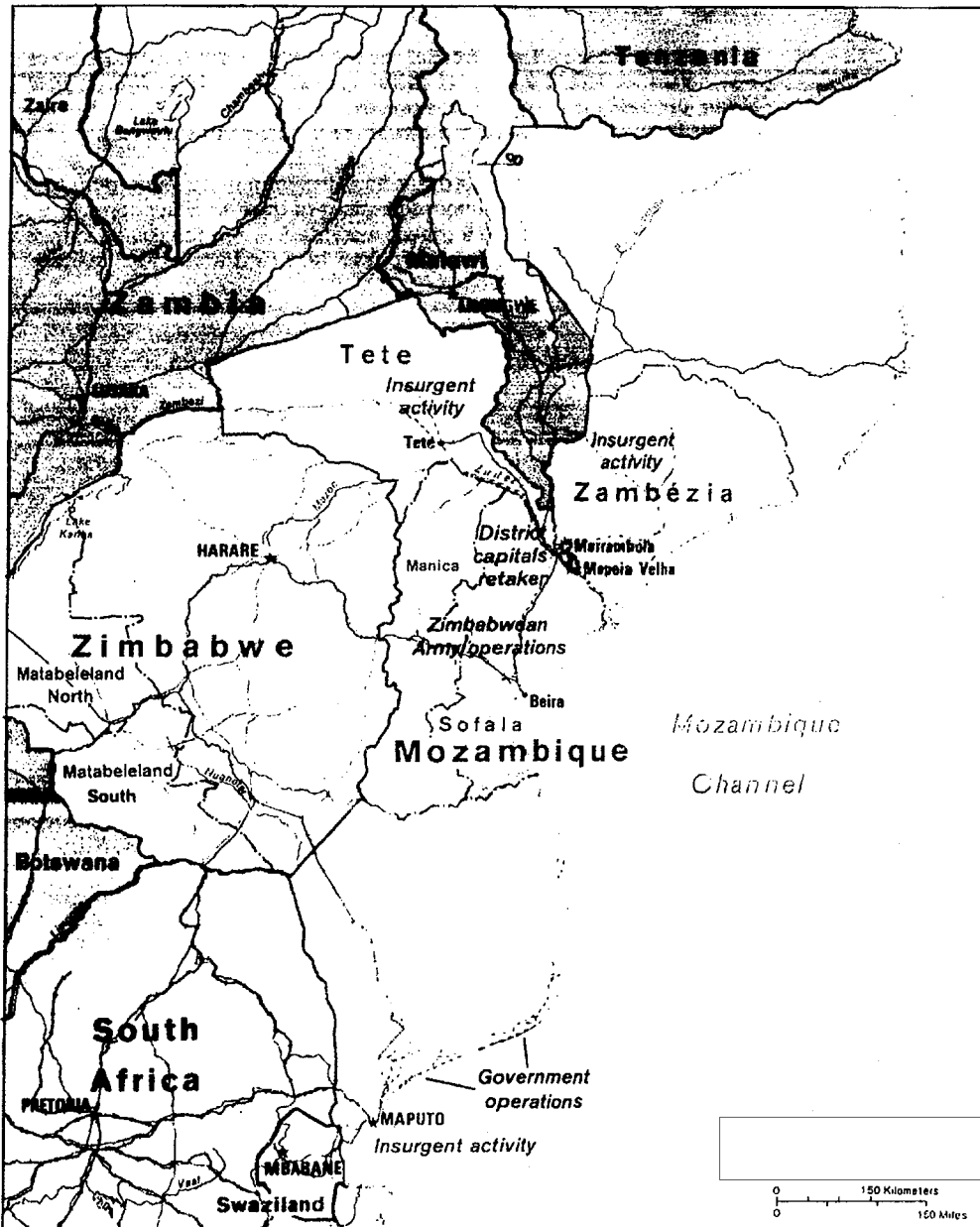
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**MOZAMBIQUE: Government Offensive**

***Counterinsurgency operations, spearheaded by Zimbabwean troops, are being expanded before the start of the rains later this month, but the guerrillas probably will avoid serious setbacks and return to the offensive by January.***

Central Mozambique remains the area of heaviest fighting as the Zimbabwean Army exploits its earlier successes in Manica and Sofala Provinces. [redacted] a joint Mozambican-Zimbabwean force has overrun 10 rebel camps and captured large quantities of supplies, forcing the insurgents to retreat toward the Zambezi River. Last month government forces retook two district capitals in Zambezia Province. [redacted]

[redacted] the Zimbabweans also are preparing a major operation in neighboring Tete Province to counter increased insurgent activity there. The guerrillas have extended their presence along the border with Malawi and remain entrenched in Zambezia and northern Sofala Provinces. [redacted]

In the south, the Army is conducting operations north of Maputo and is trying to secure roads and rail lines. The insurgents have increased their activity near the capital and continue to mount small-scale raids on Maputo's outskirts. [redacted]

**Comment:** The government continues to score gains against the rebels in the northern half of the country, but the insurgents' tendency to avoid conventional battles has prevented the Army from inflicting heavy casualties. The rebels probably will be able to regroup during the rainy season. Zimbabwe's participation has cost it more than 100 casualties and millions of dollars, and Harare—faced with its own security problems in Matabeleland—probably cannot sustain the present level of military support [redacted]

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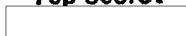
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CYPRUS:

**Kyprianou Under Attack**

***A concerted campaign by Conservatives and Communists to unseat President Kyprianou may hobble the government in Nicosia and complicate UN mediation on the island.***

The Conservative and Communist Parties have announced they will introduce a motion to dissolve parliament later this month and to hold new legislative elections in December.

