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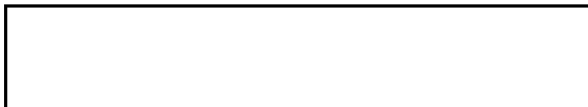


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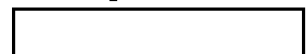
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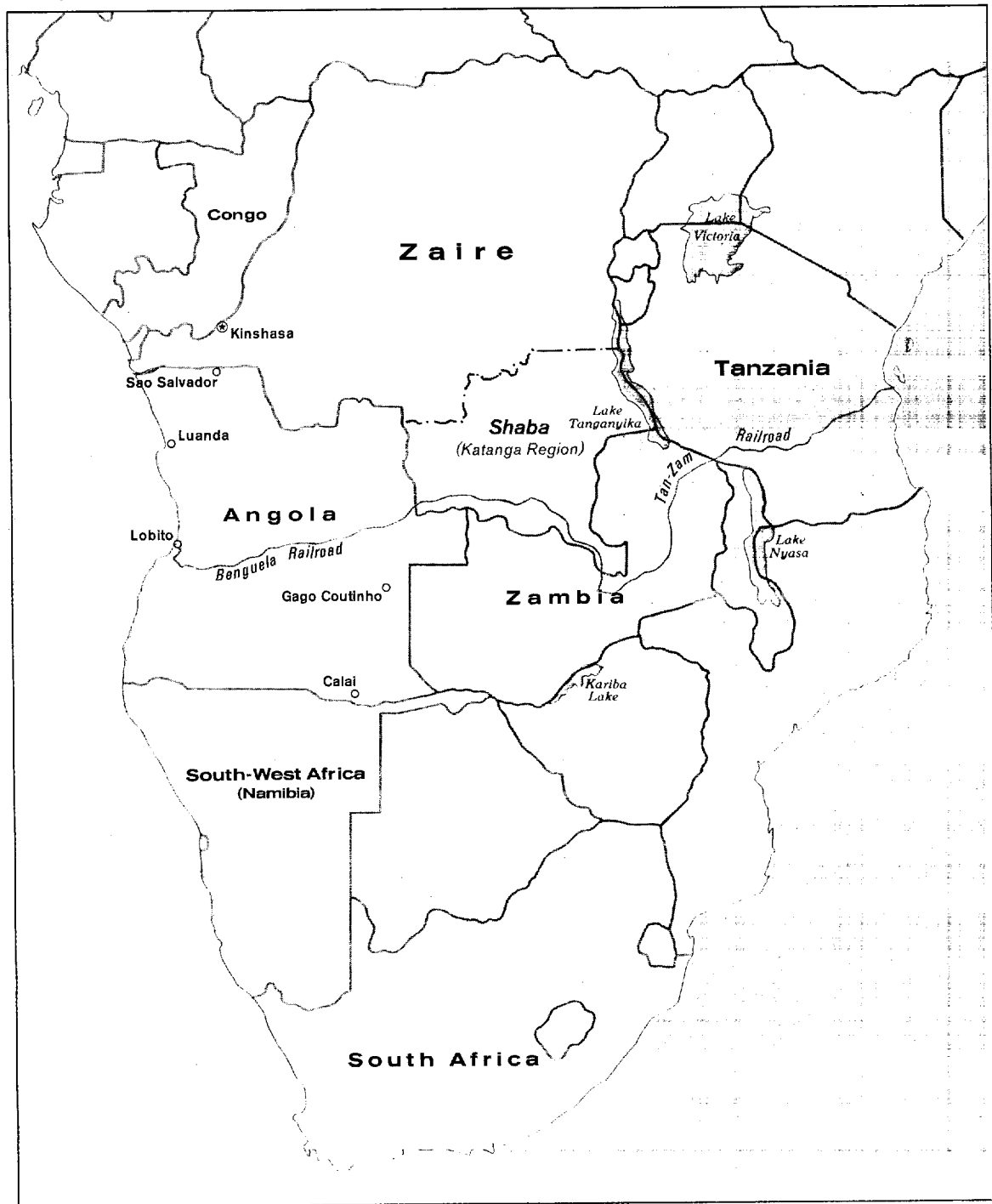
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ANNEX: Cambodians Move Slowly on Border Problems

Southern Africa



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ZAIRE-ANGOLA

Popular Movement Prime Minister Nascimento is scheduled to visit Kinshasa next Saturday to discuss Zairian recognition of the Luanda-based regime, [redacted]

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President Mobutu wants guarantees that the Popular Movement and its Cuban forces will take no aggressive actions against Zaire. He also wants the Popular Movement to return to Zaire some 4,000 exiled former Katangan troops, secessionists who fled Zaire in 1963 and who have been fighting with the Popular Movement in hope that Neto would support an insurgency into their home area—now the Shaba region of Zaire.

