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NATIONAL INTELLIGENCE DAILY CABLE

Wednesday May 4, 1977

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NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

State Dept. review completed

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National Intelligence Daily Cable for Wednesday, May 4, 1977.

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

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ZAIRE: Situation Report

25X1 [redacted] *The Katangans now appear to be putting up some resistance in southern Zaire and the Moroccans have taken part in fighting for the first time. Some Egyptian personnel are now in Shaba.*

25X1 [redacted] The Zairian-Moroccan offensive in Shaba appears to have stalled midway between Mutshatsha and Kasaji. The government task force apparently ran out of fuel over the weekend and lead elements were ambushed Sunday by the Katangans. [redacted]

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25X1 [redacted] both sides took casualties during the five-hour fight.

25X1 [redacted] Moroccan troops apparently played a major role in driving back the Katangans and regaining the few kilometers lost during the initial phase of the fight. The ambush was the first action seen by the Moroccans since their arrival in southern Zaire early last month. They apparently suffered about 20 casualties.

25X1 [redacted] The ambush, the first major fighting to take place since the government offensive began nearly two weeks ago, may indicate that the Katangans are preparing to defend the territory they still occupy. [redacted]

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25X1 [redacted] Zairian offensives along the other two axes apparently are also stalled. Government units that were repulsed last week by the Katangans in the areas of Kafakumba and Kapanga reportedly have been ordered to hold their positions for the time being.

25X1 [redacted] Part of the Egyptian contingent promised by President Sadat Sunday apparently has arrived in Zaire. Press reports indicate that the group numbers about 50 and includes pilots, maintenance crews, and a medical mission.

25X1 [redacted] The Egyptian pilots and technicians will be operating the Zairian air force's Mirage fighters, which have seen only limited action during the two-month-old conflict. The Egyptian role is likely to be largely symbolic. According to the US embassy in Cairo, Egyptian pilots will take to the air primarily to provide moral support for the Moroccans rather than to undertake combat missions.

25X1 [redacted] In order to garner support from sympathetic regimes abroad, Zaire is continuing its efforts to dramatize the Shaba incursion as an act of armed aggression supported by the Soviets and their communist allies. Kinshasa "suspended" diplomatic relations with East Germany earlier this week for its alleged involvement as an arms supplier and may take the same step with Moscow.

25X1 [redacted] Meanwhile, Iran has joined Western-oriented countries in coming to Mobutu's aid. The Shah reportedly has quietly disbursed \$1 million as a grant to Zaire.

25X1 [redacted] //China may be considering increasing its military and economic programs in Zaire, once the Katangans are forced from Shaba. The increase in military aid may take the form of advising on the reorganization of the Zairian army, perhaps accompanied by modest deliveries of military equipment. Any increase in economic aid is likely to be small.// [redacted]

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SPAIN: Suarez Opens Campaign

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[redacted] Spain's Prime Minister Adolfo Suarez ended speculation about his role in next month's general election by announcing his candidacy in a speech to the nation last night on radio and television. He portrayed the election and his candidacy as a commitment to the democratic processes he hopes to install.

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[redacted] Declaring that he will run not as a party man but rather in a center coalition, Suarez sought to maintain a non-partisan stance while strongly calling for support of centrists. In a campaign-like presentation, he stressed that the center coalition will offer an alternative to conflict between the right and the left and fill a vacuum in Spanish political life.

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[redacted] Suarez noted that the views of the centrist coalition are similar to those that have guided his government. He said that despite the approval of the government's reform program in the referendum last December, he should present himself to the voters for approval.

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[redacted] Calling moderation the guiding principle of the centrist group in carrying out political reform, Suarez noted the following goals for completion of Spain's political transition:

--Holding the general election.

--Undertaking constitutional reform.

--Launching reforms in the economic system and tax structure as a prelude to instituting social justice and regional reforms.

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[redacted] In an effort to allay criticism of his candidacy from parties of the right and left, Suarez said he would refrain from campaigning in order to avoid compromising the government's neutrality. He also said he would not resign, because he believes that would create a political crisis. He noted that he is running without support from the organs of government or from the crown, which he said remains above politics.

