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The choice is:

(a) agree reluctantly that this is to most that

Dear Charles, can be dead

(b) press for cash grant to be increased to

El Salvador

El Salvador

Please refer to your letter of 21 July about the Plane tick line the Prime Minister might take with President Duarte (a) or (b) in response to his requests for economic aid and other assistance.

We had already been reviewing the situation in El Salvador in the aftermath of the elections. Things are still volatile and the outlook hard to predict; serious abuses of human rights persist, although at a diminished level, and the military situation is one of stalemate. Nevertheless the election of President Duarte in reasonably free and fair elections is an important and hopeful development. We should therefore look for ways of giving greater substance to HMG's present policy of encouraging the emergence and consolidation of democracy in El Salvador. We should, in considering how this might be done, take account particularly of:

- (a) the great importance attached by the US Administration to strengthening Duarte's position;
- (b) our own and wider Western interests in preventing the spread of Cuban and Soviet influence in Central America;
- (c) our interest in promoting a constructive consensus within the European Community and of minimising EC/US differences over El Salvador.

We need also to take account of the general situation in Central America, the state of British Parliamentary and public opinion on El Salvador, and the financial and other practical constraints on our own freedom of action.

In the light of the Prime Minister's meeting with President Duarte we have, as requested in your letter of 21 July, considered whether we might be able to make a modest offer of help.



We have concluded that direct balance of payments support, in the form of programme aid, carries too many complications. It would have to be too hedged around with conditions and would draw us in much closer than is desirable at this stage.

Instead we should offer to resume a technical cooperation programme for El Salvador, concentrated on training. The main ingredient would be awards for training in the UK. This would take a little time to set up. We should also therefore offer to provide, as an immediate gesture, a gift of urgently needed civilian supplies or equipment, to the value of about £50,000.

A combined offer along these lines would we believe have the dual merits of providing something tangible and visible at once, with the implication of continuing support through the re-establishment of a technical cooperation programme.

President Duarte also asked about the provision of scholarships for some of his military officers. We could offer El Salvador one or two places on military courses in 1986. We understand from the MOD that there are no vacancies at Staff Colleges in the UK before then unless some of the presently confirmed candidates withdraw. Any bid by El Salvador for courses in 1986 would have to be considered later this year. We can therefore invite President Duarte to put forward candidates soon. There could of course be a language problem; and Salvadorean candidates might well need some time to improve their English before coming to the UK for the special language couse which is provided for foreign students on these courses.

Considerable research has not turned up the recent statement in Europe by Daniel Ortega about the Nicaraguan elections which President Duarte cited. However there have been a number of similar statements of which I enclose a selection.

The Nicaraguan Electoral Law which was promulgated on 15 March and which had been modified during discussion with opposition parties is generally regarded as fair; for example, it provides government funding for the election campaign of all parties, equal access to the media, and punishment for infringements of the electoral law. The question is whether the authorities will allow the campaign to be conducted in conditions which fully respect the law. The election campaign period was initially announced as 56 days but was extended to 12 weeks following strong complaints from the opposition parties. According to press reports today the most outspoken opposition party, the Coordinadora Group, have refused to

/participate



participate in the elections because the Government have refused to negotiate with the US-backed Contras. Several of the other opposition parties have now registered to meet the Government's deadline but are continuing to demand further concessions from them before deciding whether to take part in the elections. The State of Emergency has still not been fully lifted, although Ortega announced last week that it would be reviewed on 20 October. Meanwhile certain provisions have been eased so as to allow freedom of movement, of association, of mobilisation and of the press (except on military matters). In theory this would allow considerable freedom to campaign. The main doubt is whether the allpervasive influence of the Sandinistas will allow conditions which would give equality of opportunity to all parties contesting the elections.

The Prime Minister also asked about evidence of Nicaraguan support for the guerrillas in El Salvador. We do not have the capacity to obtain independent evidence of this ourselves, but the US Departments of State and Defence published on 18 July a report of the evidence available to them. The relevant extract is attached.

I enclose a draft letter which the Prime Minister may wish to send to President Duarte.

Yours ever, Colin Budd

(C R Budd) Private Secretary

C D Powell Esq 10 Downing Street

"The elections in Nicaragua will not be to dispute power but to strengthen the revolution." Daniel Ortega, 24 December 1981 "The power of the people cannot be overthrown either by bullets or votes." Daniel Ortega, 5 December 1983 "Every electoral process known in Nicaragua up to now has been corrupt and dominated by the powerful class for its own benefit; we need to find our own methods chosen in conformity with our revolutionary reality." Carlos Nunez, 14 January 1984

EXTRACT FROM REPORT OF US DEPARTMENTS OF STATE AND DEFENCE OF 18 JULY ON NICARAGUAN ASSISTANCE TO THE GUERRILLAS (FMLN) IN EL SALVADOR

The Nicaraguan support structure for the Salvadoran DRU has been incorporated into the FSLN's party structure and state apparatus. The "Comision Politica," headed by FSLN national coordinator Bayardo Arce, is in charge of facilitating propaganda and diplomatic support for the Salvadoran guerrillas. Nicaraguan military support for the FMLN is coordinated through the "Comision Militar," which is composed of Cuban and Nicaraguan staff officers working with Salvadoran guerrilla leaders based in Managua.(31) This body operates out of the Ministry of Defense in Managua under the control of Defense Minister Humberto Ortega Saavedra. Joaquin Cuadra, the Cuban-trained Sandinista Army chief of staff, directs the day-to-day supervision of the "Comision Militar."

