

Top Secret 233

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NATIONAL INTELLIGENCE DAILY CABLE

Saturday October 16, 1976

CI NIDC 76-243C

[Redacted box]

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NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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DIA review(s) completed.

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National Intelligence Daily Cable for Saturday October 16, 1976.

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

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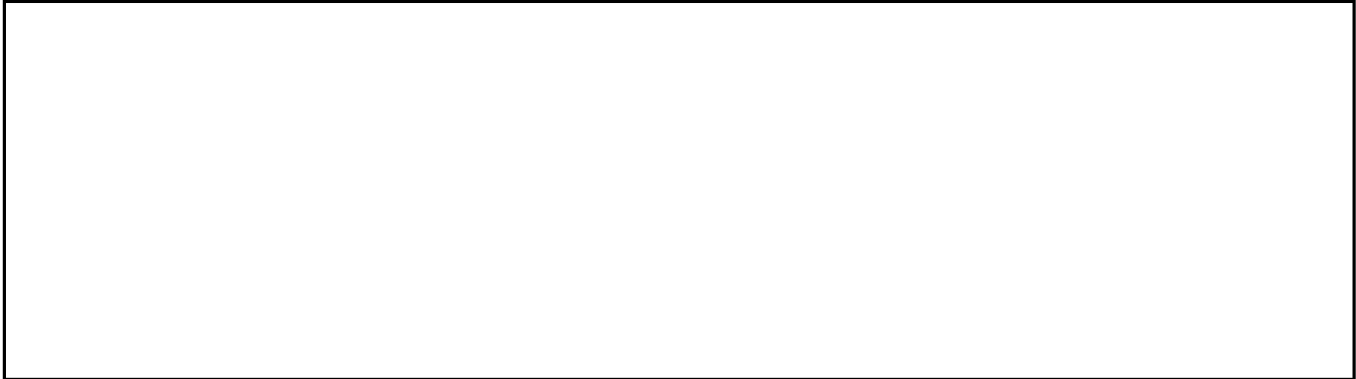
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CUBA: Castro Rally

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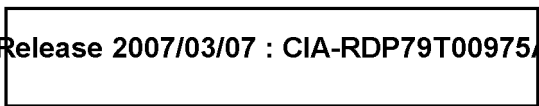
[redacted] Speaking yesterday at a mass rally in Havana to pay tribute to the victims of last week's bombing of a Cuban airliner, Fidel Castro charged that the US was directly involved. At the same time, he offered to discuss with Washington a solution to the terrorist problem, but said that such a discussion was conditioned on a "definitive end" to all hostile and aggressive acts against Cuba.

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[redacted] Castro also charged that the US was incapable of fulfilling the spirit and letter of the 1973 bilateral agreement on hijacking and announced his decision to terminate it on April 15, 1977. He asserted, however, that if a US commercial plane is hijacked to Cuba after the agreement expires, Cuba would return the aircraft, crew, and passengers to the US and would not "put up with" the hijackers. He also said Cuba would continue to honor fully similar bilateral agreements now in force with Canada, Mexico, Colombia, and Venezuela.

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[redacted] Castro's renunciation of the agreement with the US appears to be little more than a symbolic gesture designed to mollify the Cuban people and to put pressure on the US to take



action against Cuban exile terrorists. The flimsiness of his charges that the CIA was involved in the bombing incident suggests that he merely finds the accusation another convenient means of exerting leverage on the US.

25X1 [] Castro also made a point of absolving the Venezuelan government of any blame in the bombing incident. His detailed description of the role that Venezuelans and exiles in Venezuela played in the bombing, however, and his comment on the access some exiles have to "certain political circles" in Venezuela were probably intended to stress that Cuba takes a dim view of the support and freedom of action that militant exiles have in Venezuela.

25X1 [] The speech leaves the impression that Castro, frustrated by a string of terrorist incidents that have cost the lives of almost 80 people since last April, is seeking a means of putting a stop to the violence. []

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LEBANON: Stiff Fighting in Bhamdun Area

25X1 [] The Syrian advance toward Beirut apparently slowed yesterday as Syrian forces engaged in heavy fighting in the Bhamdun area. Units attempting to pass north and south of Bhamdun also met sharp resistance.

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25X1 [] In the south, advance Syrian units have apparently penetrated as far as the heights of Hilaliya overlooking the port of Sidon. Although the Christian militias have largely stayed out of the recent fighting, they have been cleaning leftists and Palestinians out of villages between Jun and Kafr Falus north of the Jazzin-Sidon road.