Mobutu is also seeking secure access to the Benguela railroad and the port of Lobito, the most efficient route for Zairian imports and exports. Finally, he wants the Popular Movement to make arrangements to accept some 1 million Angolan refugees who fled to Zaire.

The conditions, made public by Zaire on Monday, reportedly were passed privately to the Popular Movement last weekend, following a meeting in Kinshasa between Zairian President Mobutu and Congolese President Ngouabi. Ngouabi has long supported the Popular Movement and was acting as its intermediary with Mobutu.

For his part, Neto will want assurances that Mobutu will not underwrite guerrilla operations into northern Angola by the Zairian-backed National Front, a concession Mobutu probably will make if the Popular Movement shows a willingness to establish even the facade of a government of national unity.

In the talks next weekend, Mobutu probably will also ask for a withdrawal of all Cuban and Soviet forces in Angola, but would settle for the promise of an eventual withdrawal of combat forces alone.

Neto is obviously in a good position to resist Mobutu's demands. He almost certainly will refuse to make any commitment to return the Katangan secessionists; Neto probably wants to keep them in Angola as insurance against Zairian intervention. The Katangans would, in any case, resist to the point of open warfare any attempt on the part of the Popular Movement to return them to Zaire.

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In Angola, National Union President Jonas Savimbi has established his headquarters at Gago Coutinho in southeastern Angola, where he reportedly is making plans for the guerrilla operations he has vowed to mount against the Popular Movement. Some of his forces have occupied Calai, near the Namibian border, and apparently hope to use it as a resupply base.

Savimbi's ability to wage an effective insurgency is limited; Zaire is already moving toward accommodation with the Popular Movement, and Zambia is likely to follow suit shortly.

South Africa, a potential backer, is also exploring the possibility of coming to terms with Neto, following a recent statement by his foreign minister that the Luanda regime "would be prepared to cooperate" with South Africa if it recognizes the Popular Movement's sovereignty over Angola. The degree of accommodation that Pretoria can or cannot reach with Neto will determine the amount of support provided to the National Union.

In northern Angola, the National Front withdrew over the weekend from Sao Salvador, its last major base in the area. With the exception of a few mercenaries and a small group of its own troops hovering near the Zairian border, the National Front has fully retreated to Zaire.

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USSR

The Bulletin today publishes the Principal Judgments of a Special National Intelligence Estimate, "Implications of the 1975 Soviet Harvest," approved by the United States Intelligence Board on February 10.

The 1975 harvest was the worst in the Brezhnev era. Grain production fell to less than two thirds of stated needs, with the livestock sector especially hard hit by feedgrain shortages. Despite cancellation of long-standing export commitments to Eastern Europe, extensive purchases abroad, and resort to stringent conservation measures, the regime will be unable to make up the shortfall.

Distress slaughtering, already begun, promises to set back Brezhnev's meat production program for some years to come. The growth rate in GNP fell from less than 4 percent to about 2.5 percent.

Inside the USSR, the effects of the harvest are only now beginning to show up in consumer supplies. Meat shortages will become fairly widespread before long, and the quality of the national diet is likely to deteriorate by early summer.

There will be widespread grumbling in the urban centers and possibly occasional disorders outside the major cities. Criticism and debate within the regime on agricultural policy can be expected to mount.

Nevertheless, the regime's control mechanisms are adequate to cope with popular dissatisfaction even if malaise becomes pervasive. In any event, existing military programs will not be affected, and military programs would be among the last to be altered in any series of agricultural crises.

Nor is the power position of the present leadership likely to be challenged, although Brezhnev's prestige and that of certain of his colleagues can hardly escape some damage.