THE NICARAGUAN SUPPLY OPERATIONS FOR THE SALVADORAN GUERRILLAS
Arms shipment through Nicaragua to Salvadoran guerrillas increased
dramatically after the formation of the DRU in June 1980. Communist
governments and other "revolutionary" sponsors abroad began to send
Western-made weapons, including M-16 rifles, through Cuba and
Nicaragua to the guerrillas. To accelerate donations of arms for the
so-called "final offensive," which was launched in January 1981, Cuba
and other Soviet-bloc countries also agreed to replace any arms that
the Sandinistas donated.(32)

The rate and composition of the supply flow to guerrillas in El Salvador has varied, depending on a number of factors. During the initial rapid buildup from November 1980 to January 1981, arms and ammunition made up much of the shipments and the flow in arms was heavy. Since then, the Salvadoran guerrillas and their mentors in Managua have varied the flow of arms and supplies, depending on their

shells, in its hollowed roof. The guerrillas are using a combination of automobiles, small vans, trucks, mules, and people with backpacks for transporting arms overland. A group of Salvadoran guerrillas were caught by Honduran authorities in March 1983 with arms and a map tracing a route from Nicaragua through Honduras to El Salvador. Also the Hondurans have succeeded in locating safehouses and breaking up some groups including Honduran and Salvadoran guerrillas. A former Nicaraguan security official reported in 1983 that arms were also transported through Mexico and Guatemala to the Salvadoran guerrillas. He also said that increased reliance was being placed on small aircraft to fly supplies from Nicaragua to El Salvador. (36)

Salvadoran military and civilian observers have frequently sighted light aircraft flying from Nicaragua. The number of such-flights increases significantly prior to major guerrilla operations. Some of these flights originated at an airstrip on a former sugar plantation at Papalonal, north of Managua. The main drop points are located in guerrilla-controlled areas of Morazan Province in northeastern El Salvador. In addition to dropping material by parachute, the planes land on roads, highways, and dirt airstrips for offloading. Many of the crew members for these arms flights are foreign nationals, recruited for the airborne supply operations by Jose Trejos, a Costa Rican who organized air delivery of weapons for the Sandinistas while they were fighting Somoza. He was identified by Bolanos Hunter as the technical coordinator for the Sandinista airlift to guerrillas in El Salvador.(37)

The collaboration of Nicaragua with Cuba and other suppliers of arms for Central American guerrillas, particularly Nicaragua's active participation in providing logistical support and the free use of its territory for smuggling of military supplies, has been of immeasurable help to guerrillas in the region. Bolanos Hunter maintains that the FMLN in El Salvador in 1983 was far better armed than the Sandinistas were in Nicaragua in mid-1979, just prior to taking power.(38)

American reporters, interviewing Western European and Latin
American diplomats in Nicaragua during April 1984, were told that the
Nicaraguan government is continuing to send military equipment to the
Salvadoran insurgents and to operate training camps for them inside
Nicaragua. One European diplomat in Managua was quoted: "I believe
support for the revolutionaries in El Salvador is continuing and that
it is very important to the Sandinistas."(39)

SOURCES OF FMLN ARMAMENTS

In mid-1980, an FMLN delegation led by Salvadoran Communist Party chairman Shafik Handal visited Cuba, the Soviet Union, Vietnam, East Germany, Hungary, Bulgaria, and Ethiopia to obtain arms for use in El Salvador. Soviet officials helped to arrange for large-scale shipment of U.S. arms, most of which had been captured by Vietnamese forces. These arms were shipped first to Cuba, then airlifted to Nicaragua for subsequent shipment to the guerrillas in El Salvador. This arrangement disguised the Soviet-bloc origin of the weapons and helped lend credence to FMLN propaganda that the guerrillas arm themselves with weapons captured from the Salvadoran Army or bought on the black market. Many of the M-16s captured from or turned over by guerrillas to the El Salvador government still bear serial numbers indicating that they have been shipped to Vietnam by the U.S. during the conflict there. Others have had the serial numbers filed off to hide their grigin. Former guerrilla leader Montenegro, speaking of the arms that

Safehouses are maintained in Managua for the exclusive use of the FMLN. Guerrillas posing as refugees are funneled into these installations through Sandinista front organizations such as the Comite de Solidaridad con la Lucha Salvadorena. At these safehouses FMLN members rest and receive medical treatment. They often are assigned there to await new instructions or arrangements for special training at guerrilla camps elsewhere in Nicaragua or in Cuba.(48)

A former Salvadoran guerrilla commander described how instructions were passed to guerrilla field units in El Salvador through the network of FMLN communications facilities in Nicaragua. Several of these facilities were located in northwest Nicaragua. One or possibly two of these communication facilities were attacked on February 2 and 3, 1984, by aircraft of the Nicaraguan Democratic Force (FDN).(49) Another radio was near the outskirts of Managua in a residential area at the end of Via Panama. Its high frequency transmitters had long antennae that could be seen from the Pan American Highway; 1; was moved to a more secluded location after authorities concluded it had become too visible.(50)

At least three military camps in Nicaragua have been used exclusively as training areas for Salvadoran guerrillas. (51) They include the base of Ostional in the southern province of Rivas, a converted National Guard camp in northwestern Nicaragua close to the River Tamarindo, and the camp of Tamagas, about 20 kilometers outside Managua. These training facilities have been operated by Cuban military personnel serving as instructors and administrative staff. The direct Nicaraguan presence has been limited to one representative officer and the camps' security forces. In the Tamagas camp, FMLN guerrillas undergo special instruction in sabotage techniques. The camp has been run by a Cuban major who trained the FMLN team that carried out the January 1982 assault on the Salvadoran Air Force base of Ilopango during which the major part of El Salvador's military . aircraft were destroyed. Alejandro Montenegro, who commanded that attack, later revealed details of his team's training in Tamagas as well as prior guerrilla instruction in Cuba. (52) THE HONDURAN FRONT