25X1 [] The Arab League peacekeeping forces in Lebanon have been ineffectual in the face of the Syrian offensive and could be on the verge of disintegrating. A Libyan detachment of the

peacekeeping forces was pulled out of the area east of Sidon on Thursday over Palestinian and leftist protests; it is not clear who gave the withdrawal order.

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[redacted] Arab League mediator Hasan Sabri al-Khuli, who is now in Cairo, is said to have ordered the commander of the League forces to return to Egypt. The Lebanese press, citing Egyptian sources, reports that Khuli himself may submit his resignation from the peace mission.

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[redacted] Palestine Liberation Organization chief Yasir Arafat has been in touch with representatives of various Arab governments in an attempt to step up pressure on Syria. According to the leftist Lebanese radio, Saudi Crown Prince Fahd has responded to Arafat's plea by asking Syria to halt military operations. There were earlier indications that the Saudis support the latest Syrian offensive.

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[redacted] Saudi Arabia, meanwhile, has obtained Syrian President Asad's agreement to attend a six-member "mini-summit" that will convene today in Riyadh. The Saudi royal court has announced that presidents Sadat, Asad, and Sarkis, King Khalid, Kuwaiti Amir Sabah, and Yasir Arafat will attend.

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[redacted] Asad's agreement to attend reverses his earlier refusal to go to any limited summit that includes both Arafat and Sarkis and would therefore focus on the situation in Lebanon. During earlier Saudi attempts to convene such a meeting, Asad had always insisted that only Sadat, Khalid, Sabah, and himself attend and that the discussion deal with the rupture between Syria and Egypt, for which he could blame Egypt's acceptance of the second Sinai accord.

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[redacted] Asad may have decided that recent Syrian military successes in Lebanon put him in such a strong position that he risks little by going to the mini-summit. Judging by the last meeting between himself and Sadat held under Saudi aegis, he may believe that only rhetoric is likely to emerge.

25X1 [redacted] The Syrian leader has followed a consistent pattern since his intervention in Lebanon of pursuing a military option for short periods of time, broken by long pauses during which negotiations were conducted and Syria would give an impression of willingness to compromise--without, however, conceding anything of value. Asad may have calculated that such a pause is again in order.

25X1 [redacted] The full summit scheduled to begin Monday has been postponed because of the meeting in Saudi Arabia. The preparatory foreign ministers' meeting convened in Cairo yesterday, but the ministers announced that they would not meet again until after the mini-summit. [redacted]

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UNITED KINGDOM: Economic Situation Report

25X1 [redacted] //The recent publication of statistics on British trade, retail prices, and industrial production has contributed to the downward pressure on the pound and heightened local demands for selective import controls. The pound closed at \$1.650 yesterday, down from last week's closing of \$1.662.//

25X1 [redacted] //The seasonally adjusted monthly trade deficit rose to more than \$600 million in September--up \$119 million from August.//

25X1 [redacted] //While the British government continues to resist demands for general import controls, the likelihood has increased of some other form of restraint--an import deposit scheme or quota restrictions on specific products. Earlier this week, the Confederation of British Industry and the Trades Union Congress jointly recommended selective import curbs on such items as electronic components, television sets, footwear, automobiles, paper products, and textiles and clothing. Japan, Taiwan, and Singapore would be the primary targets of controls.//

25X1 [redacted] //Consumer prices in September rose by 1.3 percent, bringing the increase for the first nine months of the year to 10 percent. The current inflation rate is below last year's 24 percent, but it is still well above the rates in most other industrial nations.//

25X1 [redacted] //Little improvement in Britain's inflation is likely before next year. September wholesale price figures showed a 1.3-percent increase for manufactured goods and a 3.3-percent increase for raw materials. The drop in sterling since early September in turn will increase the upward pressure on prices, particularly raw material prices.//

25X1 [redacted] //The recovery from the recession apparently has also stalled. Industrial production fell 1 percent during August, bringing the decline for the three-month period through August to about 3 percent. Because of the slowdown in industrial output, Britain's gross domestic product growth almost certainly will fall short of the 4.5-percent annual growth rate forecast by the Callaghan government for the 18-month period beginning with the second half of 1976. A more modest 3 to 3.5 percent is likely. [redacted]

USSR: Kirilenko Award Ceremony

25X1 [redacted] Party secretary Kirilenko Thursday was presented with the Order of Lenin, which had been granted on the occasion of his 70th birthday on September 8. Party chief Brezhnev and most other party leaders attended the ceremony.

25X1 [redacted] The honors accorded Kirilenko are similar to those given Podgorny, Suslov, and Kosygin for their 70th birthdays and seem generally in line with Kirilenko's position in the leadership. The delay in giving the award was unusual, but Kirilenko, presumably on vacation, had been out of sight throughout September, and this may have been the first convenient time to hold the gathering.