If the two parties together won a two-thirds majority, they would try to amend the constitution to permit early presidential elections.

Domestic problems have plagued Kyprianou since UN negotiations collapsed last January. The Conservatives and Communists blamed Kyprianou's hardline approach for the impasse and joined ranks to agitate for his resignation. Kyprianou temporarily managed to divide his opposition by meeting with Clerides over the summer on a common approach to the Cyprus problem, but these talks broke down last month.

**Comment:** If, as is likely, the Communists and Conservatives succeed in winning a two-thirds majority in the legislature, they could make it increasingly difficult for the President to govern by blocking key pieces of legislation, including the budget. Nevertheless, the opposition will still find it difficult constitutionally to force his resignation before his term ends in 1988.

To extricate himself from his domestic troubles, Kyprianou may feign a more conciliatory attitude toward peace efforts on Cyprus. At the same time, he might open the negotiations to public debate, in which he is likely to find support for his hardline positions on such issues as Turkish troop withdrawals and the return of refugees. Any public airing of the UN proposals probably would damage efforts to solve the Cyprus problem.

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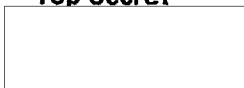
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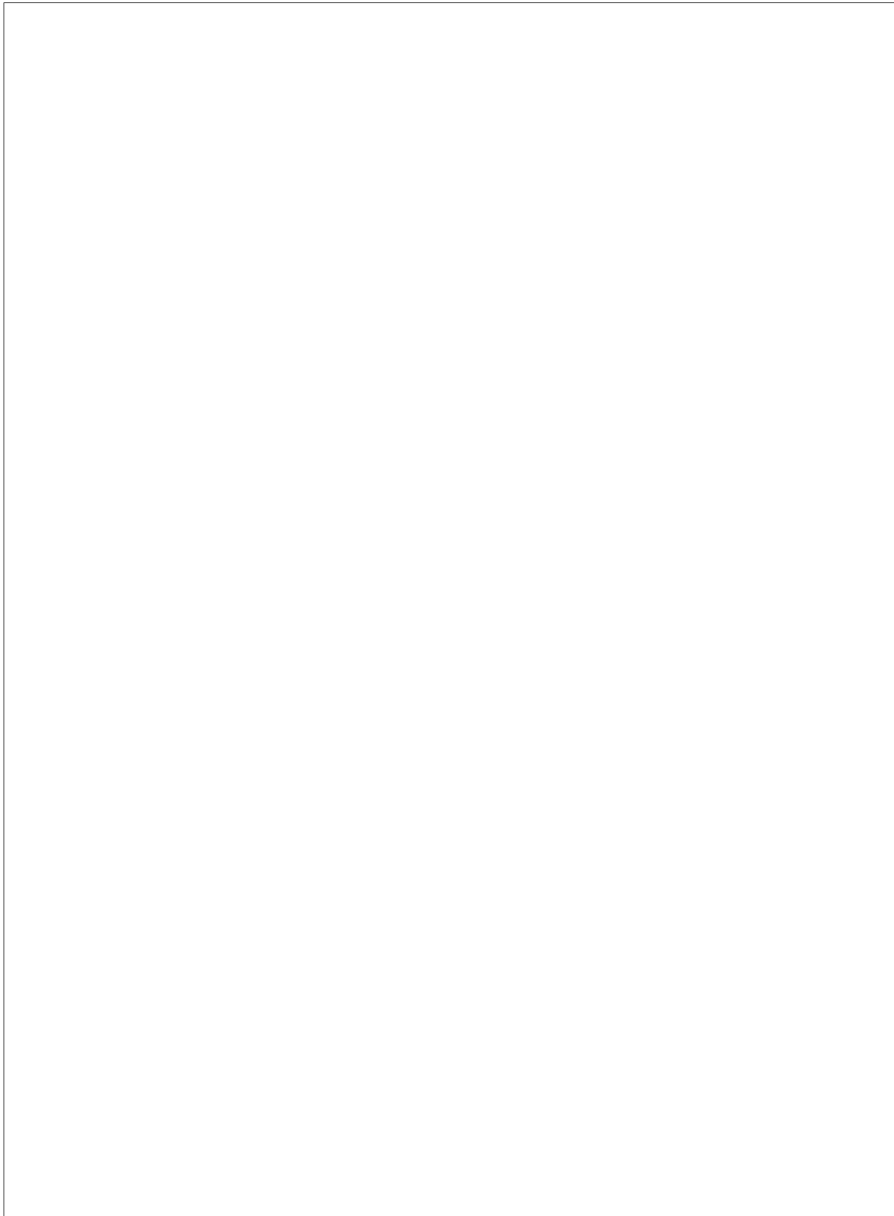
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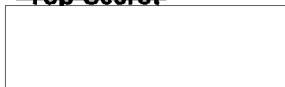


