

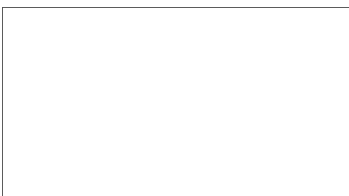
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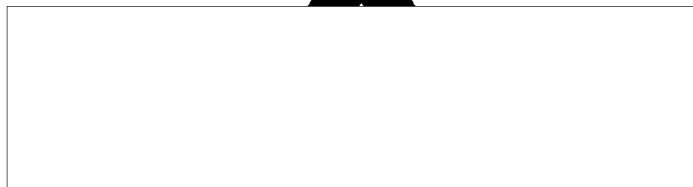
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NATIONAL INTELLIGENCE DAILY CABLE

Monday November 15, 1976

CI NIDC 76-267C



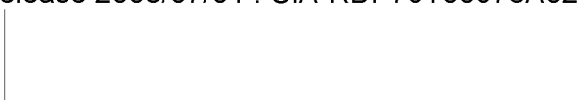
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National Intelligence Daily Cable for Monday, November 15, 1976.

[Redacted]

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

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RHODESIA: Cross-Border Operations

[redacted] //Aggressive actions by Rhodesian security forces since late last month against nationalist guerrillas based in neighboring countries seem to mark a return to tactics used by the Rhodesians prior to Prime Minister Smith's acceptance in September of the principle of majority rule within two years. The security forces have been active against guerrillas inside Rhodesia since Smith's announcement, but the attacks on guerrilla bases in Mozambique at the end of October were the first significant cross-border operations since August.//

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[redacted] //The Rhodesians' main concern is the Mozambique border area, where most of the guerrillas are concentrated. The recent cross-border operation apparently was the most extensive to date; security officials assert that it was justified because the guerrillas were planning a major offensive timed to coincide with the Geneva conference and the beginning of the rainy season.//

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[redacted]

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[redacted] //The Rhodesians reportedly are also giving assistance to Mozambican dissident groups. These groups do not pose a serious threat to the Mozambican government, but the Rhodesians hope to divert some of its attention away from supporting guerrilla activities against Rhodesia.//

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[redacted] //Rhodesia's operations into Mozambique do not appear to have discouraged either the guerrillas or their Mozambican allies, however, and the results of the recent meeting of the "front-line" presidents point to an effort to increase the military pressure on the Smith government. Additional cross-border operations might tempt the Mozambicans to ask communist powers to play a greater role in the war effort.//

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[redacted]

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[redacted] //In Zambia, officials have been complaining privately that Rhodesia is building up its forces along Zambia's borders, and some allege that Rhodesian troops briefly entered Zambia early this month. At about the same time, Rhodesian troops apparently made a small incursion into Botswana for the first time since August.//

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[redacted] //The Smith regime has always been more circumspect with regard to Zambia, which it sees as more moderate and reasonable than Mozambique. Occasional strikes by Zambian-based guerrillas into western Rhodesia have been relatively minor irritants, and the Rhodesians are not likely, despite Zambian fears, to retaliate with a large-scale operation.//

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[redacted] //The Rhodesians probably believe that troop movements on their own side of the border will persuade Zambian President Kaunda to continue to prevent any major attacks by the guerrillas based in his country.//

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[redacted] //The Rhodesian government probably believes the cross-border raids, in addition to yielding tactical military advantages, would improve the morale of the security forces and the white population. Although most Rhodesian whites accepted Smith's announcement last September and the prospect of a black government with apparent equanimity, many were clearly thinking of leaving the country if conditions deteriorated. The security forces have continued to perform well, but some troops have showed signs of indiscipline and a growing reluctance to fight.//

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[redacted] //The Smith government has maintained contacts with both Nkomo and Muzorewa and apparently believes it might be able to reach an agreement with them that would safeguard white interests if the militants leave Geneva. Smith probably thinks that Nkomo and Muzorewa will not walk out because they have few guerrillas loyal to them and little choice but to try to gain power through a negotiated settlement.//

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[redacted] //Smith probably believes there is little or no chance of a settlement in the near future that would persuade the guerrillas to lay down their arms voluntarily. As a result, the government may feel that its security forces must hit the guerrillas hard outside of the country's borders or else suffer the consequences of heavier fighting within Rhodesia. [redacted]

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ZAIRE-USSR: Relations

[redacted] Relations between Zaire and the USSR, brought to the brink of a diplomatic break by their support for rival groups during the Angolan civil war, may be on the mend. Any movement toward improved relations will probably be gradual, however, given President Mobutu's long-standing suspicions of Soviet intentions in southern Africa.

