



Director of
Central
Intelligence

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13 April 1982

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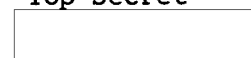
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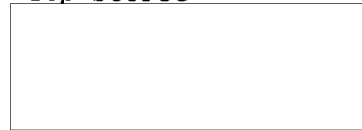
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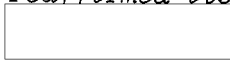
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ARGENTINA-UK: Military and Diplomatic Moves

//Argentine military preparations on the Falklands continue, while action at the OAS has been inconclusive. No significant diplomatic progress has been reported, and the UK Government has reaffirmed its intention to take military action if necessary.//



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Argentine Military Developments

//Military spokesmen in Buenos Aires said yesterday that defensive positions are being constructed throughout the Falklands and aircraft supply flights are arriving on the islands daily.



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//The Argentine 9th Infantry Brigade is reportedly the principal Army unit in the Falklands,



It consists of 4,100 men and includes recoilless rifles, mortars, and howitzers.//



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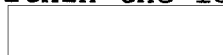
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//In addition 1,000 Argentine naval infantrymen were reported to have previously moved to the islands. On the mainland, mobilization is continuing to recall conscripts for a possible reinforcement unit for deployment to the Falklands.//



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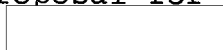
Comment: //Transport of the armament and numbers of men to be deployed is within the logistic capability of the armed forces.//



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Naval Deployment

//The Argentine Navy has indicated that it will not enter the maritime exclusion zone as long as negotiations continue. Buenos Aires also informed Lima that it accepted Peru's proposal for a 72-hour truce with the UK in the zone.//



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Comment: //The most recent positions of ships and submarines of the Argentine Navy suggest that Argentina will not initially challenge the maritime zone. The

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three naval units out of port were either deployed beyond the zone or moving out of the area on Sunday. Some Argentine troop transports, however, may still be in the Falklands at Port Stanley.// [redacted]

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Diplomatic Developments

//The OAS failed to reach agreement in efforts to come to a diplomatic compromise last night, and Argentina may have postponed diplomatic initiatives in the OAS.// [redacted]

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Comment: //Argentina had conditioned its moves at the OAS on the progress of Secretary of State Haig's mission. The Argentines probably have the majority support necessary to convoke a Foreign Ministers' meeting but are less certain of the two-thirds margin needed to invoke the treaty.// [redacted]

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//Brazil, like other Latin American countries, supports Argentina's claims but is concerned that a victory over the British would prompt a resurgent militarism in Buenos Aires and heightened regional rivalries.// [redacted]

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Domestic Opinion in the UK

//Prime Minister Thatcher is recalling Parliament from its Easter recess for a one-day debate tomorrow. Thatcher was criticized for allowing Parliament to recess before the imposition of the blockade, and the recall was agreed to after Thatcher consulted opposition leader Foot.// [redacted]

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//An opinion poll shows that 78 percent of the public supports the government's policy, but that only 36 percent are willing to risk the lives of British servicemen for the Falklands. Foreign Secretary Pym nonetheless stated on Sunday that the British people will support military action if no honorable settlement is possible, and British media are pressing for stronger US support.// [redacted]

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Comment: //Although reaction in the UK has calmed over the past few days, emotions on the Tory backbenches still run strong. A belief that the US is being too

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evenhanded would bring about invidious public comparisons between the US position and the support offered so far by the UK's European partners. Pym probably is correct in his assessment of the public's willingness to back military action.//



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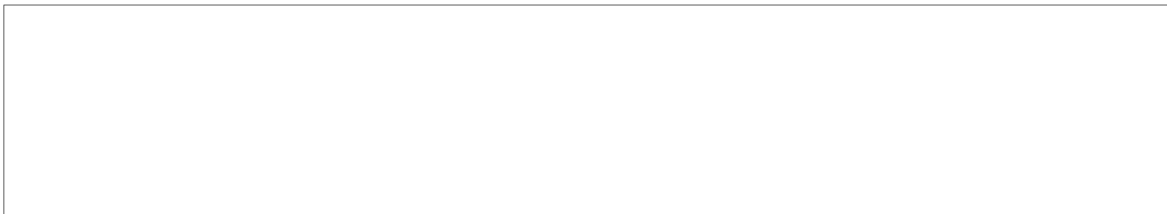
Media Reactions

//The optimism in the press yesterday waned following reports from both London and Buenos Aires that major areas of dispute remain. The UK reportedly rejected Peru's proposal for a 72-hour truce in the exclusion zone, despite Argentina's earlier acceptance. Argentine Foreign Minister Costa Mendez commented "there is no progress."//



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Soviet Naval Activity



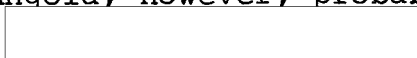
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//The Soviet minesweeper recently relieved from fishing patrol off Morocco is returning to the Mediterranean, while the minesweeper that replaced it remains off the coast. A frigate, the only major Soviet combatant in the South Atlantic, has left Luanda, Angola, and is estimated to be operating some 200 nautical miles off the Angolan coast.//



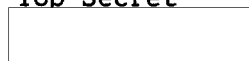
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Comment: //It is not clear if the frigate is reacting to the British task force. The Soviet landing ship remains near Luanda. Thirty-four Soviet and 13 Polish fishing ships are near the Falklands, and some could eventually provide the Argentines with British ship positions. The TU-95 long-range reconnaissance aircraft now stationed in Cuba and Angola, however, probably will monitor the task force.//



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ISRAEL-SYRIA-LEBANON: Playing Down the Threat