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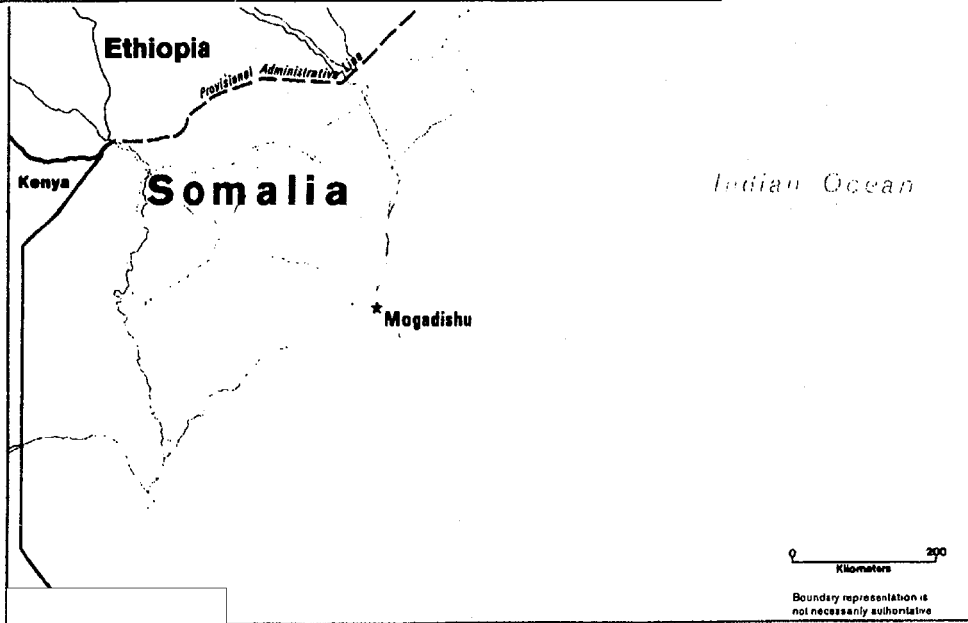
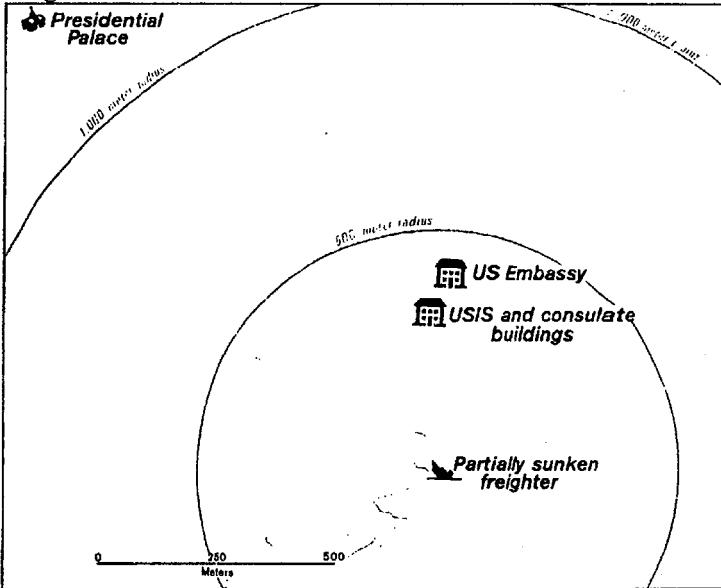
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### Mogadishu Harbor Area



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### SOMALIA: Shipwreck a Chemical Timebomb

Mogadishu remains imperiled by the Ariadne, a chemical- and oil-laden Greek freighter partially submerged in its harbor. Facilities of the US Embassy and some 200,000 people within a few kilometers of the shipwreck are threatened by possible explosions, fires, and toxic fumes from the 50 different chemicals reportedly on board. Scientists at the site are concerned about dangers to the local population from exposure to carcinogens, including acetone and dioxin. A Dutch firm has contracted to remove wreckage and clean up the shore; its equipment is to arrive in Mogadishu later this month.

**Comment:** Salvage and cleanup may be disrupted by the monsoon, which can begin as early as mid-November. Strong southerly winds might blow fumes inland, and heavy swells probably would destroy the rest of the ship. On the other hand, closure of the port for an estimated monthlong cleanup would hurt the country's weakened economy and impede US humanitarian efforts.

