

Top Secret 217

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NATIONAL INTELLIGENCE DAILY CABLE

Saturday March 12, 1977

CG NIDC 77-058C

[Redacted box]

NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

DIA review(s) completed.

Top Secret

State Dept review completed

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Approved For Release 2007/03/06 : CIA-RDP79T00975A029900010022-6

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National Intelligence Daily Cable for Saturday, March 12, 1977.

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

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ZAIRE-ANGOLA: Military Situation

25X1 [redacted] //There appears to have been no major change in the military situation in southern Zaire. Dilolo, Kisenge, and Kapanga are in Katangan hands, but the invasion force has made no further inroads, and it appears that the Katangans may be trying to consolidate what they now hold. [redacted]

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25X1 [redacted] The former Katangan gendarmes have used the radio facilities of missionaries in Kapanga to broadcast a statement to the Zairian government. According to a Zairian summary of the statement, the Katangans intend to liberate the country and have no intention of withdrawing soon. They called on the people to join them.

25X1 [redacted] The Zairian military command began an effort yesterday to airlift ammunition and some 1,500 troops from the Kinshasa area to Kamina, Kolwezi, and Lubumbashi. The air force reportedly has dispatched 10 combat aircraft, including 5 Mirage fighters, to Kamina airbase, which will be used to support air strike operations. Two light transports have been sent to Lubumbashi.

25X1 [redacted] Thus far, the Zairian military appears to have been able to circumvent most of the logistics bottlenecks they have confronted. Some combat aircraft are being cannibalized to render others operational, and preparations for yesterday's airlift out of Kinshasa reportedly went smoothly.

25X1 [redacted] Nevertheless, the military is encountering some problems. The air force is critically short of C-130 spares, for example, and has little ordnance for its combat aircraft. Its few pilots are spread thinly.

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[redacted] The US defense attache in Kinshasa paints a bleak overall picture of the Zairian military, citing low morale, corruption, desertion, and a lack of discipline as its major weaknesses. Aside from problems with logistics and maintenance, he points out that many units are under strength, unevenly deployed, and largely untested.

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[redacted] In addition to his requests to the US, President Mobutu is seeking urgent assistance from both the Belgians and French. Paris has said it will provide 10 percent of Zaire's ammunition requirements, and the Belgian cabinet was to meet "immediately" to discuss Mobutu's requests. The Zairian shopping list sent to Brussels includes varying quantities of machine guns, mortars, antitank rockets and mines, rifle grenades, large amounts of assorted ammunition, and bombs and rockets for aircraft.

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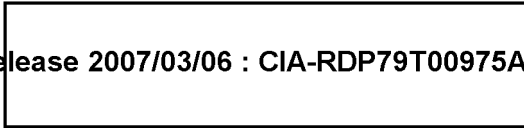
FRANCE: Voters to Polls

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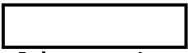
[redacted] French voters go to the polls tomorrow and next Sunday in nationwide municipal elections. At stake are almost half a million municipal council seats, an important source of grass roots political support for France's political parties, which have become increasingly polarized between left and right. The competition between left and right will overshadow many of the contests, which are primarily local in nature.

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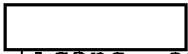
[redacted] Issues in most French cities involve such matters as public transportation, crime control, taxes, and the environment. Most candidates have, however, identified themselves with a national ticket, and the parties will be quick to extract statistics to demonstrate their national gains. Although it is not uncommon for voters to demonstrate different allegiances in different elections, a strong showing by the Socialists would nonetheless give them important psychological momentum for the parliamentary election next spring.



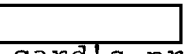
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 The Socialist-Communist alliance is running joint lists in all but 17 of the 221 cities with populations of over 30,000. It is likely to make substantial gains in the major cities and to head the governments in some 60 percent of the cities with populations between 30,000 and 300,000. Overall, the left will probably poll more than half the votes cast, and the Communists--piggybacking on the Socialists' strength--will put a large number of their followers on municipal councils.

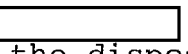
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 The governing parties--Gaullists, Independent Republicans, and centrists--have agreed on joint lists in all but 21 of the cities with populations of over 30,000 but are likely to do well primarily in Paris, Nice, and smaller towns; many of the contests are too close to call.

