



Director of
Central
Intelligence

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National Intelligence Daily (Cable)

26 August 1982

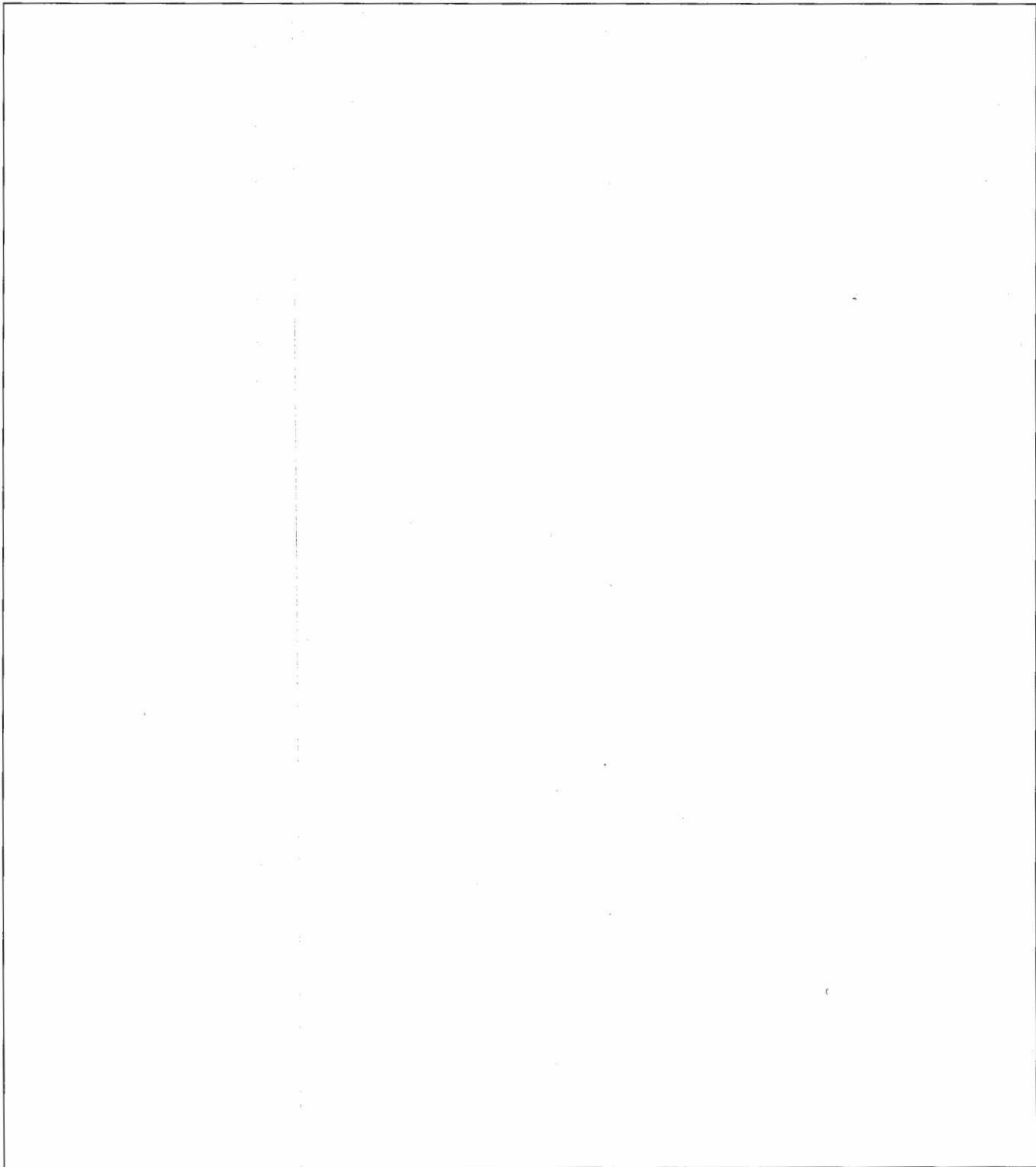
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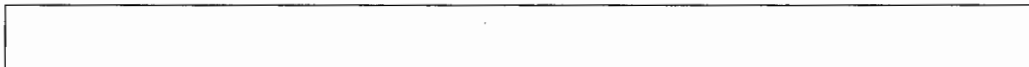
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ISRAEL-LEBANON: Evacuation Continues

(Information as of 2300 EDT)

//Two more groups of Palestinians left Beirut yesterday. The Israelis continue to express some concern over aspects of the evacuation process. The security situation remained generally calm throughout Lebanon. Israel has reduced its forces in Lebanon.//

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Approximately 1,000 Palestinian fighters left Beirut by sea yesterday, bringing the total number evacuated to an estimated 3,450. Syria will receive about 550 of those who left yesterday, and 448 are en route to Sudan.