### SOUTH AFRICA: Day of Prayer

Many black leaders refused to endorse the work boycott on Wednesday that was held in conjunction with nationwide prayer services called by church leaders. Thousands of blacks attended the services, but response to the boycott was mixed. Press reports, however, say that 80 percent of black laborers remained off their jobs in politically volatile eastern Cape Province. There was no major violence, and security forces were out in force in the nonwhite townships.

**Comment:** The refusal to endorse the boycott reflects the divisions in the nonwhite opposition. Violence has declined since the government imposed the state of emergency in July, but local incidents of arson, looting, and attacks on security personnel and nonwhite "collaborators" continue daily. Despite growing criticism among some whites of President Botha's handling of the unrest, he appears determined to ride out the violence, relying on his security forces while instituting some new limited reforms.

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**YUGOSLAVIA: Broader Price Controls**

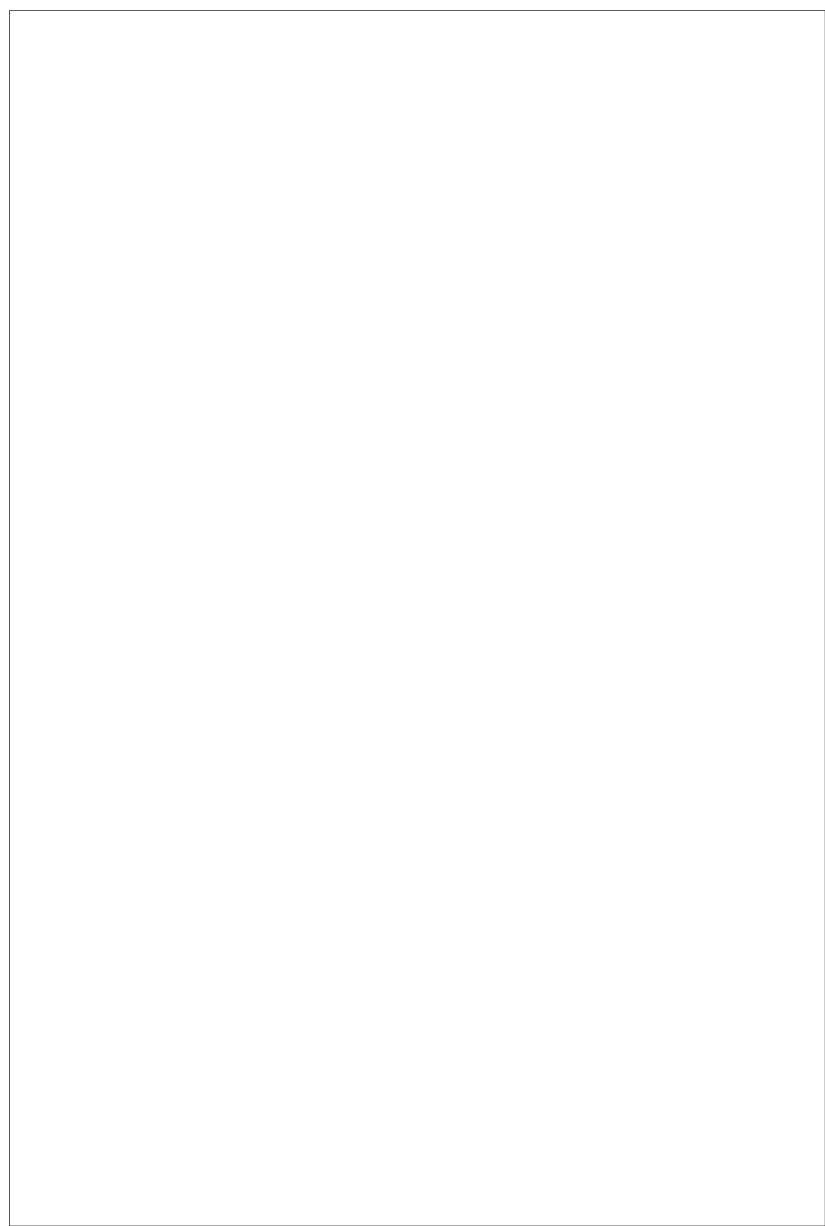
Belgrade has imposed new controls that extend central authority over prices to more than half the value of national production. The controls are intended to ease Yugoslavia's severe inflation, now running at an annual rate of 80 percent. Under the new measures, proposed price increases by commercial enterprises require either federal approval or, in some cases, 30-day advance notice. The controls are similar to those lifted at the request of the IMF in 1984 and are legally limited to six months. 

**Comment:** Belgrade had contended that it was committed to free pricing and would resort to price controls only if inflation became uncontrollable. Prior to the new measures, government price controls applied to less than 20 percent of production. The new round of price restrictions will do little to address the underlying causes of Yugoslavia's rapid inflation. In the meantime, the controls are likely to undermine the credibility of the government's commitment to free pricing and hurt its prospects for multivear rescheduling of debt by official creditors in 1986. 