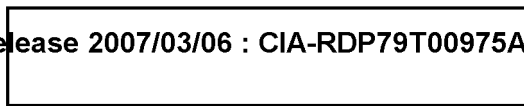
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 The Paris mayoralty race, in which President Giscard's prestige is at stake because of his consistent backing of the candidacy of Minister of Industry d'Ornano, is still a toss-up; it appears that no party will have a majority on the council. Recent private polls and polls by the French Ministry of Interior show a leveling off of leftist votes to about 37 percent, a drop in votes for Gaullist leader Chirac and an increase in votes for d'Ornano, resulting in a slight lead for d'Ornano.

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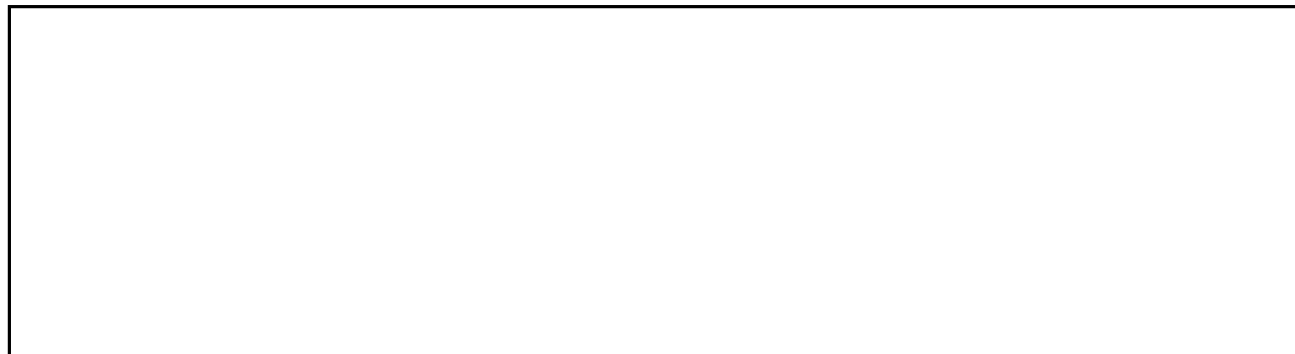
 There are many unknown factors, however, including the disposition on the second round of the ecologist vote--now up to 12 percent in opinion polls. The "green electorate" is generally unsympathetic to the Gaullists, but it is not clear how it will be distributed between the Socialists and the Giscard forces. There are also at least six districts that are too close to call with any accuracy.

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OPEC: The Split Deepens

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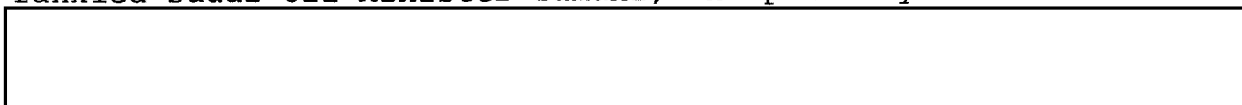
[redacted] The price split in the Organization of Petroleum Exporting Countries has widened, and Iran and Saudi Arabia have hardened their positions.

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[redacted] Iran has emerged as the most vocal defender of the 10-percent price hike agreed to by 11 OPEC members in December. Encouraged by strong oil sales in February, an Iranian spokesman stated on March 2 that the market has upheld the 10-percent increase and that Iran is prepared to adopt the additional 5-percent increase scheduled for July. Previously, Iran was prepared to compromise by dropping the July price hike.

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[redacted] The spokesman also said Saudi crude is now selling on the market at 9 percent above the 1976 level. That assertion rankled Saudi Oil Minister Yamani, who publicly refuted it.



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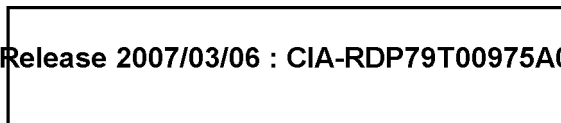
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[redacted] Despite the strong world demand for OPEC oil--production last month was 3 million barrels per day higher than in January--the Saudis have resisted pressure to alter their December decision. In late February, Yamani told reporters, "we regret that our colleagues in OPEC have not altered their position and we have no intention whatsoever of increasing the price of our oil."

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[redacted] In words suggesting greater Saudi independence in setting future prices, Yamani said, "OPEC has no right to fix prices." According to Yamani, Saudi Arabia is now exercising its sovereignty over its own oil.