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The Syrian Government has begun preparing its public for the arrival of regular Army troops and Syrian-controlled Palestine Liberation Army brigades from Beirut. A government-sponsored "leak" to a radio correspondent indicates all of these units will travel directly to Syria, without stopping in the Bekaa Valley in Lebanon. Syria had originally indicated it might keep the regulars and the Palestine Liberation Army in the Bekaa Valley, a move the Israelis were reluctant to accept.

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MNF Deployment

//Israeli commanders in Beirut have expressed concern over the deployment of French troops to the area of the Museum Crossing. The Israelis apparently still harbor doubts about the French willingness to keep Palestinian activity under control.//

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//They have refused to allow the Multinational Force to deploy to more positions along the Green Line, except for three junctions between the port and the Hippodrome. PLA units may refuse to withdraw, however, unless their positions are taken over by contingents of the Multinational Force.//

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//The Italian units are due to arrive today and take up positions at the Galerie Semaan Crossing.//

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//The Israelis are also disturbed because they have not received any verification lists of the departing Palestinians and see little evidence that the PLO is turning over heavy weapons to the Lebanese Army.// [redacted]

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Israeli Military Moves

//The departure this week of some Israeli units from the Beirut-Junyah area have resulted in a net reduction of Israeli forces in Lebanon during August. The Israelis two weeks ago seemed to be preparing to expand their forces in Lebanon.// [redacted]

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//The US defense attache saw major elements of at least two and perhaps three reserve armored divisions moving toward Lebanon on 9 August. One or two of these units arrived in the Beirut area but have now been withdrawn. The arrival of any of these units in the Bekaa Valley was never confirmed [redacted]

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[redacted] There are now no major Israeli units in northern Lebanon.// [redacted]

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Comment: //The successful negotiation of a PLO departure apparently led the Israeli's to reverse their earlier decision for a buildup.// [redacted]

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[redacted]

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USSR-US: Concern About Military Capabilities

Two articles in Pravda last week reflect Moscow's judgment that US ballistic missile developments will affect the survivability of Soviet ICBMs and the world "correlation of military forces." [redacted]

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The articles acknowledge US strategic capabilities are growing, but they also assert that this does not help the US achieve its political aims and that the US effort to achieve military superiority has created international tension. One article maintains that the accuracy and other capabilities of the MX, Trident II, and Pershing II missiles prove the US strategy is based upon a surprise first strike and a limited nuclear war. It warns, however, that a first strike would draw a counterattack because the USSR has more than one type of strategic weapon. [redacted]

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Comment: The articles are part of a recent press campaign alleging that US strategy has changed to allow for protracted nuclear war. They demonstrate Soviet concern that planned new US missiles will threaten Soviet land-based ICBMs, altering the strategic balance. [redacted]

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The allegation that US policy is intensifying world tensions is intended to improve the prospects of the "peace" movement in the West. The assertion that the US will be unable to achieve its political aims may be designed to reassure Soviet allies or domestic critics arguing for a stronger Soviet response to the US policy. [redacted]

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IRAN-USSR: Further Strains in Relations

Leaders of Iran's ruling Islamic Republican Party are reacting angrily to what they regard as Soviet pressure to end the war and to cease aiding the insurgents in Afghanistan. [redacted]

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On Monday the party newspaper published a rare article by the party's political bureau that criticizes Soviet policy toward Iran. The text was repeated on the regime's radio newscast. It cited recent Iranian Communist Party statements as supporting evidence for charges that the USSR believes an Iranian victory threatens Moscow's regional interests and its control over Muslims in the USSR. [redacted]

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Anti-Soviet slogans have become more common at Iranian rallies this year