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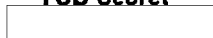
**LIBERIA: Election Difficulties**

[redacted] preparations for elections set for Tuesday will probably not be completed in time because of serious financial and logistic problems. [redacted] ballots have not yet arrived in the country and that the heavy rains and lack of vehicles and fuel are likely to prevent their distribution in many rural areas. The government has pledged that by election day it will pay the back salaries of striking teachers, who have not been paid since June. Meanwhile, a government-sponsored poll of predominantly affluent Monrovia residents showed Jackson Doe of the Liberian Action Party with 60 percent of the vote. Head of State Doe received 12 percent. [redacted]

**Comment:** Head of State Doe is likely to insist that elections be held, despite inadequate preparations. Although his victory is almost certain, the poll clearly indicates he lacks support among some members of the urban elite. If the regime is unable to pay teachers, it may take harsh measures to force a settlement, possibly providing a rallying point for those already frustrated by the tainted election.



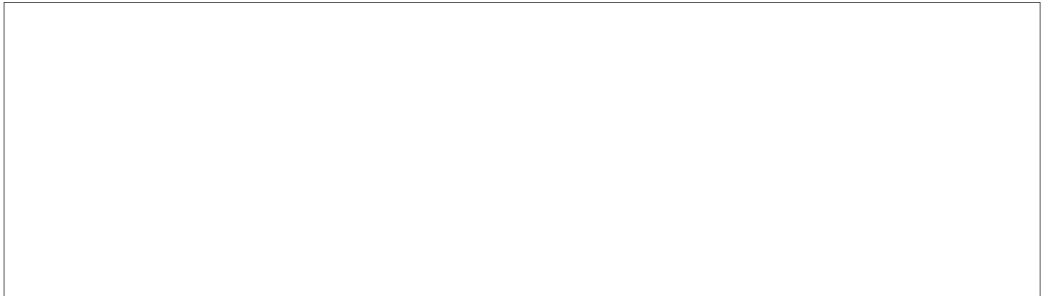
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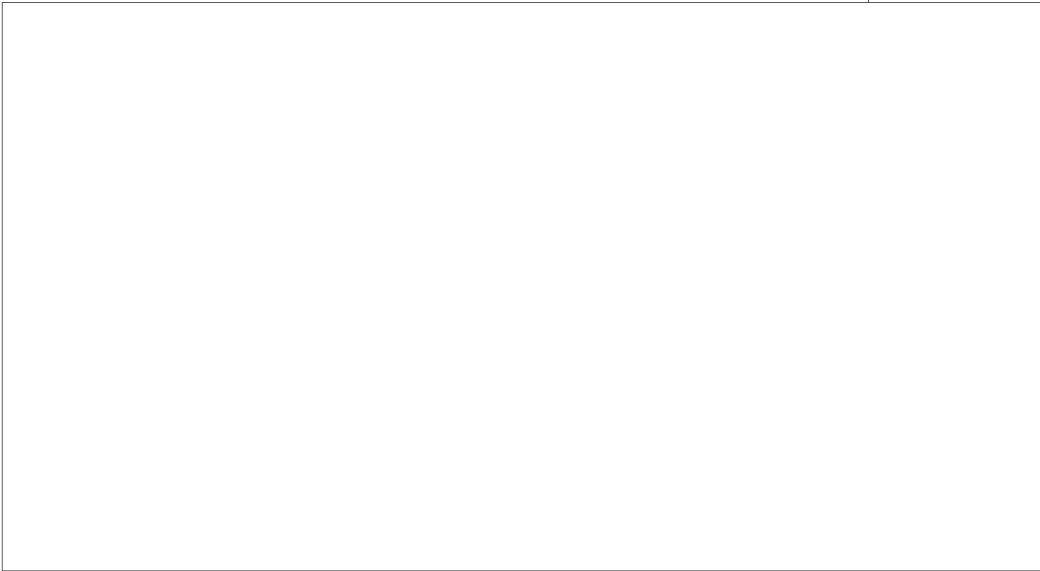
**In Brief**



**USSR**

[redacted] **USSR** recently bought 500,000 tons of **Argentine** wheat at \$91 per ton . . . \$40 below US price . . . will ship 1 million tons of Argentine wheat next six months . . . confirms Soviet demand for competitively priced wheat. [redacted]

— *Pravda* Wednesday detailed **Soviet** program to improve nonfood consumer goods, services output . . . will further strain resources . . . publicity may deflect attention from antialcohol campaign sacrifices, reassure consumer of leadership concern. [redacted]