25X1 [redacted] Kirilenko in his acceptance speech went to far greater lengths than necessary or even appropriate to praise Brezhnev and demonstrate loyalty to the party leader. The political nature of his remarks was reinforced by an extraordinary and inappropriate recital of accomplishments during his own long party career.

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[redacted] It is possible that Kirilenko's remarks reflected concern about his credentials as a successor to Brezhnev. Kirilenko has been one of Brezhnev's oldest and closest associates. For many years he has served as Brezhnev's unofficial deputy in the party secretariat and is viewed as the person most likely to succeed Brezhnev should he step down in the near future.

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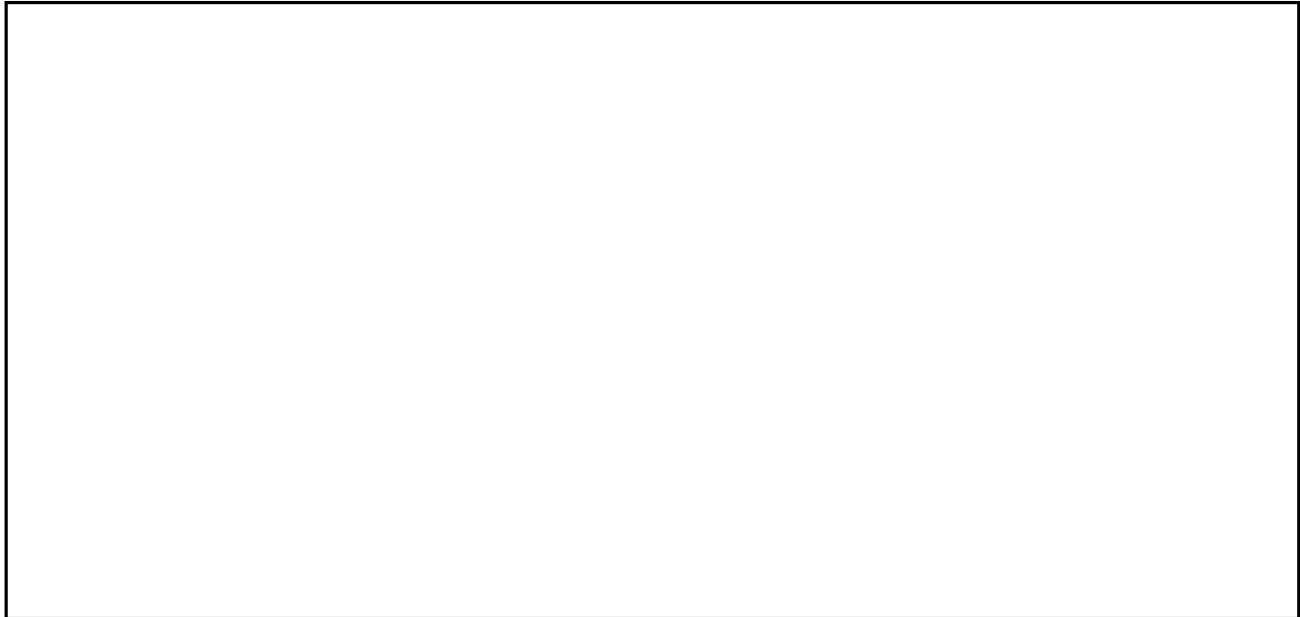
[redacted] Kirilenko, however, has never been publicly recognized as the second man in the secretariat, and his age is a liability. His sensitivity to his age was apparent when he noted in his speech that "a 70-year long path through life is not a short one, but it is good that in our country this age is considered to be only average." In addition to Kirilenko's age, there is also the increasing likelihood that Brezhnev will, with the passage of time, be tempted to turn from Kirilenko to one of his younger proteges. [redacted]

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NATO: European Program Group

25X1 [redacted] //The arms directors of the ten European members of NATO's military organization plus France--convening as the European Program Group--held their third meeting in Rome recently to review progress on European arms collaboration and to prepare for a meeting at the political level in November.//

25X1 [redacted] //A review of work accomplished thus far focused on the progress made by two subgroups investigating the possibilities for cooperation provided by present national equipment schedules and future equipment needs. The Group concluded that overall progress so far was satisfactory and it agreed to establish new areas for future cooperation.//

25X1 [redacted] //The representatives also noted the work of another subgroup that is addressing such complex problems as ensuring the cooperation of national industries, controlling exports to third countries and developing "compensatory mechanisms" for countries with relatively small or nonexistent arms industries. A full assessment of the work of this politically oriented group was reserved for the November meeting which will be held at the under-secretary level.//