Another poor harvest in 1976 or 1977, however, could generate domestic difficulties on a scale that would affect regime cohesion. The succession problem would then take on more urgency, and the chances of factionalism would increase as the agricultural issue became critical.

In any event, even if the Soviets manage to cope adequately with the effects of the 1975 harvest, climatic handicaps and the cumbersome agricultural system make it likely that their grain targets over the next five years will not be met. If so, the Soviets will periodically need more than the 8 million tons of imports to which they now have ready access under terms of the US-USSR grain deal.

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In terms of "leverage," the five-year grain import agreement was an example of the Soviets' yielding to US pressure for regularized behavior in the grain market in order to obtain needed supplies. However, unless requirements for US supplies substantially exceed 8 million tons, reliance on the US will normally have only marginal moderating influence on other aspects of the USSR's international behavior:

- Moscow already has assurances that some US grain will be available every year for the next five.
- The Soviets doubt the capacity or willingness of the US Government, given domestic considerations, to impose and maintain effective controls on exports.
- Short-term purchases can usually be made from other suppliers as well.
- Over the longer term, the Soviets could shift the patterns of their imports toward non-US suppliers.

Another major harvest failure during the next year or two would throw the USSR into acute temporary dependence on foreign grain supplies. In that contingency, Moscow would probably judge it advisable to avoid threatening or highly offensive behavior for a time. And the recurring and heightened need for US grain would be one of the significant arguments in Moscow in favor of keeping US-USSR bilateral relations on an even keel and promoting mutual interests.

But in terms of implications for US policy, the "leverage" inherent in such a temporary dependency is limited. The stringencies that would face the regime are unlikely to be so desperate, nor the extent of US power to withhold goods so great, as to compel the USSR to alter substantially any important element of its domestic or foreign policies in response to outside pressure.

Indeed, overt pressure from abroad would probably unify the leadership behind a negative reaction. If the result were reduced access to foreign grain, the regime would, we judge, be able to maintain control over increasingly disgruntled consumers.

The East European regimes stand to be tested as a result of the harvest failure last year. More than half of their normal grain imports come from the USSR, and these have been cut off for the current crop year, forcing them into Western markets. This phenomenon is likely to recur, probably compelling a reduction in East European imports of Western capital goods (of which the US share is small).

Any sharp reduction in living standards in Eastern Europe carries with it a heightened risk of popular disorders, more so than would be the case in the USSR. While the USSR probably will provide some financial assistance to its clients in their

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time of troubles, it will resist any accelerated redirection of their trade patterns toward the West. This will be a persistent dilemma for both the Soviets and the East Europeans.

As for the USSR's own trade, grain imports will be the main cause of a hard-currency trade deficit of \$3 to \$5 billion this year, following a record deficit estimated at \$4 to \$7 billion last year. This will force the USSR to bargain hard for low-interest credits and to sell gold. Some major purchases may be deferred, but the USSR presently intends to continue to increase its imports of high-technology Western products. [REDACTED]

MOROCCO-ALGERIA

Widely conflicting accounts of the fighting last weekend in northeastern Spanish Sahara continue to come from Algerian and Moroccan sources.

Reports from the US embassies in both Rabat and Algiers suggest, however, that Algerian forces may have been involved in the clashes. The embassy in Algiers notes that the Algerians' initial denial was somewhat equivocal. Rabat has so far offered no evidence to substantiate its charge of Algerian involvement.

King Hassan's public challenge to Algerian President Boumediene has evoked a popular response among the Moroccan people, promising continued popular pressure on the King to maintain a hard line.

Boumediene continues to say Algeria will not be provoked into war with Morocco. According to press reports, however, Boumediene said the "deepening crisis" threatens to become "a war against Algeria." He called on world leaders to step in to help reduce tensions.

Neither side appears to want a wider dispute. Further incidents involving charges of Algerian military participation are likely, however, as the Moroccans try to consolidate their hold on the territory before February 28, the formal date for Spain's withdrawal. [REDACTED]

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ICELAND-UK

The Icelandic cabinet voted yesterday to break diplomatic relations with the UK either today or tomorrow.

A motion introduced by Olafur Johannesson, leader of the Progressive Party—the second party in Iceland's governing coalition—simultaneously to withdraw Iceland's NATO delegation from Brussels was narrowly defeated. Foreign Minister Agustsson broke ranks with the other Progressives and voted against the proposal.

