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NATIONAL INTELLIGENCE DAILY CABLE

Thursday June 3, 1976

CI NIDC 76-130C

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NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

DIA review(s) completed.

Top Secret

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State Dept. review completed

(Security Classification)

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National Intelligence Daily Cable for Thursday June 3, 1976.

[redacted]
[redacted] The NID Cable is for the purpose of informing senior US officials.

LEBANON-SYRIA

[redacted] We have detected no new Syrian forces moving into Lebanon in the past 48 hours.

[redacted] We estimate that there are now about 3,000 Syrian troops and nearly 100 tanks in eastern Lebanon. This total includes two infantry battalions that have been at Al-Masna since mid-April. Some additional Syrian forces, consisting primarily of an SA-6 missile brigade, are located just across the border in Syria.

[redacted] The Syrian troops that entered central Lebanon Tuesday and moved to Shaturah and Zahlah apparently were from the armored brigade that has been astride the central Syria-Lebanon border near Al-Masna since mid-April.

[redacted] According to the US defense attache in Damascus, the brigade was no longer in its border encampment when he visited the area yesterday. A US journalist who traveled through eastern Lebanon yesterday reported that Syrian troops and tanks were positioned at various locations from Zahlah to Al-Masna.

[redacted] We are not able to confirm press reports that the Syrian air force has been placed on alert. It seems likely, however, that some Syrian air force units would be on an alert as a general precaution.

Little Resistance

[redacted] There has been no significant resistance from Palestinian and Lebanese leftist forces to the Syrian military advance in eastern Lebanon. Syrian troops apparently issued an ultimatum against resisting when they arrived in Zahlah and easily disarmed the few who defied the order.

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[REDACTED]

[REDACTED]

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[REDACTED] We have no confirmation of press claims that Syrian troops have been sent to Sidon to secure its port and oil refinery complex. As many as 300 Syrian regular troops disguised as Palestinian Saiqa forces have been based in Sidon since early April to intercept arms deliveries to leftist and Palestinian forces. The Syrians have been reluctant to augment this contingent because of Israeli warnings that Syrian troops must stay out of southern Lebanon.

Israeli-Arab Reaction

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[REDACTED] The US defense attache in Tel Aviv reported yesterday that the Israeli military does not appear to have increased its readiness posture in reaction to the Syrian moves. In an unusually direct remark yesterday, Prime Minister Rabin said that he saw no need for Israel to react against Syrian military operations against the Lebanese left. Foreign Minister Allon later struck a more cautious note, stating that Israel reserves the right to take more active measures should Syrian moves endanger Israel's security.

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[REDACTED] The Palestine Liberation Organization, seconded by Lebanese leftist leaders, called yesterday for an emergency meeting of the Arab League to consider ways of blocking Syrian intervention. So far, only Iraq has endorsed the Palestinian request. Most Arab capitals are avoiding official comment on Syria's actions; many will probably ignore the request. Some--like Egypt--recognize that there is little the Arab League can do to counter the Syrians, even if the majority of its members were of one mind on the issue.

Kosygin's Discomfort

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[REDACTED] The escalation of the Syrian intervention on the eve of Soviet Premier Kosygin's arrival in Damascus has obviously put him in an awkward position. Kosygin had undoubtedly intended to caution the Syrians that their policy in Lebanon was serving US and Israeli interests by diverting Arab attention from the struggle against Israel and by seriously straining relations among Moscow's clients.

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[REDACTED]

25X1 [redacted] Now the Soviets must contend with stronger pressure from the Palestinians and the Lebanese leftists to rein in Damascus.

25X1 [redacted] Kosygin, on Tuesday night, made some veiled, public criticism of Syrian actions in Lebanon, saying that Moscow opposes "imperialist interference" in "any form whatsoever." It is doubtful, however, that at this point Moscow is willing to do much beyond this kind of jawboning. The Soviets value Syria as a counterweight to Egypt and want to avoid any action that might encourage Damascus to rely on the US to arrange a settlement with Israel.

Lebanese Political Situation

25X1 [redacted] President-elect Ilyas Sarkis has so far managed not only to dissociate himself from Syria's decision to intervene but to use the Syrian move to advance his peace proposal. Sarkis held his long-awaited meeting with leftist leader Kamal Jumblatt yesterday and apparently gained his approval to convene round-table settlement talks as soon as possible.