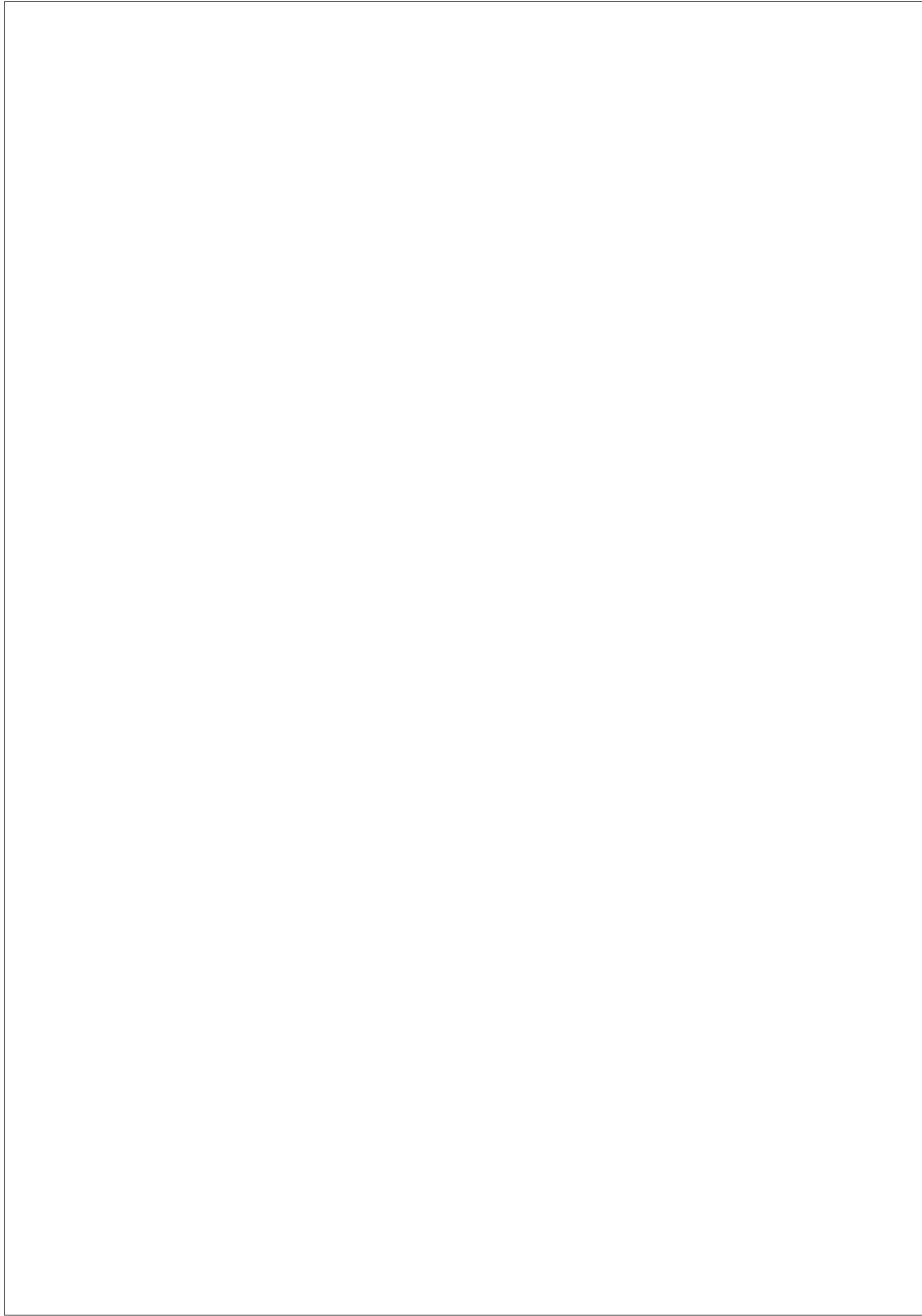


**Europe**

— **Austria** will accredit its ambassador in Central America to **El Salvador**, a post vacant since 1981 . . . signals recognition of Duarte's move toward democracy . . . still opposes US policy toward **Nicaragua** despite some disillusionment with Sandinistas.



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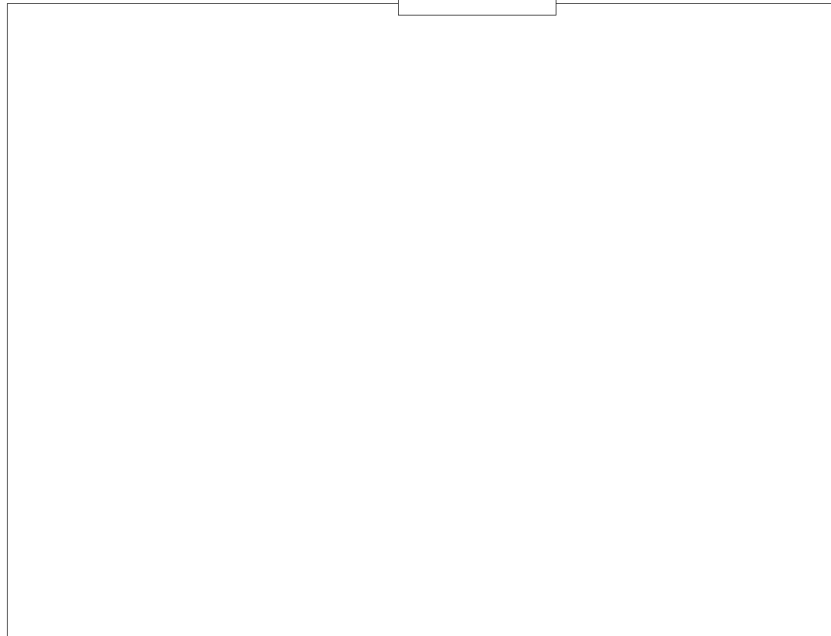