As reasons for its decision to break relations, the cabinet listed the presence of British warships, the UK's disregard of Iceland's conservation efforts, and repeated ramblings by British warships.

London has asserted that withdrawal of the warships would leave British fishing boats vulnerable to Icelandic attack and that Reykjavik has provoked the incidents that have occurred. In addition, Britain has insisted that Reykjavik's conservation measures, introduced in January, were not a part of the fishing agreement made between the two countries in 1973.

Despite Prime Minister Hallgrimsson's efforts to head off the break, the hard-line members of his cabinet were determined to act. Hallgrimsson was able to stall off an earlier threat to break relations until NATO Secretary General Luns had another chance to mediate the dispute. At Luns' urging, the British offered a new set of bargaining proposals, but Reykjavik ignored them.

Hallgrimsson's political position has been seriously eroded. His efforts to reach a compromise with London have been met with disfavor even among members of his own Independence Party. With Johannesson calling for withdrawal from NATO and with the vice chairman of the Independence Party anxious to replace him, Hallgrimsson may be out of office soon. He has repeatedly said that he will resign rather than head a government that votes to withdraw from NATO.

If the Hallgrimsson government falls, it almost certainly will be replaced by a leftist coalition that would favor a break with NATO.

Hallgrimsson is also faced with the most extensive general strike in Icelandic history. Almost half of the country's labor force walked off the job yesterday, demanding higher wages and benefits. All incoming and outgoing air traffic has been suspended, and most stores in Reykjavik are closed.

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The government has been so occupied with the cod war that it has been unable to attend to the labor dispute. The break in relations with London and the possibility of a withdrawal from NATO will further divert its attention.

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FRANCE-USSR

The French Communist Party, in a gesture clearly intended to improve its credentials as a bona fide national party independent of Moscow, has announced that Secretary General Georges Marchais will not attend the Soviet party congress scheduled to open on February 24. Except for one case of serious illness, this will be the first time that the French Communist Party has not been represented by its top officer at a Soviet party congress.

In a terse statement, Marchais said that his decision "follows the line" of his party's 22nd congress, held earlier this month. The French party congress unanimously accepted Marchais' proposal to drop the phrase "dictatorship of the proletariat" and applauded his criticism of the lack of human rights in the Soviet Union. By absenting himself from Moscow, Marchais spares himself the embarrassment of seeming to have to report back to Moscow for his "bad manners" during the French congress.

The French party will be represented at the Soviet congress by a five-member delegation headed by Gaston Plissonnier, secretary of the Central Committee, and Jean Kanapa, the party's foreign affairs expert. Kanapa had previously been associated with the pro-Soviet forces in the French leadership, but over the past year he reportedly has become disenchanted by Moscow's refusal to accept the realities of the situation in which the French party must operate. Marchais' decision is certain to increase the displeasure Moscow has already shown over the French party's increasing signs of independence and flexibility.

Members of President Giscard's government have chosen to characterize Marchais' efforts to move away from the Soviet line as mere tactical maneuvers aimed at increasing Communist voting strength. The French Socialists, with whom the Communists are allied, have also expressed skepticism over Marchais' seeming new course.

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IRAQ

Iraq is buying a larger share of its arms from the West with its greatly increased oil revenues. Baghdad is trying to reduce its dependence on Soviet arms because it fears that Moscow might again use arms as a political weapon as it has in Egypt. Nevertheless, Iraq is likely to continue to buy most of its advanced weapons from the USSR for some time to come.

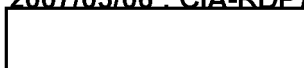
Iraq ordered \$1.7 billion worth of arms during the past two years, about half from the West and Yugoslavia. Until 1974, Western suppliers had sold only about \$5 million worth of arms annually to Iraq. Most of the orders in the West have been for ammunition and support equipment.

France is providing almost \$500 million worth of modern arms, including Super Frelon and Alouette helicopters, some armored vehicles, and the Milan and Harpon antitank missile systems. Italy, the second largest West European supplier, contracted to deliver \$40 million worth of military and transportation aircraft and howitzers. Orders were placed in Belgium for large amounts of ammunition and communications equipment, in the UK for Leyland vehicles, and in Spain for 106-mm. recoilless rifles.