25X1 [redacted] Jumblatt issued a statement following the meeting in which he gave unusually warm praise to Sarkis, calling him a man of conscience and independence. Only weeks ago Jumblatt had treated Sarkis as little more than a Syrian puppet and had refused to accept the validity of his election to the presidency.

25X1 [redacted] Although Jumblatt coupled his praise with calls for an immediate Syrian withdrawal, the tone of his remarks suggests that he may now believe that cooperation with Sarkis is the only way to effect a pullback of Syrian troops.

25X1 [redacted] Jumblatt apparently also met yesterday with Bashir Jumayyil, the son of Christian Phalanges Party leader Pierre Jumayyil; we have not yet received information on the results of the meeting. Representatives of the two leaders have been working for weeks to arrange these talks. During the course of the civil war, Jumblatt repeatedly rebuffed efforts to arrange reconciliation meetings with top Phalanges leaders. [redacted]

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SYRIA

25X1 [] President Asad's personal prestige is heavily engaged in the latest Syrian intervention in Lebanon. If his gamble to generate a political breakthrough there fails, it could seriously damage his political position at home.

25X1 [] The longer the Lebanese crisis drags on, the greater the danger that the confessional strife might spill over into Syria. There already have been attacks on members of Asad's minority Alawite sect by members of the Muslim Brotherhood, the group that serves as the cutting edge of conservative Sunni opposition to the regime.

25X1 [] A greater danger is disaffection among the Syrian military. We have received numerous reports in recent months that Syrian officers are disturbed about Asad's support for Lebanon's Christians against Syria's ideological allies, the Lebanese left and the Palestinians.

25X1 [] A Syrian foreign ministry official claimed last week that Asad had refrained from sending larger numbers of troops into Lebanon because he feared that the Syrian army, which is largely Sunni Muslim, would disintegrate if it were ordered into action on a large scale against Lebanon's leftist and Palestinian Sunnis.

25X1 [] Minor skirmishes between Syrian forces and Lebanese leftists or Fatah units are likely, but we doubt that Arafat is willing to risk an all-out clash with the Syrians; Asad increasingly has been able to intimidate the fedayeen and probably is counting on Arafat's reluctance to challenge him militarily.

25X1 [] Asad is determined to recoup the stature he lost when the Syrian-engineered settlement in January collapsed by ensuring the transfer of power to Syrian-backed president-elect Sarkis.

25X1 [] Despite Asad's reported concern about the overall reliability of the Syrian military in the Lebanese context, he may well send more troops into Lebanon if the political stalemate persists. Presumably, Asad secured the backing of his principal military commanders before he committed additional troops this week.

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[redacted] Despite his domestic vulnerabilities, Asad is unlikely to withdraw unilaterally from his commitment to engineer a Syrian solution in Lebanon. The problem for him now is that even if he should pull out of Lebanon, the civil strife probably would increase to the point where it could spill over into Syria. It could also lead Israel ultimately to conclude that it must intervene to protect the Lebanese Christians and secure its northern border area. [redacted]

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ZAIRE-ANGOLA

25X1 [redacted] Zaire and Angola do not appear to be making much progress in implementing the reconciliation agreement reached in Brazzaville last March between Zairian President Mobutu and Angolan President Neto. The two presidents continue their deep distrust of each other. Implementing the accord is also made difficult by the vagueness of many of its provisions.

25X1 [redacted] //Zairian President Mobutu's chief political adviser recently told US officials that his country's relations with Angola were becoming "embittered." He accused the Luanda regime of reneging on the March accord.//

25X1 [redacted] //The Angolans, he said, have refused to honor the provision for the voluntary repatriation to Zaire of the former Katanga secessionists who took refuge in Angola in 1963. He claimed the Katangans will be given Angolan citizenship. He also said that Luanda is unwilling for the next ten years to accept Angolan refugees now in Zaire--another provision of the accord.//

25X1 [redacted] //The adviser also complained that the Angolan government is dragging its feet on getting the Benguela railroad--an important trade artery for Zaire--back into operation. He said the Neto regime is demanding that Zaire pay for repairing the bridge at the Angola-Zaire border. Zaire believes Angola should bear the expense since Popular Movement forces destroyed the bridge.//