25X1 [redacted] //Agreement on these complex issues would facilitate establishment of a permanent secretariat to handle arms collaboration. It would also help the Europeans achieve a consensus on how the Group is to relate to NATO.//

25X1 [redacted] //An Italian official said recently that the November meeting will specifically take up the question of a tie to NATO. In his opinion, the most likely approach to developing such a link will be via the Conference of National Armaments Directors--a group that meets regularly but has only an informal connection with the alliance.//

25X1 [redacted] //The first tentative moves may in fact already have been made. At a recent meeting of the arms directors of the four major powers--France, the UK, West Germany, and the US--the French and the Germans finally gave formal approval to a British proposal to include US and Canadian contributions to the weapons planning exercise of the European Group.//

25X1 [redacted] //The Europeans also offered to provide the US with the replacement schedules they are developing, and pledged that weapons projects discussed by the four powers would coincide with those considered in the European Program Group. [redacted] 25X1

25X1 [redacted]

USSR: Soviet Warships in Yugoslavia Shipyards

25X1 [redacted] //Three Soviet warships--the Moskva-class antisubmarine warfare helicopter carrier Leningrad, a Kashin-class guided missile destroyer, and an F-class diesel-powered attack submarine began a five-day port visit to Split, Yugoslavia, on Thursday.//

25X1 [redacted] //The ships are under the command of Rear Admiral Dvindenko, who is probably the surface force commander of the Soviet Mediterranean squadron. The most recent Soviet port visit to Split occurred last April when a Sverdlov-class cruiser, a Kashin-class destroyer, and an F-class submarine called.//

25X1 [redacted] //As a result of their eviction from Alexandria, Egypt, in April, the Soviets have been seeking alternative port facilities in the Mediterranean more actively. During a

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visit to Yugoslavia in August, Soviet Navy Commander Admiral Gorshkov discussed the use of Yugoslav ports for repair of Soviet ships. Even if the use of Yugoslav facilities for Soviet naval repairs is expanded somewhat, it cannot adequately compensate for the denial of access to facilities formerly available at Alexandria.//

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[redacted] //The US defense attache in Belgrade reports that he and other NATO attaches have observed that the number and type of Soviet ships under repair in Yugoslav shipyards may deliberately circumvent an April 1974 Yugoslav maritime law, which, among other things, prohibits the repair of naval ships in commercial ports. Three Soviet naval auxiliaries--all apparently declared as merchant ships--have recently been under repair at two commercial ports. Two of them are still undergoing repairs.//

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[redacted] Two Soviet warships have been undergoing repairs in Tivat, a designated naval shipyard, for several months. A third ship spent 18 days there in September either under repair or visiting. According to the law, not more than two naval ships from the same country may be repaired at one port simultaneously. The same law restricts visits by foreign naval units to the ports of Split, Rijeka, and Dubrovnik and sets a time limit of 10 days.

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CHINA: Wallposters and Arrests

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[redacted] Wallposters on the arrest of the four leading leftists on the Chinese Politburo have appeared in at least three major Chinese cities, including the leftist bastion of Shanghai. The posters have called for harsh measures against the quartet, now dubbed the "four dogs," but the tone of the posters suggests that rumors of their execution are false.

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25X1 [redacted] The roundup of other leftists has extended to fields where the left was most influential--propaganda, culture, and education. Two Radio Peking officials who were on an overseas trip have been recalled to Peking.

25X1 [redacted] The only cultural official who has appeared publicly in recent days was a victim of the left during the Cultural Revolution.

25X1 [redacted] Some educational officials are under arrest, and students at the major universities in Peking appear to be calling for further arrests. Their posters say they do not trust the universities' leaders.

25X1 [redacted] Arrests do not appear to have extended widely into the provinces, where leftist supporters are keeping a low profile. There is one report, however, that a leftist newspaper in Shanghai, which carried an article in March attacking Chou En-lai, has been closed. A poster in Shanghai reportedly called for one local leftist official to explain his relationship to those arrested in Peking.

25X1 [redacted] The forceful move against the left may already be benefiting those who were in political trouble during the anti-rightist campaign before Mao's death. The minister of railways, who was allegedly dismissed during that campaign, is said to have resumed his duties.

25X1 [redacted] The antileft campaign has prompted other Chinese officials to act with growing confidence. The minister of foreign trade is said to have apologized to foreigners that trade had come to a standstill but promised that the situation would change for the better. Trade policy had been under attack since the campaign to oust Teng Hsiao-ping.

25X1 [redacted] Some foreign observers have noted an increased number of police, militia, and military on the streets of Peking. This is undoubtedly related to the move against the left and possibly also to the central committee meeting still in progress in the capital. There have been no reported signs of heightened security elsewhere in China. [redacted]

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