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25X1 [redacted] The Prime Minister also defended his action in legalizing the Spanish Communist Party, saying this was necessary to ensure democracy. He acknowledged that the legalization had upset many Spaniards, but he justified the action as consistent with political reform and noted that the party has changed in recent months so that it is not now in violation of the law.

25X1 [redacted] In fact, legalization of the Communist Party may have been a key factor in Suarez' decision to run. He reportedly feared that distrust of Communists might swing too many votes to the rightist Popular Alliance coalition dominated by five former Francoist ministers.

25X1 [redacted] Suarez added that he was concerned about the slowness with which center parties were organizing and thought they needed the boost his candidacy will give. Although he did not identify the center coalition he is supporting, his remarks most probably refer to the Union of the Democratic Center, an alliance of 15 parties announced yesterday by former minister of public works Calvo Sotelo, who resigned last month to run in the election and to conduct Suarez' campaign. [redacted]

USSR-ETHIOPIA: Mengistu Visit

25X1 [redacted] //Ethiopia's ruling military council Chairman Mengistu, who begins his first state visit to the USSR today, will probably seek increased Soviet political support and military assistance. Despite the problems with the Somalis that are likely to result, Moscow will probably give Mengistu at least some additional help.//

25X1 [redacted] //Mengistu has been anxious to visit the USSR since early this year to cement his growing relations with Moscow, but a planned trip was postponed after the power struggle in the council in February. Mengistu's recent moves to reduce the US presence in Ethiopia, while not taken primarily to please the Soviets, may have been timed to create a favorable atmosphere for the visit.//

25X1 [redacted] //Mengistu may again ask the Soviets to use their influence to restrain Somalia from acting to seize parts of Ethiopia it has long coveted.//

25X1 [redacted] //Moscow apparently regards its prospects in Ethiopia worth risking some loss of influence with Somalia and probably will promise to do what it can. The Soviets have been trying to arrange an Ethiopian-Somali rapprochement since at least last November, but their efforts thus far have succeeded only in angering the Somalis.//

25X1 [redacted] //Moscow has not yet made any significant commitments of economic aid to the Ethiopian government, and Mengistu will probably also ask the Soviets to do more in this area.

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SIERRA LEONE: Election Friday

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 Sierra Leone's President Stevens and his ruling All People's Congress Party are prepared for widespread violence before the parliamentary election on Friday. Security forces, including army troops heretofore confined to barracks, have taken up positions in Freetown and other population centers. Unrest is likely to continue well after the election.

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 Last February, Stevens promised rioting students that he would hold a "fair and free" election. Strong-arm tactics by his party, however, prevented the opposition from nominating candidates in many constituencies. Stevens also imposed a state of emergency that was scheduled to expire last Saturday. Although parliament, which is vested with the power to extend it, was dissolved last month in preparation for the election, the emergency still appears to be in effect.

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25X1 [redacted] Opposition to Stevens and his party has been loud and persistent and has included calls for his resignation. Continued student unrest and rumors of a general strike have now raised tensions to the point that more violence seems certain.

25X1 [redacted] The All People's Congress is virtually assured of retaining its majority in parliament, and lawyers for the opposition are already preparing postelection legal challenges. These measures will combine with popular dissatisfaction to keep Sierra Leone in turmoil for the foreseeable future. [redacted]

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THAILAND-LAOS-VIETNAM: Relations

25X1 [redacted] *The 33rd session of the UN Economic and Social Commission for Asia and the Pacific, which ended last week in Bangkok, reflected both the basic tensions and the opportunities for cooperation between the communist Indochinese states and noncommunist Thailand.*

25X1 [redacted] Lao delegates initially took a negative stance and accused Thailand of sabotage and subversion against Laos by organizing, arming, and training Lao resistance forces. The Vietnamese, who met with the Lao delegation just prior to this outburst, repeated similar charges of Thai interference in Laos.