[redacted]

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25X1 [redacted] //President Neto has recently accused Zaire, according to Mobutu's adviser, of continuing to train guerrilla forces of the National Front for the Liberation of Angola and to assist them in cross-border operations. The adviser argued that National Front troops are operating on their own and are

[redacted]

not allowed to use Zairian territory. Mobutu reportedly has tightened security along the border--and has closed the border with Cabinda--in an effort to prevent attacks into Angola.//

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USSR-RHODESIA

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[redacted] Rhodesian black nationalist leader Joshua Nkomo has quietly arrived in Moscow on the heels of visits to the USSR by Mozambican President Machel and Angolan Prime Minister Nascimento.

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[redacted] Nkomo undoubtedly hopes to capitalize on his long-standing ties with Moscow--he has received financial and political aid from the USSR since the early 1960s--by obtaining more Soviet support to bolster his faltering position among Rhodesia's rival nationalist leaders. Since the collapse of his talks with Rhodesian Prime Minister Smith in March, much of Nkomo's influence among Rhodesian blacks has shifted to more militant rivals who had opposed the talks.

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[redacted] Some members of Nkomo's moderate internal faction of the African National Council are said to be ready to break with him because of his refusal thus far to join the insurgency against the Smith regime.

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[redacted] In contrast to the heavy publicity that attended Machel's and Nascimento's recent trips to the USSR, the Soviets have made no announcement of Nkomo's visit. Moscow is anxious not to offend Machel and his fellow black African presidents by appearing to deal with a single Rhodesian nationalist leader.

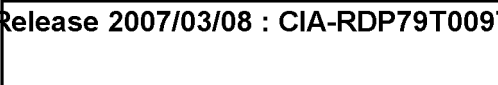
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[redacted] The Soviets may be reluctant to become too closely identified with Nkomo in the public eye, particularly in view of his declining political fortunes. The Soviets have, in fact, been in recent contact with some of Nkomo's rivals.

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[redacted] Moscow's low-key treatment of Nkomo's visit is also consistent with the Kremlin's cautious handling of the situation

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in both Rhodesia and Namibia in the wake of the conflict over Angola. Moscow appears sensitive, at least for the moment, to the damage that could be done to its relations with Washington if it adopts a more aggressive policy on southern Africa.

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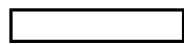


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USSR-PHILIPPINES

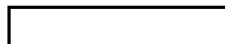
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 Philippine President Marcos' first state visit to the USSR appears to be proceeding according to plan.

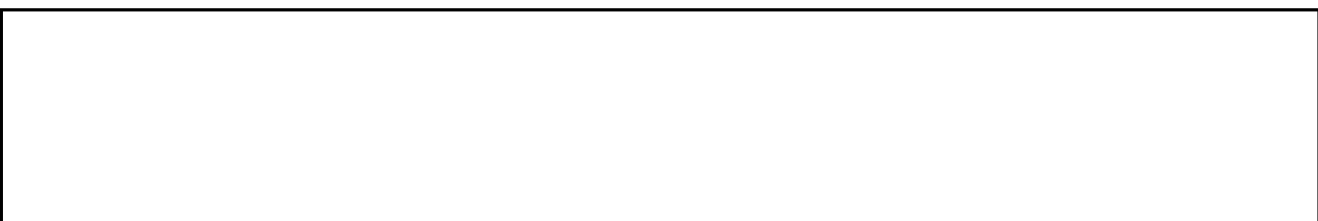
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 The Soviets have given Marcos the top-level attention he demanded as a prerequisite for the trip. Marcos has had two sessions with President Podgorny and other Soviet officials and one "friendly, businesslike" meeting with General Secretary Brezhnev. The two sides yesterday announced the establishment of diplomatic relations and the conclusion of a trade agreement.