### Special Analysis

**NICARAGUA-  
WARSAW PACT:**

#### Military Assistance Trends in 1985

*The USSR and its Warsaw Pact allies have not delivered any major weapon systems directly to Nicaragua in the first nine months of 1985, but shipments of military-associated cargo have increased substantially. The absence of major weapons deliveries to Nicaragua is probably temporary and probably reflects short-term constraints on Nicaragua in absorbing weapons previously delivered. New military supply agreements identified so far this year amount to [redacted] less than one-third of the total for 1984.*



#### Military Deliveries From Cuba

Additional arms and military-associated cargo almost certainly continue to reach Nicaragua via Cuba. Cuban merchant ships regularly travel to Corinto, Nicaragua, and probably are transshipping equipment from East Bloc countries as well as from Cuban stocks. Cuban ships call at Nicaragua's east coast ports less frequently, but they are more likely to carry arms there because the ships can avoid passing through the Panama Canal. Fragmentary evidence suggests that [redacted] small arms, ammunition, and other materiel may reach Nicaragua on Cuban ships. [redacted]

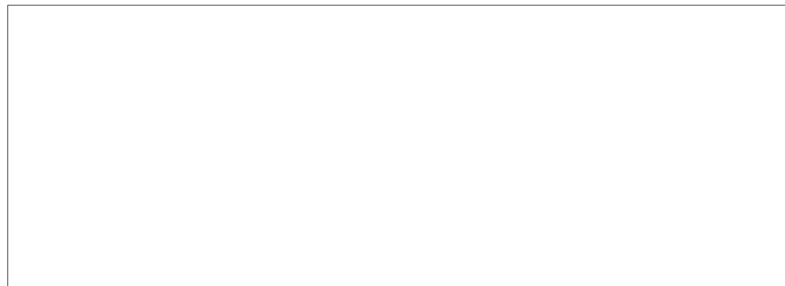
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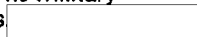




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**Implications**

One reason for the lull in major weapons deliveries this year may be that the rapid acquisition of weapons in previous years has caused Nicaragua significant operational, training, logistical, and maintenance problems. Some time is required to absorb and obtain followup support equipment for complex weapons such as MI-25 attack helicopters and tanks. Moreover, Moscow may have needed time to assess Managua's future needs and may also be deferring additional major shipments for the time being to make its military assistance relationship with Managua less conspicuous. 

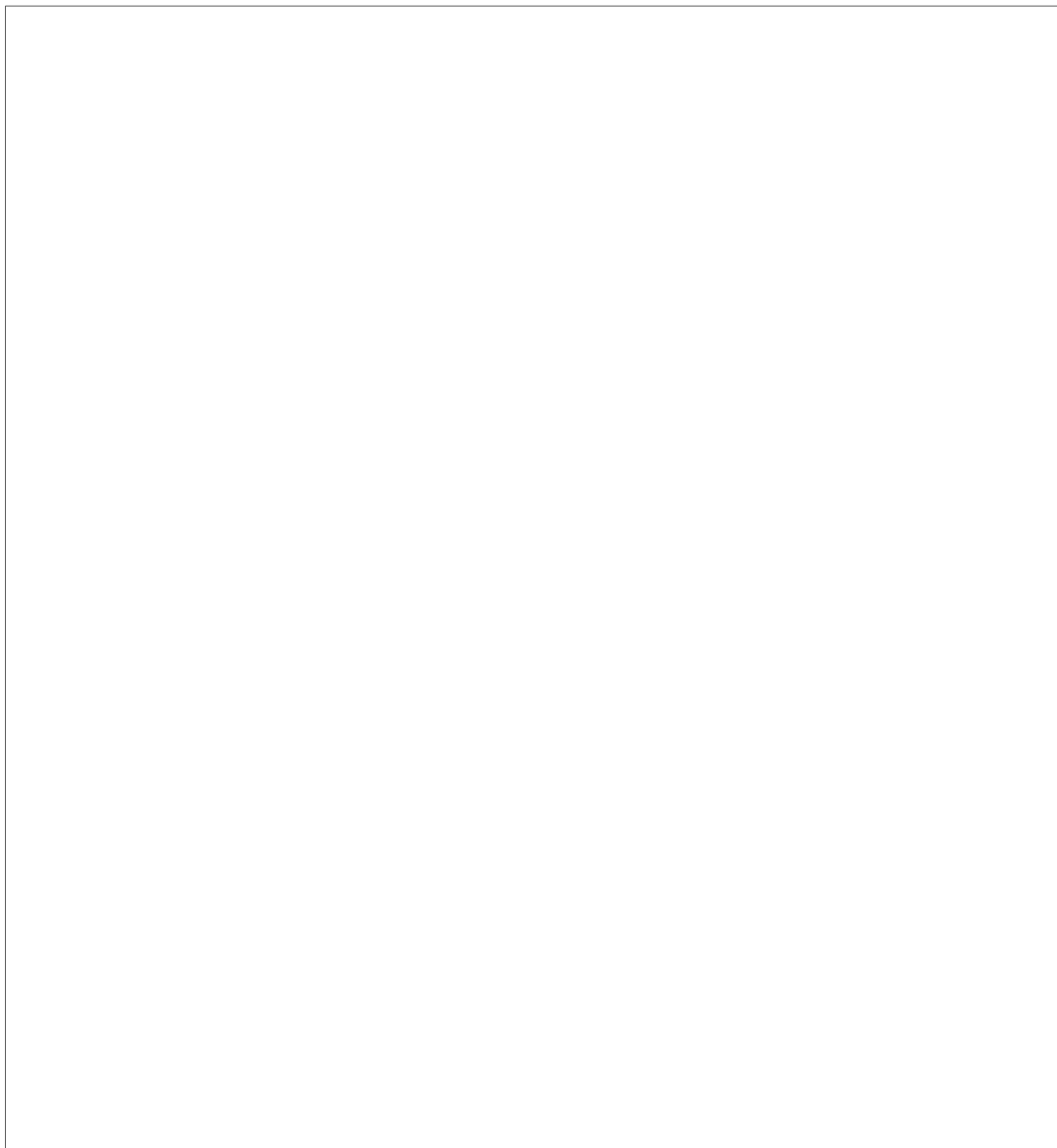
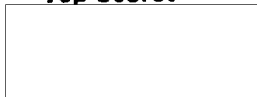
Nicaragua is likely to receive new weapon systems in 1986, including SA-2 or SA-3 surface-to-air missiles and possibly self-propelled antiaircraft guns. Additional armored vehicles and attack helicopters may also be delivered.  Nicaraguans have received training on jet combat aircraft, including the MIG-21 and MIG-23, and in the Czechoslovak L-39 trainer, but there have been no signs to suggest an impending delivery of fixed-wing combat aircraft to Nicaragua. 

