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GENERAL

1. Vulnerability of Near East to Soviet aggression--US Em-
bassy Moscow, in considering the possibility of including
 Israel in Western plans for Near Eastern defense, points
 to the danger that with major attention focused on the Far
 East and Europe, the USSR may be planning to disturb the
 "relatively quiet and neglected Near Eastern garden this
 year." The Embassy believes that such a Soviet move
 might range from stepping up internal subversive programs
 and creating mass unrest to armed revolts supported by
 Kurdish and Azerbaijan "volunteers" from the Soviet Union.
 It is considered further possible that, if the USSR is deter-
 mined to precipitate World War III this year, major military
 moves elsewhere in the world might be accompanied by out-
 right invasion of certain Near Eastern areas, primarily with
 the aim of denying to the West the strategic and petroleum
 assets of the region. The Embassy points out in this con-
 nection that it is questionable whether the USSR would under-
 take a large-scale war of sustained duration without attempting
 to gain access to Near Eastern oil. The Embassy believes that
 in any case, regardless of the intentions of the USSR, the pre-
 sent obviously weak and defenseless condition of the Near
 Eastern countries constitutes an open invitation to the Kremlin
 to indulge in direct or indirect aggression in that area.



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Concerning possible Western defense plans, the Em-
 bassy suggests that the recent show of Soviet friendliness
 toward Near Eastern countries may well be the prelude to
 surprise expansionist moves in the area and that therefore
 the time has come to establish a working relationship between
 NATO and the non-Communist Near Eastern countries. The
 Embassy considers that the Israeli bid for US military support
 provides some leverage for bringing about some degree of
 rapprochement between Israel and the Arab States, a develop-
 ment which would permit positive steps toward a Near Eastern
 regional collective security arrangement.

State Dept. review completed

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3. Dutch Socialists favor sovereignty transfer of New Guinea--
According to US Embassy The Hague, Socialist Party leader Van der Goes declared at a recent press conference that his party favors the transfer of sovereignty over Netherlands New Guinea to the Republic of Indonesia, with the provisions that:
(a) Netherlands trusteeship is maintained for 30 years; and
(b) proper financial arrangements are made between the Netherlands and Indonesia and law and order is guaranteed in New Guinea. Van der Goes said the Socialist Party would urge the resumption of negotiations with Indonesia along these lines and that the main thing was that a solution should be found because cooperation with Indonesia was more important than ultimate Netherlands sovereignty over New Guinea. The Embassy has

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learned that although Van der Goes' statement was not cleared with the party executive board, it probably represents the view of the majority of Socialist Party deputies in the Second Chamber and the party executive will probably adopt this statement as the official party view with few, if any, alterations.

Meanwhile, US Ambassador Cochran in Djakarta indicates that the Indonesian Government will make known its official position on the Netherlands New Guinea problem on 8 January. Indonesian officials expressed the hope to Cochran that the Dutch will react promptly to the Indonesian statement in order to prevent any trend toward protest meetings against the Netherlands, sabotage, and similar disorders.

EUROPE

4. YUGOSLAVIA: Renewed Trieste negotiations held desirable-- US Embassy Belgrade expresses its belief that the US, UK, and French governments should let the Italian and Yugoslav governments know in the near future that the Western countries would welcome a mutually acceptable solution to the Trieste problem. The Embassy believes it dubious whether Italy and Yugoslavia could reach an early agreement on their own and therefore recommends that the three Western governments make a joint approach, stressing the desirability of an early settlement, and then be prepared to enter into the territorial aspects of the problem if Italy and Yugoslavia reach an impasse.



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NEAR EAST- AFRICA

5. IRAN: British officially backing Razmara-- US Embassy London reports the view of the British Foreign Office that Iranian Prime Minister Razmara should not be replaced and that Foreign



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Secretary Bevin would not permit any effort to dismiss him. A Foreign Office source also told the Embassy that although the Anglo-Iranian Oil Company has been disappointed by Razmara's failure to obtain parliamentary ratification of a revised contract with the company and has expressed doubt of Razmara's reliability, it would be going "much too far" to attribute to the company a desire to bring about his downfall. The Anglo-Iranian Oil Company has reportedly been given a "forcible" statement of the Foreign Office position regarding Razmara.

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