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The article, however, reflects tensions that have been growing for several months. Leading Iranians did not moderate their public criticism of the USSR even after the arrival of the new Soviet Ambassador in late July. Tehran has had an ambassador in Moscow only intermittently since last November, and the post has been vacant since June. [redacted]

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EL SALVADOR: Insurgents Suffer Reverses

//A recently completed government sweep operation inflicted heavy losses and took 13 prisoners, while an important guerrilla leader has been captured in Honduras.// [redacted]

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//The Army overran several guerrilla base camps in northern San Vicente, and it claims to have killed over 200 insurgents with few losses of its own. A followup operation designed to catch the guerrillas off guard began immediately afterward.// [redacted]

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During the first operation [redacted] one unit was surrounded and another was in a difficult situation. Movement of guerrilla supplies reportedly was disrupted by the offensive. [redacted]

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//In Honduras, security forces seized a clandestine Salvadoran insurgent radio station in Tegucigalpa and captured an important guerrilla leader.// [redacted]

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Comment: *//The capture of the insurgent leader and other prisoners probably will force the guerrillas to cancel some planned attacks and to restructure some of their support networks.//* [redacted]

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[redacted]

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CHINA-US: Exploitation of Aircraft Engines

//Beijing's real motive for obtaining two US-built CFM-56-2 aircraft engines apparently is to exploit their modern design and manufacturing technology for use in China's program to develop jet engines.// [redacted]

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[redacted]

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//The US is awaiting COCOM approval to ship the engines, which contain the most advanced US engine technology available for civilian use. The power section of the CFM-56-2 engine also is used in military applications. For example, it is used as the core of the B-1 bomber engine.// [redacted]

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[redacted]

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//The Chinese appear to lack many of the project management skills and the research and development capabilities to conduct a successful reverse-engineering program. Access to the US engines, which represent technology at least a full generation ahead of China's current aircraft engine technology, could allow the Chinese eventually to remedy some of the problems they have encountered in their efforts to produce their own engines.// [redacted]

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CHINA-KAMPUCHEA: Reassuring ASEAN

China is voicing more active support for the Kampuchean coalition government to reassure ASEAN and to counter Vietnamese-inspired doubts about Beijing's long-term intentions in Southeast Asia. [redacted]

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//Premier Zhao Ziyang, in talks with Australian Prime Minister Fraser earlier this month, said he supports a greater Western effort to strengthen the military capabilities of the non-Communist elements in the coalition. Zhao affirmed that China's support for Pol Pot and his Democratic Kampuchea faction did not mean Beijing wants to restore it to power. Instead, he and other Chinese officials have stressed that China supports a nonaligned government led by Prince Sihanouk.// [redacted]

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Comment: //Beijing's concern that the ASEAN states will try to curb Chinese influence by reducing their support for the Democratic Kampuchean faction probably led the Chinese to reiterate their support for the coalition. Recent Vietnamese efforts to open a dialogue with ASEAN almost certainly also prompted China to suggest some new flexibility in its position, including a willingness to accept the participation of the People's Republic of Kampuchea leader, Heng Samrin, in elections if he cuts his ties to Vietnam.// [redacted]

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//China does not want to be the sole supplier of arms to the coalition, believing that the provision of aid by a broad variety of donors would increase the coalition's international legitimacy. Beijing also believes that, even with non-Chinese aid, neither Sihanouk's forces nor those of former Prime Minister Sonn Sann will be able to achieve military or organizational parity with the Democratic Kampuchean group.// [redacted]