//Israeli officials are minimizing the threat of imminent military action in Lebanon, but Israeli military forces remain poised for an immediate attack.// [Redacted]

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//The US defense attache in Tel Aviv reports that the military buildup in the north appears to have been completed. Israeli reconnaissance planes flew over Lebanon again yesterday, but Syrian fighters did not interfere. [Redacted]

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According to the US Embassy, growing domestic opposition to an invasion of Lebanon in the absence of sufficient Palestinian provocation may have played a major role in forestalling a cabinet decision to order such a step. Public attention, moreover, is increasingly focusing on the growing tensions in Israeli-Egyptian relations as the Sinai deadline approaches. [Redacted]

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[Redacted]

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Comment: //The Israelis probably will launch an attack in the event of another terrorist incident causing more Israeli casualties, although it might not be in the form of a full-scale invasion of southern Lebanon. The continuing strikes and demonstrations in the West Bank and Gaza protesting the shooting in East Jerusalem on Sunday and the arrest of several prominent Arab officials in the city are likely to increase radical Palestinian pressures on PLO leader Arafat to act.// [Redacted]

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//Israel's explanation that the hurried buildup during the Passover holidays was related to Syrian military activity does not ring true. The gradually improving state of Syrian readiness probably reflects concern over Israeli intentions in Lebanon and, to a lesser degree, deteriorating relations with Iraq.// [Redacted]

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NIGERIA: Economic Pressures

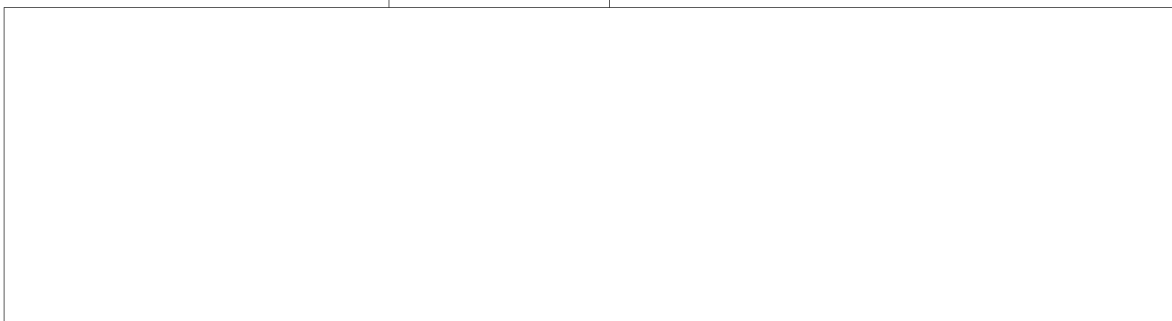
President Shagari is facing the difficult choice between lowering oil prices and irritating fellow OPEC members, or maintaining prices and risking domestic political damage. 


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Nigeria so far is holding its oil prices at \$35.50 per barrel despite declining production and revenues and a trade deficit that will approach about \$1 billion this month. Shagari has indicated publicly that he hopes to improve Nigeria's economic position by restricting government spending and increasing international borrowing. 


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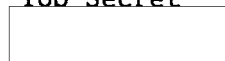
Comment: Lagos may be forced to cut oil prices at some point in the coming weeks. Even if production rebounds to 1.3 million barrels per day, Nigeria would still face a 15-percent shortfall in budgeted revenues. A price cut would undercut the OPEC agreement of 19 March and build pressure for another emergency meeting in the near future. 

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The unwillingness of foreign bankers to finance a potential \$7 billion current account deficit in 1982 will force the government to reduce spending, no matter what action it takes on oil prices. A freeze on imports and other austerity measures that would accompany such a policy would quickly pose political problems for Shagari, who is seeking reelection in 1983. There already are signs of growing labor restiveness over the government's refusal to raise wages in the face of 30-percent inflation. 

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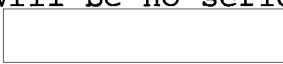


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SUDAN: Vice President Appointed

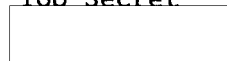
President Nimeiri has finally appointed a new First Vice President, naming Minister of State Security Umar al-Tayyib. He replaces former First Vice President Khalil, whom Nimeiri dismissed in late January following a showdown with senior Army officers. In addition to his constitutional role as temporary successor to the President if the latter is incapacitated, Tayyib will continue to serve as security chief. 

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Comment: //Tayyib's appointment will enable Nimeiri to delegate at least some of the many duties that the President has personally assumed since the crisis in January. Essential government business has been neglected in recent months because of Nimeiri's preoccupation with building support in the military. He had delayed designating Tayyib because of the security chief's unpopularity with the military, and the decision may indicate that Nimeiri now believes that Army morale has improved and that there will be no serious objection to Tayyib's appointment.// 

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MALAYSIA-US: Dispute Over Tin

//Prime Minister Mahathir is reacting cautiously to US overtures for discussions early next month in Washington concerning the US tin stockpile disposal program. He is pleased that the US is willing to consider modifying sales procedures but wants more details before agreeing to discussions.// 

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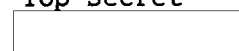
Comment: //Mahathir apparently wants to prevent the tin issue from spilling over into bilateral trade, investment, and security relations, but he remains unhappy with US policy on international commodity issues. If Mahathir believes that the specifics of Washington's proposals do not adequately address the grievances of tin producers, he is likely to pursue a strong tin producers' alliance even more aggressively. ASEAN Economic Ministers are to meet in Kuala Lumpur next month to decide what form the new alliance should take.// 

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