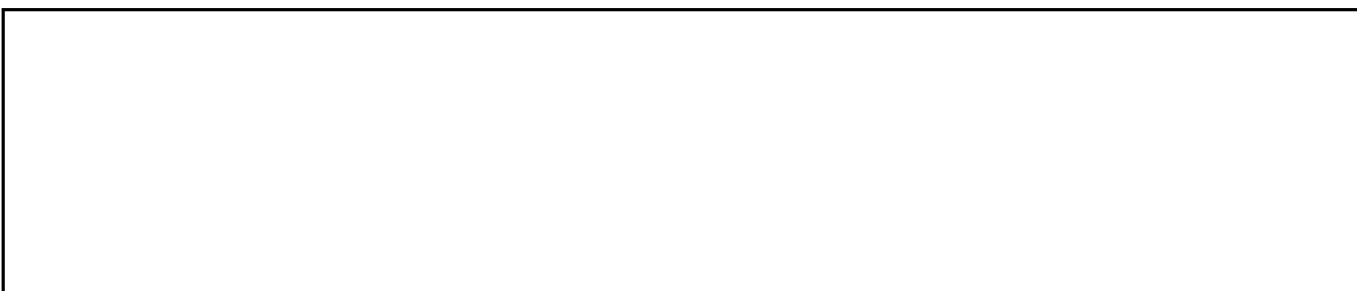
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 At the Soviet dinner in honor of Marcos, Podgorny stressed the need for all Asians to work together for regional "peace and security." This phrasing is the new formulation the Soviets have adopted to seek Asian support for Brezhnev's seven-year-old Asian collective security idea. A Lao communist delegation endorsed similar language in the communique issued at the end of a recent visit to the USSR.

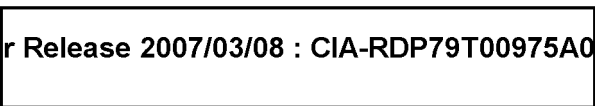
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USSR

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[Redacted] //The Soviets have invited five countries to observe the military exercise "Sever" to be held in the Leningrad Military District from June 14 to 18. The exercise is the second to which the Soviets have invited observers since the conclusion of the Helsinki agreement.//

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[Redacted] //Norway, Finland, Sweden, Poland, and East Germany have received invitations. The invitations appear to have been restricted to Helsinki signatories nearest the exercise area. Observers invited to the first Soviet-announced exercise in January were also from neighboring countries.//

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[Redacted] //Each of the five countries will be allowed to send two officers in addition to its defense attache in Moscow. [Redacted]

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[Redacted]

ITALY

- 25X1 [] The fatal shooting of a young Italian communist last week by a neo-fascist campaign worker will help both the left and the Christian Democrats in their continuing effort to discredit the neo-fascist party, the country's fourth largest. Several parties expect to benefit, but the Christian Democrats in particular hope to offset part of the expected defections to the left in the balloting on June 20 and 21 by drawing support away from the neo-fascists.
- 25X1 [] The communist was killed in a confrontation following a neo-fascist rally held last Friday in a Communist Party - dominated town near Rome.
- 25X1 [] The incident is likely to deal a sharp blow to neo-fascist leader Giorgio Almirante's effort to gain a sense of legitimacy for his party--something he seemed close to doing during the last parliamentary election in 1972. Protest votes helped Almirante win 8.7 percent of the ballots in that campaign, nearly double the neo-fascists' post-war average. Since then, however, the party has been increasingly associated with illegal activities. Party members or supporters have been charged with complicity in incidents ranging from minor violence to coup plotting.
- 25X1 [] The Communists, Socialists, and others on the left are citing the latest incident as another indication that most serious violence comes from the right. The Communists probably hope to pick up some of the protest vote garnered by the neo-fascists in 1972. The Communists benefited to some extent from neo-fascist crossovers in areas such as Naples in local elections a year ago.
- 25X1 [] The Christian Democrats stand to gain even more, however, from a decline in the standing of the neo-fascists, since some of the gains made by them in 1972 were the result of defections from the Christian Democrats' right-wing. The Christian Democrats have seized on the incident to condemn Almirante's party in the strongest terms. Prime Minister Moro is urging anti-Communist voters to support the Christian Democrats rather than the neo-fascists, arguing that such votes will be wasted unless they go to his party.