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[redacted] According to the US Embassy in Kinshasa, the Soviet ambassador to Zaire recently returned from consultations in Moscow with instructions to do everything possible to strengthen relations and particularly to facilitate early signature of cultural and commercial accords. The Zairian commerce minister is preparing for a trip to Moscow to sign a commercial agreement.

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[redacted] Mobutu sent Soviet President Podgorny a congratulatory message on the occasion of the anniversary of the October revolution, something he did not do last year. The message expressed the wish of Zaire's official party to strengthen cooperative relations. The Soviet anniversary reception in Kinshasa was well-attended by high-ranking Zairian officials, although Mobutu himself did not appear.

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[redacted] Mobutu certainly will move cautiously in expanding his relations with the USSR. Even before their differences over Angola, he kept the Soviets at arm's length.

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[redacted] Nevertheless, Mobutu probably believes he must adapt to the strong position the Soviets have established in Angola and to the good relations they have with most of Zaire's other neighbors. Moreover, Mobutu would like to discourage any Soviet or Angolan support for Zairian dissidents, many of whom are in Angola. [redacted]

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JAMAICA: Balance of Payments

[redacted] Jamaica's increasingly tight foreign payments position probably will result in more severe economic austerity measures over the next six months. Continuing economic prob-

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[redacted]

lems have already cut Jamaica's real gross national product by about 5 percent this year and have increased unemployment to at least 25 percent of the labor force.

[redacted] The prospect of continuing economic decline may lead Prime Minister Manley to move elections to December rather than wait until the constitutional deadline in May. Recent private statements by officials of Manley's party and of the opposition point to a mid-December election date. In a related development, Manley asked Parliament last week to permit him to reduce the period between the calling of elections and election day itself.

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[redacted] Jamaica's current-account deficit is likely to reach a record \$270 million this year. Unless imports are cut back, Jamaica will likely accumulate at least a \$200 million current-account deficit next year. Export earnings have dropped 20 percent, mainly because of lower bauxite and alumina sales. Although bauxite and alumina exports are picking up, higher oil import costs will offset much of the gain. Tourism receipts, cut sharply because of growing unrest, show no prospects for improvement.

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[redacted] Manley still must borrow at least an additional \$75 million to cover his 1976 obligations. Otherwise, drawings on foreign exchange holdings of this magnitude would reduce the country's reserves to under \$100 million--less than six weeks' import cover.

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[redacted] Jamaica's recent efforts to round up new loans have fared poorly:

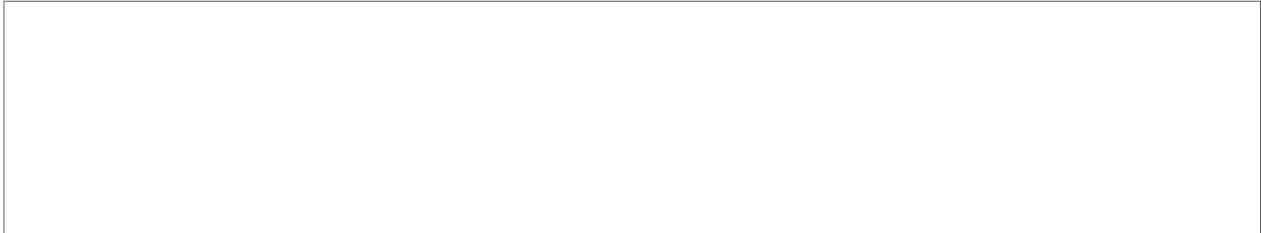
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--The Organization of Petroleum Exporting Countries' Special Fund probably will not provide help.

--Canada promised \$25 million in short-term cash--part of a \$100 million package, the rest of which is longer term project credits--during Manley's visit in October.

--The International Monetary Fund added a meager \$15 million this week.

--China refused a \$30 million request.



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[Redacted] Rising private capital flight and the government's difficulty in garnering large new funds point to a payments gap in 1977 that dwindling reserves would be unable to cover. Manley's settlement with Alcoa last month setting an eight-year ceiling on bauxite taxes leaves little chance of help from a bauxite tax hike.