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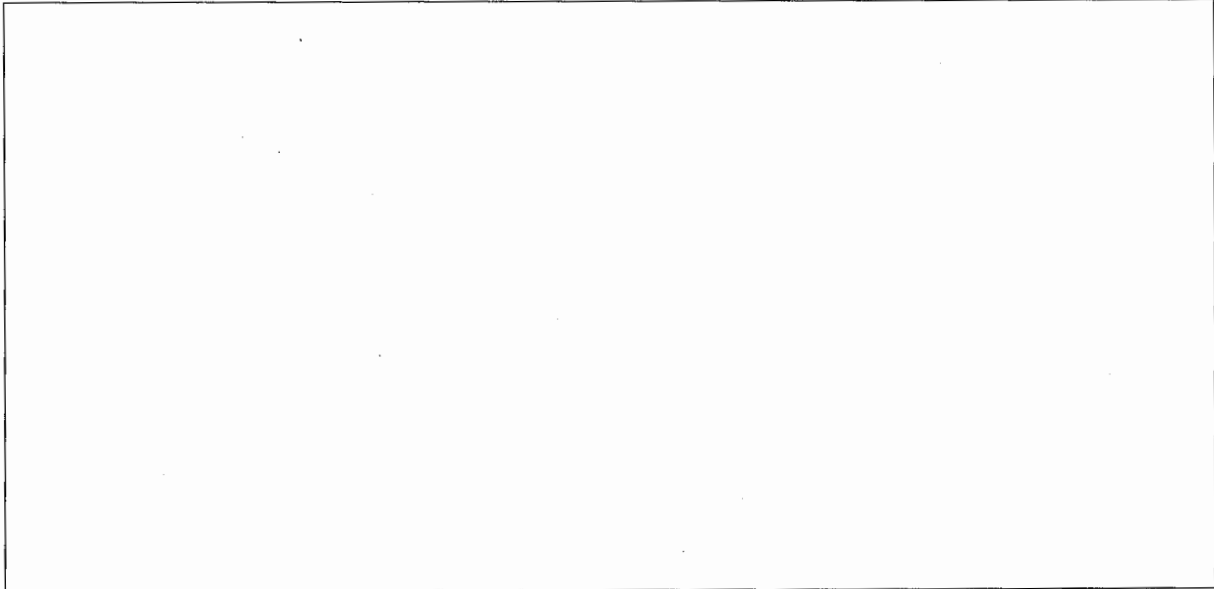
//This show of moderation may be achieving results. The Malaysian Government has revised its estimate of China's aims and now sees signs of greater Chinese acceptance of non-Communist Kampuchea. [redacted]

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[redacted]

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(b)(3)**ARGENTINA: Controversial Economic Policies**

The resignations on Tuesday of Economy Minister Pastore and Central Bank President Cavallo apparently were prompted by newly decreed wage increases, but their departure also reflects their general dissatisfaction with current economic policies. Labor leaders are already criticizing the increases as inadequate. The new Economy Minister, Jorge Wehbe, is a banker and academician. He has held the same post briefly in previous civilian and military governments. [redacted]

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Comment: The resignations could portend a shift toward more populist economic policies designed to appease restive labor unions. The wage increases are inflationary, however, and they may not head off further labor agitation. Any political gains are likely to be short lived and could be offset by military hardliners opposed to union activism. Moreover, if the frequent turnover of key personnel in the Economic Ministry continues, it will undercut any long-term efforts to formulate and carry out rational economic policies. [redacted]

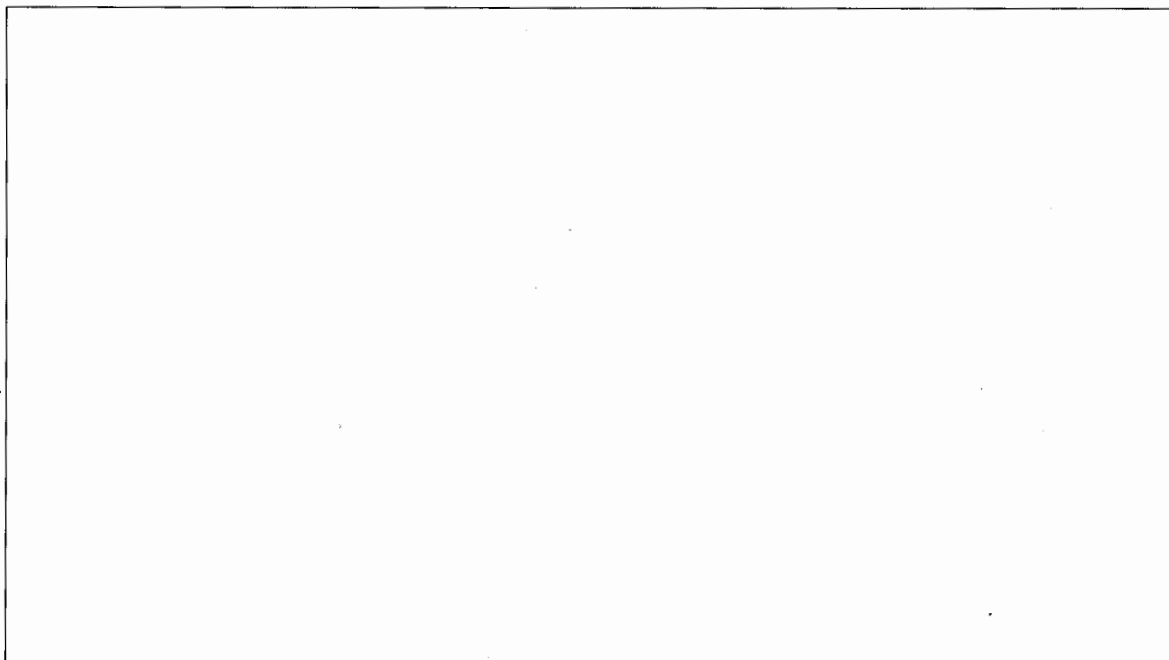
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VIETNAM-CHINA: Proposal To Halt Border Clashes