25X1 [redacted] Despite such sharp propaganda attacks, both the Lao and Vietnamese delegations were willing to engage in productive substantive discussions with Thai officials. The head of the Lao delegation, Deputy Foreign Minister Noupnan Sithpasai, and Thai Foreign Minister Uppadit Pachariyangkun held private discussions. In a post-meeting press conference, both expressed their desire for improved Thai-Lao relations. They noted agreement to speed up implementation of the long-delayed joint aviation agreement and to exchange ambassadors but cautioned that such an exchange may be months away.

25X1 [redacted] //Although the Vietnamese took a more restrained position than Laos on improving relations with Thailand, they did agree to discuss outstanding bilateral issues in Vientiane. Anxious to obtain funds to develop the power and irrigation potential of the lower Mekong River basin, the Vietnamese also

agreed to participate more actively in the UN-sponsored Mekong Development Committee, along with Thailand and Laos. Cambodia has shown no willingness thus far to participate.//

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CHINA: Crop Prospects Improved

Scattered rainfall in April has improved the outlook for China's summer-harvested crops. Winter wheat output, however, will be down at least 10 percent from the record 50 million tons last year.

Total winter wheat output in Honan and Shantung provinces, which together account for nearly one half of China's winter wheat, is sure to be down from the excellent harvest of last year despite reported light to moderate rainfall during the last week in April. The New China News Agency announced on April 13 that China hoped to salvage most of the wheat in Shantung and 60 percent of the crop in Honan. About 40 percent of the cultivated area in these provinces is irrigated.

Reporting from the two provinces states that an additional 20 percent is being watered, mostly by hand with buckets. Hand-carrying of water occurs somewhere in these provinces nearly every year--often with the help of army troops. Though the manpower mobilization is impressive, hand watering can do no more than stave off disaster.

Hopeh Province, which grows roughly 15 percent of China's winter wheat, continues to be dry. There has been no reporting from Hopeh for over six weeks, probably a sign that things have turned for the worse. As of mid-March, about one third of the wheat had been watered.

Shansi, Shensi, and Kansu provinces, which collectively account for 20 percent of the winter wheat acreage, are also quite dry. Kansu and Shensi have not been reporting on the crop, but a steady stream of reports from Shansi beginning in March indicates a possibility of recovery there.

The northern halves of Anhwei and Kiangsu provinces, which together account for the remaining 15 percent of the winter wheat acreage, have received enough rainfall to ensure

recovery of most of their crop. Improvements there, however, will not offset the losses likely in the northern half of the North China Plain.

25X1 [] The record winter wheat crop last year received a boost from exceptionally high precipitation in February, which encouraged early greening. This year, February precipitation was at near-record lows, and a relatively dry March affected the crop in April. With the exception of irrigated areas--and even some of these lack adequate stored water this year--yields are certain to be down.

25X1 [] In the southern rice-growing provinces of Fukien and Kwangtung, where drought has been reported this year, the outlook is mixed. Fukien received enough rain during March and the first 10 days of April to alleviate drought in the key coastal growing areas.

25X1 [] In Kwangtung, rainfall continues to be inadequate in the key areas near Swatow and the Pearl River Delta. Although reports indicate some delay in transplanting because of water shortages, conditions are still better than last year, when too much rain severely retarded the early rice crop. More rain is needed to avoid losses in this important province.

25X1 [] The effect of the drought on grains now being planted for harvest in the fall is of particular importance. If low soil moisture and insufficient rainfall persist this month, corn, sorghum, and millet in North China may germinate poorly. Should this occur in tandem with a reduced late rice crop in the south, China will be forced to consider additional grain purchases in the third quarter of 1977.

25X1 [] China's widely publicized drought, coupled with a purchase of 100,000 tons of Argentine wheat in mid-April, stimulated offers of grain by international traders. Most of these firms either own stocks of Argentine or Canadian grain or hold contracts for future delivery.

25X1 [] China will, however, probably elect to monitor the crop a little longer before considering purchases, in addition to the 5.2 million tons of wheat already purchased for delivery in 1977. []

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