India has agreed to provide about \$35 million worth of aircraft ammunition, rockets, and napalm. Purchases from Yugoslavia—worth nearly \$200 million—were mainly for mortars, artillery, ammunition, gas masks, and military support equipment. Most of the larger pieces of ground equipment and aircraft ordered from the West have not yet been delivered.

Major deliveries from Eastern Europe included Czech L-39 jet trainers—the first to a non - Warsaw Pact country—some older L-29 jet trainers, and Czech and Hungarian armored vehicles and artillery.

Under arms agreements signed with the Soviets since 1973, Baghdad has received for the first time MIG-23 jet fighter aircraft, the SA-6 surface-to-air missile system, Osa II and Zhuk patrol boats, Yevgenia-class minesweepers, 180-mm. field guns, and the Frog-7 tactical surface-to-surface rocket. Iraq became the third country in the Middle East—after Egypt and Syria—to get the Scud surface-to-surface missile system.

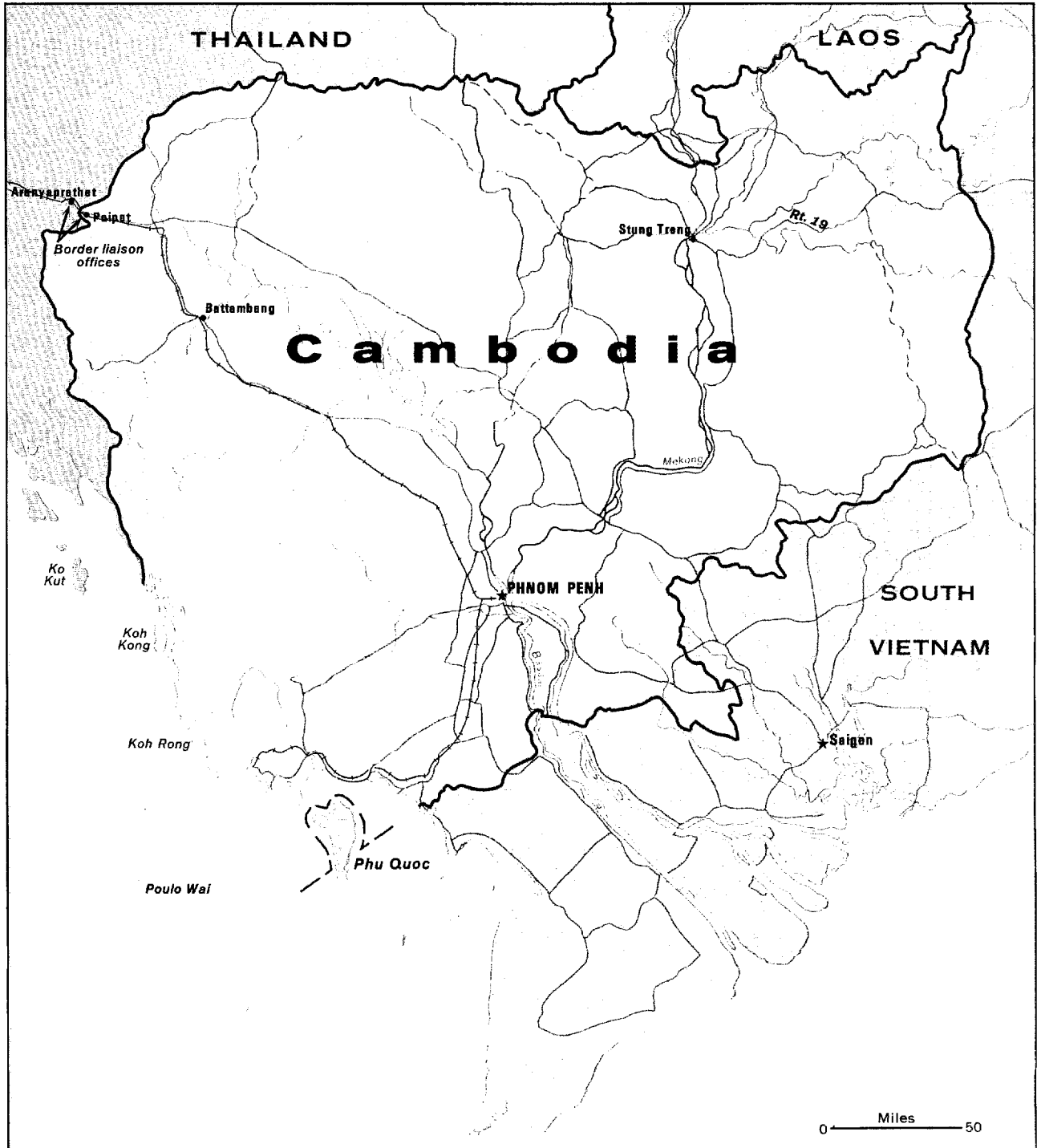


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ANNEX

Cambodians Move Slowly on Border Problems

The Khmer communists are moving slowly and cautiously in negotiating territorial problems with Thailand, Vietnam, and Laos, while trying to impose tighter control over their side of the border. Although French delineations of the border in the late 19th and early 20th centuries have been generally accepted by all sides, disputes over precise border alignment have been frequent and have even intensified since the fall of the Lon Nol government and the establishment of a defensive regime in Phnom Penh obsessed with "territorial integrity" as a symbol of its authority.

While the border situation varies from one part of Cambodia to another, several main problems contribute to continuing conflict:

--In most border areas there has never been any strong control by the central governments concerned. Traditional patterns of movement and trade are difficult to alter or restrict.

--Several offshore islands in the Gulf of Thailand are in dispute, and continental shelf claims, involving potential undersea resources, are ill-defined.

--Local Cambodian commanders are quick to react to real or imagined provocations, particularly against persons attempting to flee Cambodia and intrusions by military units from neighboring countries.

The Thai Border

Fighting occurred along Cambodia's 480-mile border with Thailand last May over an alignment dispute; subsequent tension has been fostered by people trying to escape communist rule in Cambodia, smuggling, and cross-border forays by Cambodians seeking food.

[REDACTED]

[REDACTED] Cambodian installation of mines along the border has also resulted in recent incidents between Cambodian security forces and Thai border police.