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[Redacted] Whichever party wins the election, Jamaica will have little choice but to tighten import controls and take other measures, including a possible devaluation. Such moves, however, would lead to further economic decline. [Redacted]

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LEBANON: Situation Report

[Redacted] The entry of Syrian peacekeeping forces into Beirut was held up again yesterday, apparently to give Lebanese President Sarkis more time to work out arrangements with all sides for a peaceful occupation of the city. There is press speculation that the Syrians will move in today.

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[Redacted] Sarkis and the Syrians on Saturday persuaded the Iraqis to agree to withdraw their forces from Beirut. Some 800 Iraqis are said to have already left west Beirut for the Shuf region. Their withdrawal will be a blow to the Lebanese leftist and Palestinian radical forces still in the city; they have sought to delay the Syrian advance by demanding security guarantees and objecting to the absence of other Arab league units from the peacekeeping forces now ringing the capital.

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[Redacted] The Syrians may have taken advantage of the delays to send reinforcements to Lebanon. According to press reports, two brigades with armor reportedly are on their way to Beirut, and a third brigade is said to be heading for the Shuf, the stronghold of leftist leader Kamal Jumblatt whose forces have

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[redacted]

been stockpiling their weapons in the area to avoid confiscation.

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[redacted]

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[redacted] one of the Syrians' stated objectives for months has been to disarm the Palestinians and all of the private militias in Lebanon.//

[redacted] The Palestinians, in anticipation of the occupation of Beirut, reportedly have begun moving arms, artillery, and ammunition in increasing amounts to Sidon, Tyre, and Nabatiyah.

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[redacted]

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USSR: Five-Year Plan

[redacted] The Soviet economy has not regained the momentum lost because of last year's crop disaster. Even the improvement we and the Soviets expect next year probably will not get the economy back on the schedule established by the tenth five-year plan (1976-1980).

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[redacted]

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[] The five-year plan was nevertheless formally ratified by the Supreme Soviet and a Party Plenum in late October virtually unchanged from the version presented to the 25th Party Congress last March. Although the plan goals are relatively unambitious, the prospects for fulfillment are not good.

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[] We project a 3 percent growth in gross national product for 1976, compared with the planned average annual growth of 5 percent for 1976 and 1980. Industrial production grew by an estimated 4 percent during January-September--the lowest rate since World War II--largely because of a decline in industrially processed food production, which is suffering from last year's harvest shortfall.

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[] Our estimate for a low GNP growth rate this year also rests on a projected 1 percent growth in total farm output. Although the harvest--particularly of grains--was good, livestock production is likely to drop by 13.5 percent.

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[] Few details of the 1977 plan were revealed last month, but most goals seem surprisingly modest, considering that the economy will be bolstered by a good supply of agricultural raw materials. The growth rate planned for industry, for example, is only 5.6 percent compared with the average annual rate of 6.5 percent projected in the five-year plan.

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[] Given the slow start in 1976, the Soviets must sustain high rates of growth throughout the remainder of the plan period if the 1980 targets are to be met. Industry would have to grow by an annual average rate of almost 7 percent and agriculture by more than 6.5 percent in 1977 to 1980. Both rates exceed the Soviet record since 1970 and seem beyond reasonable expectations.

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[] The final version of the five-year plan leaves intact the main thrust of the version released in March:

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- Relatively rapid industrial growth.
- Ambitious farm targets backed by a large allocation of resources.
- Continued pledges to the consumer.



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[REDACTED]

--Slower growth in new investment with emphasis on completing old projects.

--Stress on increasing productivity.

[REDACTED] The final goals for consumer goods output, industrial materials, agricultural output, and investment are at the upper end of the range given last March. A few targets are at the lower end, particularly those for total industrial output and producer goods. Only the labor productivity goal falls below the original target. The lowering of this goal is particularly ominous for the Soviets since they must now depend largely on increases in productivity for growth.

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[REDACTED] General Secretary Brezhnev's unusually frank and forceful presentation of the plan to the Party Plenum identified the areas most crucial for the plan's success as agriculture, investment, and productivity. While indicating that the economy was not doing particularly well in these areas, his tone was optimistic.

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[REDACTED] According to Brezhnev, the most pressing task in 1976 to 1980 is to improve the performance of the agricultural sector. In a rare acknowledgment of the close competition for resources, he called the investment allocation to this sector "a tremendous sum" which necessitated "curtailing some of the requirements of other branches of the economy."