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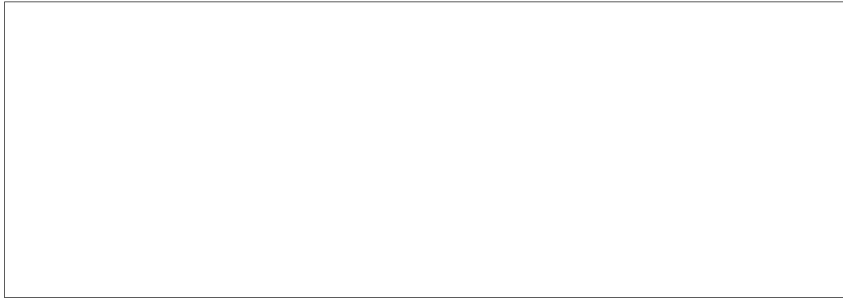
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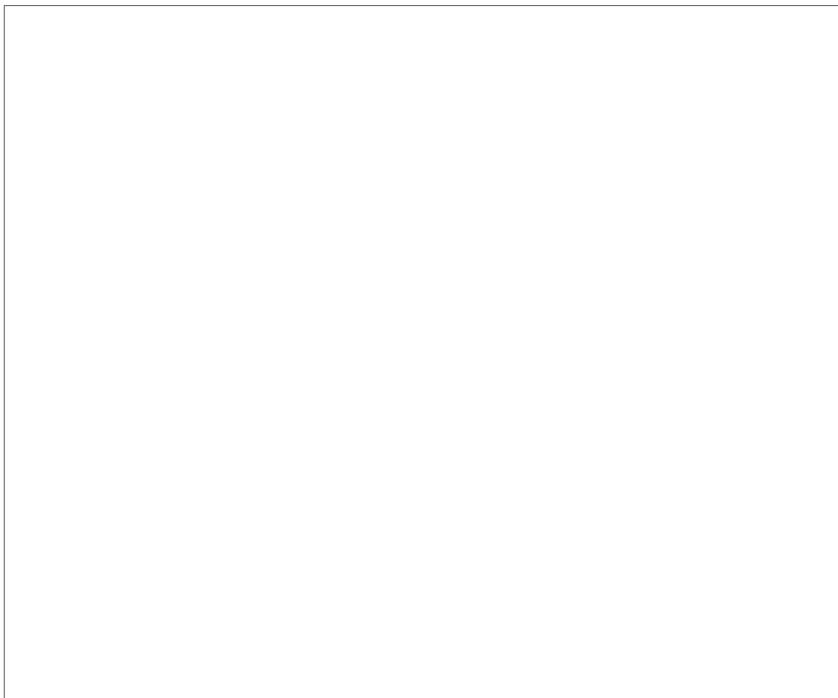


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