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Nevertheless, the Cambodians and Thai have taken initial steps to reduce tension. The border liaison offices that were opened late last year, following a visit by Cambodian Deputy Prime Minister Ieng Sary to Bangkok, are functioning, and government-sponsored trade has begun.

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The Cambodians, however, are apparently in no hurry to follow up this initial progress and have not responded to a Thai proposal to establish a joint commission to rule on an alignment controversy near one Thai town that was the scene of a serious clash in mid-December. Phnom Penh, moreover, waited until this week to agree to Thai Foreign Minister Chatchai's December appeal for another meeting with Sary. The talks are apparently set for February 27 in Cambodia. In light of ongoing Khmer communist efforts to seal the border and continuing unrest in northwestern Cambodia involving small groups of dissidents, Phnom Penh's slowness may be based on a desire to put its own house in order before moving into a new round of negotiations with the Thai.

As much as Phnom Penh's attitude appears to rankle the Thai military, Bangkok often plays down conflict along the Cambodian frontier in support of the higher priority goal of improving diplomatic relations with Phnom Penh. The Thai have attempted to mediate flare-ups through their liaison officials stationed on the border.

The Vietnamese Border

The Khmer may also be reluctant to reach any broad territorial understanding with the Thai as long as more difficult and sensitive border problems with the Vietnamese remain unresolved. The Khmer communists, in fact, from the beginning appear to have given higher priority to resolving the situation along the Vietnamese frontier. During the course of the Cambodian war, relations between Khmer and Vietnamese communist forces along their 740-mile border steadily worsened and occasionally resulted in full-scale fighting that rivaled the intensity of communist attacks against the Lon Nol government.

The end of the war did not bring an end to such conflict and, following serious clashes last summer, the Cambodians and Vietnamese finally moved to prevent the situation from getting out of hand. Meetings between representatives took place in July;

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Despite such mutual efforts toward accommodation, the Vietnamese frontier is likely to remain an area of preoccupation for the Khmer communists. While recognizing that it would probably fare badly in any major military confrontation with its communist neighbors, Phnom Penh is determined to demonstrate that the eastern Cambodian border is now off limits to Vietnamese forces. Repeated public warnings that Phnom Penh will not tolerate the presence of foreign bases on Cambodian territory—a proclamation now included in the recently promulgated constitution—are clearly aimed at the Vietnamese.