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[REDACTED] Brezhnev said that neglect of the consumer sector by production and planning organizations would not be tolerated. He called for "achieving breakthroughs in the entire sphere of consumer goods output and services," identifying the satisfaction of consumer demands as a major prerequisite to the success of the five-year plan. Although acknowledging the looming labor shortage, Brezhnev offered no solutions other than a general appeal for a more rational use of labor resources.

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[REDACTED] The latest industrial investment data shows that most funds will continue to go into those sectors deemed important to scientific and technical progress--chemicals, petroleum, metallurgy, electronics, and the heavy machine building industries. Brezhnev called the implementation of the investment program "probably the central problem" and admitted the difficulties of

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[redacted]

achieving a large boost in the stock of plant and equipment with minimal investment funds. He promised adoption of unspecified new measures to speed up the process of completing unfinished construction projects. [redacted]

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JAPAN-KOREA: Press Comments

[redacted] Japan is publicly underscoring its desire for a continued US military presence in South Korea, an effort which reflects Japanese concern over the future course of US-South Korean relations.

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[redacted] Over the past week, this theme has been emphasized in a speech by Japanese Ambassador Togo in Minneapolis, in an interview given by the Japanese ambassador in Seoul, and in remarks by Japanese Defense Agency and Foreign Ministry officials. Heavy Japanese press coverage and editorial comment also reflect the apprehension that relations between the US and South Korea may be strained for some time to come.

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[redacted] Japanese officials so far have not publicly raised questions about the US commitment to defend South Korea. The Japanese, however, are clearly uneasy about the possible effects of alleged South Korean improprieties in the US and uncertain about the policies of the next US administration.

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[redacted] The North Koreans have given heavy propaganda play to US press accounts of alleged South Korean improprieties. They undoubtedly hope that friction between the US and South Korea will continue to develop and thus provide additional opportunities for exploitation. [redacted]

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NATO: West German Arms Sales

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[redacted] //The West German government is considering a proposal that would change current policy on arms exports to non-NATO areas.//

[redacted] //The Germans now refuse to sanction sales to so-called "areas of tension." Under guidelines recommended by a recent interministerial study, West Germany would allow weapons

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[redacted]

produced with other countries to be sent to any country where there is not an "imminent threat" of war, with the exception of South Africa.//

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[redacted] //West Germany hopes that if it makes the change it will remove a long-standing irritant in its relations with France. Under the new policy, France would not have to secure prior German approval to sell co-produced weapons in the Middle East.//

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[redacted] //West German Chancellor Schmidt, mindful of West Germany's special relationship with Israel, recently turned down a French-Egyptian request for the export of 120 Alpha Jets to Egypt because the trainer version being developed by France can be converted to a ground attack aircraft. That decision may soon be reversed.//

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[redacted] //West Germany still has no immediate plans to expand the relatively low volume of its arms exports to non-NATO countries. [redacted]

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WEST GERMANY - EC: CIEC Developments

[redacted] //Under intense pressure from its EC partners, West Germany has agreed to participate in an EC Council discussion next week on proposals to improve developed-country offers to developing states in the North-South dialogue. Although Germany may indicate some flexibility at next week's EC Council, definite changes in the Community position for the North-South talks may have to await the meeting of EC heads-of-government.//

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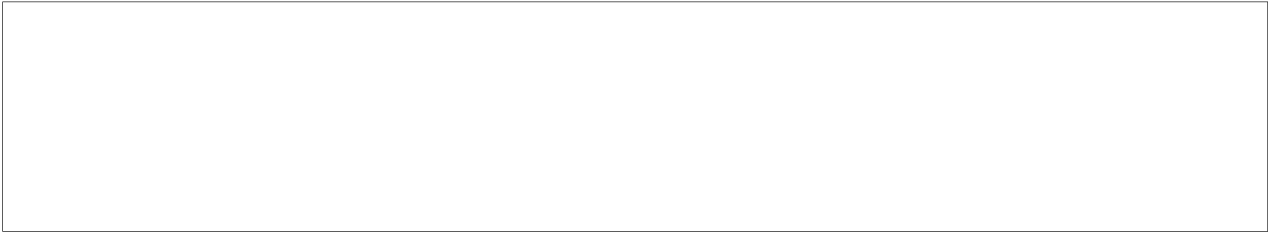
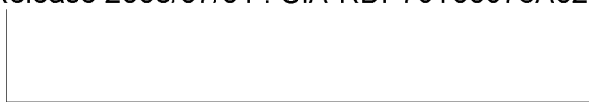
[redacted] //EC officials are not optimistic that the Germans will accept proposals from the EC Commission on debt and related aid issues. The meetings may, however, initiate a Community debate urged by German Chancellor Schmidt on linking concessions by developed states to oil price rises and the overall economic situation in the Community.//