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25X1 [redacted] //On two occasions, Saudi Crown Prince Fahd informed the US ambassador of his irritation with Iranian criticism and abuse of Saudi Arabia and the United Arab Emirates over oil prices. He inquired whether the US would convey this to the Shah.//

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25X1 [redacted]

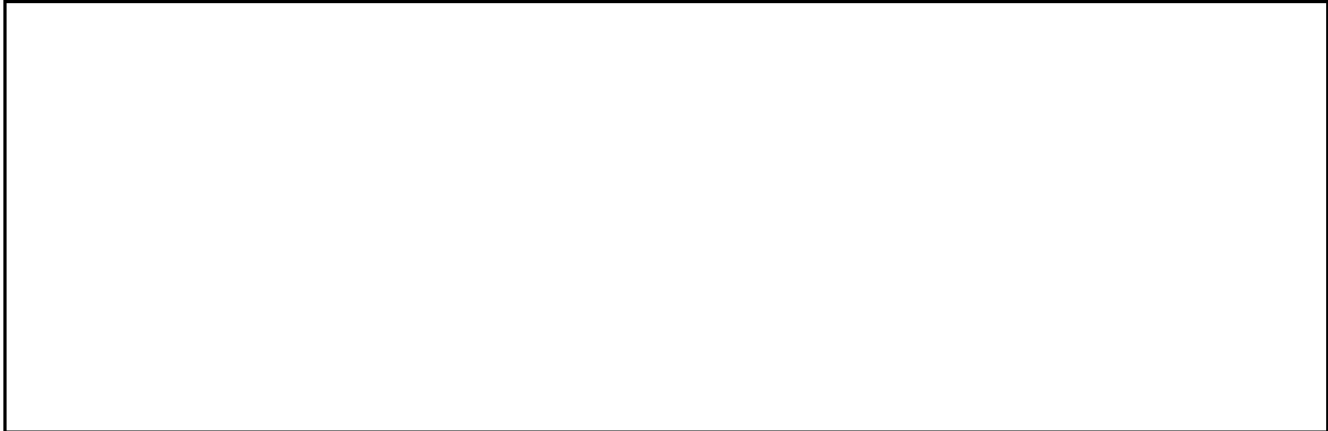
25X1 [redacted]

25X1 [redacted] Most other OPEC nations are either actively seeking a quick compromise or are openly supporting one. Representatives of Qatar, Indonesia, Kuwait, and Algeria already have traveled extensively in pursuit of an agreement. President Perez of Venezuela is scheduled to visit the Middle East next month. [redacted]

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PAKISTAN: Nationwide Strike

25X1 [redacted] The nationwide strike yesterday protesting alleged rigging of Pakistan's National Assembly election on Monday received wide support in the cities of the Sind and the North-West Frontier. The opposition alliance carried most of these cities in the election and cannot assert that the strike proves Prime Minister Bhutto's lack of support elsewhere.

25X1 [redacted] In most major cities of the Punjab--which the opposition claims Bhutto won through fraud--the strike was only partly effective. A report from the consulate in Lahore, however, suggests that the strike yesterday was more successful than those during the campaign. In the all-important rural areas, which gave Bhutto his commanding assembly majority, the strike could indicate little about opposition support.

25X1 [redacted] The opposition alliance's boycott of the provincial assembly election on Thursday resulted in a low voter turnout. Many voters undoubtedly stayed away because of sympathy with the opposition, but others probably saw little point in voting in a virtually uncontested election. Running only against independents and a party that does not belong to the alliance, Bhutto's party won over 95 percent of the seats.

25X1 [redacted] The opposition alliance will probably be encouraged to continue its protests by the results of its initial efforts. Opposition leaders reportedly were to meet last night in Lahore to assess the effectiveness of the strike and to decide on future action. If they believe they have public support, they

are likely to call for processions on Sunday. The support the opposition would have for its threatened campaign to oust Bhutto, however, is still unclear.

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[REDACTED]

ISRAEL-ECUADOR: New Aircraft Offer

[REDACTED] Israel apparently is preparing to make Ecuador an alternate offer to the sale of the Israeli-made Kfir fighter aircraft that was vetoed by the US. US approval was necessary because 40 percent of the Kfir consists of US components.

[REDACTED]

[REDACTED] The new Israeli offer apparently was made during a recent visit to Western Europe and Israel by an Ecuadorean mission. The Israelis promised to ship the aircraft, beginning in six months, within a time frame that apparently would meet Ecuador's requirement for rapid delivery.

[REDACTED]

[REDACTED] One Ecuadorean source told the embassy that Ecuador still hopes the US will offer a package of F-5E interceptors and A-10 ground-attack aircraft. He indicated, however, that if Ecuador cannot get what it wants from the US or Israel, it will probably choose French Mirage F1 interceptors and more Franco-British Jaguar ground-attack fighters. Ecuador has already purchased 12 Jaguars, two of which were recently delivered.