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The Khmer appear to be particularly concerned about the Vietnamese presence along the border in the remote northeastern section of Cambodia, which was an important logistic area for the Vietnamese during the war. Most, if not all, Vietnamese units presumably returned home following the fall of Saigon,

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Although no large-scale fighting has been reported, several clashes took place last month and, while recent local negotiations have resulted in the withdrawal of some Vietnamese troops in the Route 19 area as well as a "cease-fire," Vietnamese units apparently remain in at least one other area where the alignment of the border is still in dispute.

The Khmer have now increased their own military presence in the northeast,

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indicating that they are not yet ready to rely on negotiations alone to protect their territory from Vietnamese encroachment.

For Hanoi, the border dispute is only one element in an uneasy relationship with the new regime in Phnom Penh. The Vietnamese are unhappy about the extent of Chinese influence in Cambodia, and Phnom Penh's apparent willingness to undercut Hanoi's policy objectives in dealing with Bangkok. Hanoi clearly does not want the border dispute to get out of hand, but it may not be averse to linking any further progress on the issue to a Cambodian readiness to align itself more closely with its communist neighbors in Indochina.

The Lao Border

Cambodia's 325-mile border with Laos is probably of less concern to Phnom Penh, but even here local Cambodian commanders have reported a number of intrusions by Lao forces since last fall. The Khmer have followed the same approach toward the Lao as toward the Vietnamese—local negotiations, deployment of troops along the border, and the movement of local residents into the interior.

Although the Cambodian and Lao communists last December publicly pledged to respect each other's sovereignty "on the basis of the present border," Phnom Penh regards minor friction with the Lao as a reflection of more serious difficulties with the Vietnamese.

The Islands

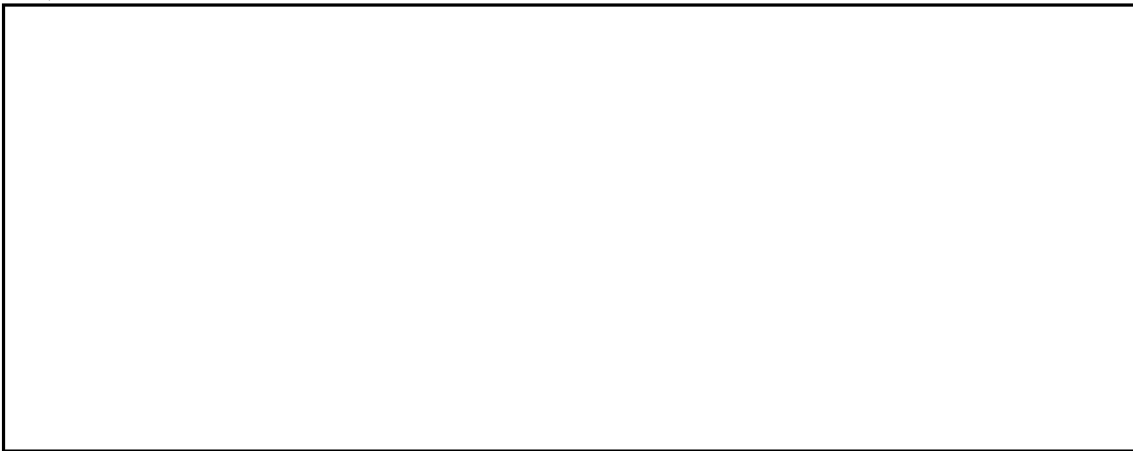
Even the halting progress made toward reducing tension along Cambodia's mainland borders with Vietnam and Thailand will be difficult to duplicate in the disputed waters of the Gulf of Thailand. Several of the islands in the Gulf are claimed by Cambodia and Vietnam, and all three countries have overlapping claims to potential offshore oil deposits that will be difficult to resolve.

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Cambodian troops may have reoccupied some parts of the Poulo Wai Islands that Vietnamese forces seized last June. Subsequently, small clashes with the Vietnamese have taken place farther south around the Vietnamese island of Phu Quoc. Less serious offshore incidents with Vietnamese forces have occurred as recently as early January.



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