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[redacted] //Schmidt has been stressing that concessions to the developing countries could adversely affect the economies, especially the trade balances, of the weak Community members.//

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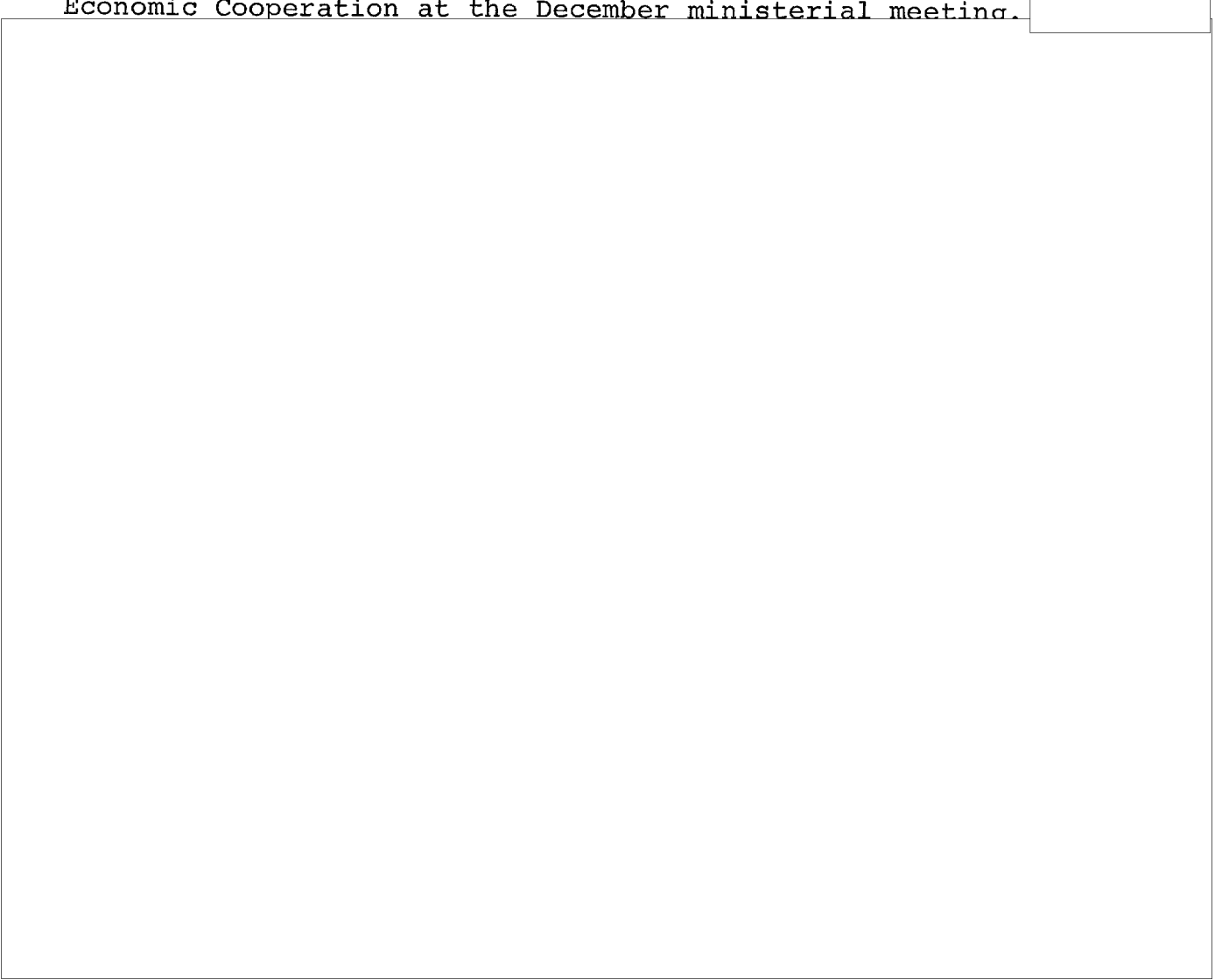
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 //Representatives of the Nine in Brussels still want to aim for a conclusion of the Conference on International Economic Cooperation at the December ministerial meeting. 

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