25X1 [redacted] //A deal for the Israeli Mirages could run into a snag if the Israelis need French permission for the transfer. France could deny the request in order to boost its own chances of selling Ecuador the F1.// [redacted]

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FRANCE-NATO: French Decision

25X1 [redacted] //France this week notified its NATO allies of its decision to join the NATO-wide communications system. The decision reflects a long-standing French desire to participate selectively and quietly in NATO activities from which France can derive direct benefits.//

25X1 [redacted] //NATO Secretary General Luns has welcomed the decision, which will allow France to communicate directly with NATO headquarters in Brussels, the three major NATO military commands, and all other NATO capitals. Luns has also invited the French to participate in a pilot secure voice communications system that would link France to several more military headquarters.//

25X1 [redacted] //Participation in both systems would substantially improve military communication and coordination within NATO in the event of an attack. French and NATO officials expect to meet soon to discuss technical and financial arrangements. [redacted]

TURKEY: Sismik Sails Again

25X1 [redacted] The Turkish minister of energy announced last weekend that the oceanographic research ship Sismik I would resume seismic exploration within a month. He did not address the key question of where the ship would operate. A Foreign Ministry official subsequently told the US embassy that Turkey had no plans to send the ship into the Aegean; he added that this would remain the government's policy "as long as the Bern agreement remains in force."

25X1 [redacted] The Bern agreement was drawn up by the Greek and Turkish foreign ministers in November to provide guidelines for bilateral talks on the continental shelf issue. Among other

things, it calls on Turkey to refrain from provocative actions in the Aegean while talks are in progress. The force of the agreement has since been diluted by differing Greek and Turkish interpretations of its references to negotiating procedure.

25X1 [redacted] The most recent round of continental shelf talks ended in stalemate; the two sides are scheduled to meet again later this month, but prospects for progress are not good. Implicit in the Foreign Ministry official's statement is the threat that Turkey might renounce or ignore the Bern principles if the Turks are not satisfied with Greek attitudes.

25X1 [redacted] The Turks would certainly consider carefully the implications of taking such a step. They wish to appear reasonable and forthcoming in view of the heightened interest in Greek-Turkish affairs in the US and Western Europe.

25X1 [redacted] In Prime Minister Demirel's mind, however, international pressures could in the end be outweighed by domestic political imperatives. He faces a close race in the parliamentary election this year and will be tempted to exploit the Aegean issue for political effect, as he did last year. [redacted]

25X1 [redacted]



ROMANIA: Earthquake Rescue Work

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[redacted] Romanian President Ceausescu's highly publicized personal role in directing the rescue work after the earthquake of March 4 has stirred some dissatisfaction among officials and private citizens in Bucharest.

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[redacted] In assuming personal direction of the rescue effort, Ceausescu's actions betrayed his customary flair for self-aggrandizement and also an unmistakable skill in making political capital out of the disaster. Since his sudden return from Africa after the earthquake, Ceausescu has been praised by the Romanian media as the heroic organizer of the nationwide rescue effort.

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[redacted] At the same time, however, Ceausescu has taken some risks by antagonizing several officials and contributing to the underlying mood of cynicism among the people. He has blatantly criticized some local authorities in charge of rescue operations, and his promises to investigate the builders of the houses that collapsed during the quake were bound to intimidate subordinates. His contradictory actions, particularly in trying to undercut those evaluating the structural viability of damaged buildings, have created confusion among individuals already evacuated.

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[redacted] The appointment of Ceausescu's wife to head the new committee in charge of coordinating domestic and foreign aid donations will spur charges of nepotism.

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[redacted] The popular dissatisfaction that exists in Romania is likely to increase as a result of earthquake-related problems. The possibility that the regime will use the earthquake damage as an excuse to squeeze more work out of the people has drawn numerous cynical comments from all sectors of the country. The party decision on March 3 to postpone implementation of previous plans for the introduction of the five-day work week appeared to justify these fears.