25X1 [redacted] The public preoccupation with violence inspired by the neo-fascists and other right-wingers is tending to obscure perhaps greater responsibility on the part of left-wing extremists for the growing campaign violence. Few voices have been raised against such violence from the left. [redacted]

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UK

25X1 [redacted] //The British pound dropped yesterday to close at a record low of \$1.7235 in confused and heavy trading. The Bank of England apparently did not intervene to check the slide.//

25X1 [redacted] //The heavy sterling sales yesterday followed speculation that the British Miners' Union will reject the government's new pay guidelines in the voting to be announced next week.//

25X1 [redacted] //We believe, however, the miners will vote to accept another round of wage restraints by a narrow margin. In addition, a special Trades Union Congress meeting on June 16 is expected to approve the new wage guidelines by a substantial vote, and this could give the pound a psychological boost.//

25X1 [redacted] //The rise last week in the US prime lending rate was also a factor in the pound's decline, partially offsetting the buoying effect of London's recent interest rate hikes.//

25X1 [redacted] //Sterling has fallen 15 percent since it broke through the \$2.00 level in early March. The Bank of England has spent roughly \$3 billion defending the pound since then, and market analysts are increasingly questioning the Bank's ability to stop a further decline. Figures released yesterday indicate that London has already used almost half of the proceeds of an \$806 million drawing from the International Monetary Fund and a foreign currency borrowing of \$235 million by the public sector in May.//

25X1 [redacted] //There is increasing speculation in the financial market that the UK may be forced to take tougher economic actions, such as further budget cuts. Labor's left wing, however, has already dealt the government one embarrassing defeat over spending cuts and could do so again if its views on social welfare are ignored.//

25X1 [redacted] //Sterling's decline will aggravate British inflation, already rising at a 14-percent annual rate--about twice the average for other major developed countries. [redacted] 25X1

25X1 [redacted]
EC

25X1 [redacted] //The European Community Commission, anticipating further demand for loans from the \$3-billion EC common borrowing facility, is planning to raise the \$700 million that has not yet been loaned to member states.//

25X1 [redacted] //The EC is looking to the New York market because of the relatively favorable interest rates available there. The Commission also plans to ask the EC Council within the next few months to increase the common borrowing facility's limit to \$6 billion.//

25X1 [redacted] //The Commission expects that Italy will be a major beneficiary of any new loans from the facility. Italy lacks adequate medium-term funds to cover its potential foreign exchange needs, and last month arranged a 1.1-billion short-term credit from the EC and the Bank for International Settlements. Commission officials believe Italy wants assurance that medium-term funds will be available to cover repayment before using these funds.//

25X1 [redacted] //It is uncertain whether the EC members will go along with an additional large loan for Italy. Member attitudes will inevitably be influenced by the political composition of the government that emerges from next month's national election.//

25X1 [redacted] //The Community in any event would again make any new loan conditional upon Italy's agreement to impose tough austerity measures. Although the EC called for such conditions before, it is probable that it would seek firmer commitments from Rome than it has in the past.//

25X1 [redacted] //Italy also has \$500 million in short-term credit outstanding to the US Federal Reserve Bank. Rome's \$2-billion gold-backed loan from West Germany comes due this September. Bank officials in Bonn are considering converting it to a long-term loan. [redacted] 25X1

ISRAEL

25X1 [redacted] //Israel is going ahead with production of the indigenously designed main battle tank, the Chariot. According to the US army attache in Tel Aviv, the first series production model will be completed early next year.//

25X1 [redacted] //Some problems were noted during the testing of prototypes, but Israeli defense officials apparently believe they can be overcome.//

25X1 [redacted] //The attache estimates that Israel could produce 40 Chariots in the first full year of production, but he believes that financial restrictions probably will cut the first year's output to about half that. Under full production, up to 120 of the new tanks could be produced each year.//

25X1 [redacted] //The design of the Chariot incorporates some innovations to improve its survivability, but it is primarily based upon technology of the 1950s. It is larger than most modern Soviet and Western main battle tanks. It weighs about 56 metric tons and has a British-designed 150-mm. gun, which is standard on most Israeli tanks. The Chariot can travel at 51 kilometers per hour (32 miles per hour), equipped with a 900 horsepower engine.//

25X1 [redacted] //The new tank will supplement Israel's mixed armor force of nearly 3,200 US-, Soviet-, and British-built tanks. Over the next several years, most Chariots will probably replace some of Israel's World War II-vintage Sherman tanks and captured Soviet tanks. [redacted]

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