Vietnam has offered China a six-week cease-fire along the Sino-Vietnamese border, where small-scale clashes frequently occur. The cease-fire would be in effect during the national days of both countries. The Chinese have not responded to the proposal, which was submitted on 14 August.

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Comment: The Vietnamese routinely request a cease-fire during the Tet lunar new year, but this is the first proposal encompassing their national day on 2 September and China's national day on 1 October. The timing suggests the offer is being made for propaganda purposes before the UN General Assembly opens next month. The Chinese, however, are unlikely to accept the proposal. They broke off border talks with the Vietnamese in 1980 and continue to reject Hanoi's standing offer to resume them.

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SPECIAL ANALYSIS

LEBANON: New President's Problems

President-elect Bashir Jumayyil faces many obstacles that will severely test his political skills. If he is to govern effectively, he will have to overcome widespread bitterness and fear on the part of his Muslim opponents. His actions over the next several weeks will be key indicators of his willingness to pay more than lip service to national reconciliation. [redacted]

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Jumayyil's first important test will be choosing a prime minister, the ranking Muslim position in the government traditionally reserved for a Sunni. He will respect that tradition, but it will be important for his nominee to be broadly acceptable among Sunnis. [redacted]

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Disarming the country's myriad armed factions will pose a major challenge. Jumayyil probably will ask them to surrender their weapons voluntarily, but he almost certainly expects to have to use force to bring them to heel. Widespread and prolonged fighting among the Lebanese would complicate efforts to get the Syrians and Israelis to withdraw. [redacted]

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Even after the PLO leaves Beirut, the new government still will have to deal with an estimated 350,000 Palestinian civilians, many of whom were uprooted in the recent fighting. Jumayyil shares Israeli opposition to the refugee camps but appears to recognize that there are no realistic alternatives. At a minimum, he will move to bring the Palestinians under firm control and to limit their political activity. [redacted]

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Dealing With Syria

Jumayyil has called for a new era of "positive" relations with Syria. He will expect Damascus to recognize his government officially and to agree not to interfere in Lebanese politics. In return, he probably will offer to prevent Lebanon from becoming a base for subversive activity against Damascus. [redacted]

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[REDACTED]

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The complete withdrawal of Syrian troops from Lebanon, a longstanding Phalange demand, will be a precondition for any bilateral accommodation. Jumayyil will look to US diplomacy and the threat of Israeli military action to help him accomplish this. [REDACTED]

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Seeking Out Arab Friends

To forge good relations with other Arab states and open the door for Arab aid, Jumayyil will have to establish his ability to act independently of Israel. In this context, Prime Minister Begin's public message of congratulations after the election did not improve Jumayyil's chances of allaying Arab concerns. [REDACTED]

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[REDACTED]

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Coming to Grips With Israel

While Jumayyil needs the Israeli military threat to Syria in the short term, he has to get the Israelis out of Lebanon before too long if he is to strengthen the central government. Once again, Jumayyil will turn to the US for help. [REDACTED]

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The President-elect's goals may not be compatible with Israel's own concerns, particularly its determination to ensure the security of its northern border. The Israelis also may believe they need the leverage afforded by their troop presence to obtain a formal peace treaty with the Lebanese Government. [REDACTED]

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