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[redacted] The government's unexpected generosity toward those worst affected by the earthquake, shown in the promise of free apartments, furniture, and other amenities, including such "luxury" items as radio and television sets, may at least in part be designed to stem the dissatisfaction. [redacted]

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[redacted]

CHINA: Railroads-Decisive Steps

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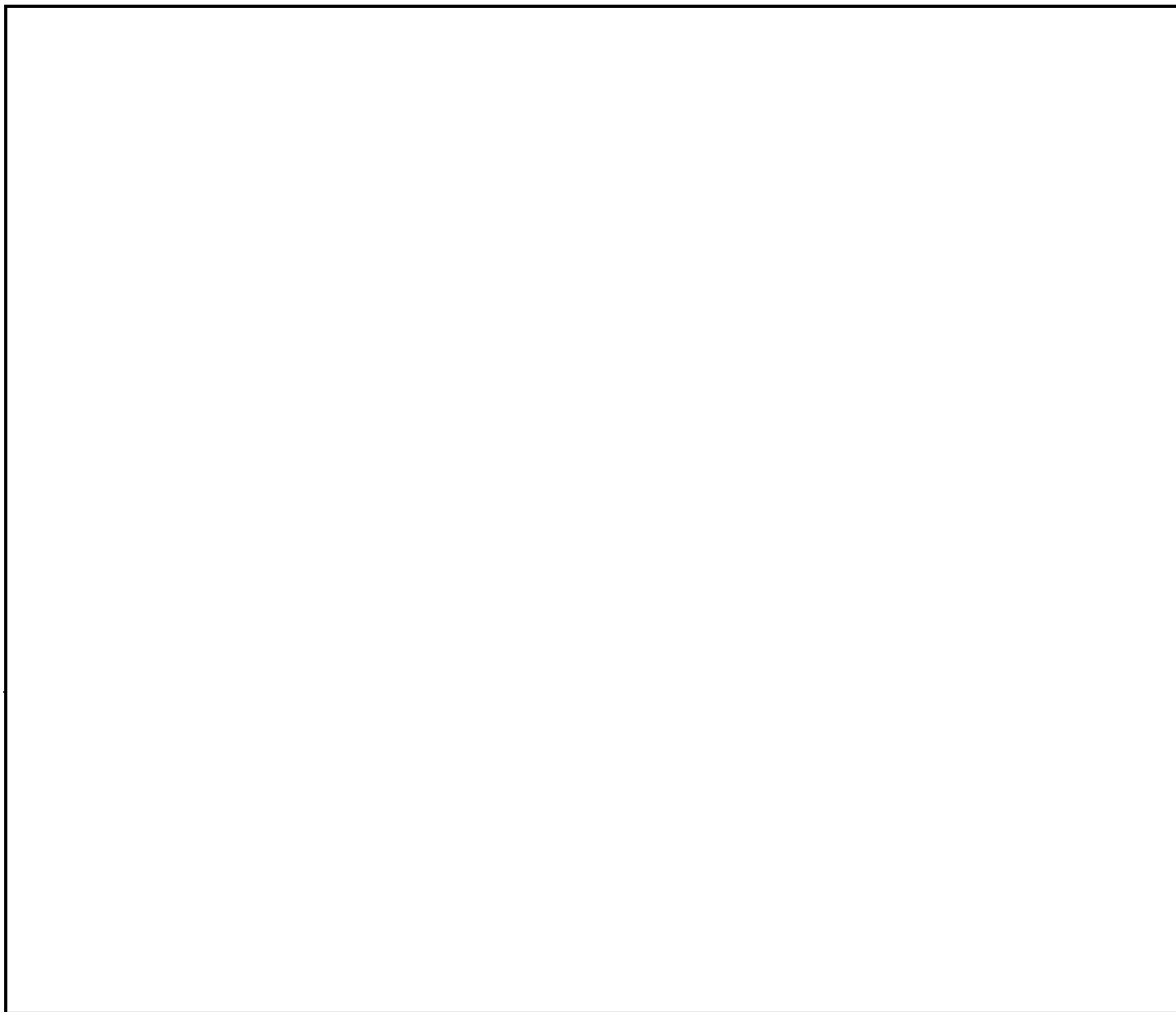
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[redacted] Late last month, measures to strengthen central control and to enforce labor discipline--essentially the measures introduced in a 1975 central directive--were reaffirmed. This followed the military takeover of a major rail center at Cheng-chou in mid-January and reinforced a central directive issued in November calling for severe penalties for worker absenteeism.

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[redacted] There was apparently little or no growth in the rail industry in 1976. During the second half of the year, normal traffic was pre-empted by traffic engaged in earthquake relief and reconstruction efforts. Intense political infighting also hampered performance by aggravating the country's perennial labor and administrative problems, which together had disrupted operations in several regional and local rail centers in 1974 and early 1975.

25X1 [redacted] Peking's steps to strengthen control over the rail-
ways does not mean it is abandoning its general policies of de-
centralization. It may, however, presage greater central con-
25X1, trol over other critical industries--such as steel and coal--
that have been particularly vulnerable to political disruption
and in which performance has often as a result been disappoint-
ing. [redacted]



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