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National Intelligence Daily Cable for	or Wednesday, 7 December 1977.
The NID Cable is for senior US officials.	or the purpose of informing
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EGYPT-USSR: Further Action 25X1 Egyptian President Sadat told US officials yesterday that he intends to take "further action," which will be an-nounced today, against the USSR. Sadat did not indicate what he had in mind. In his current mood he may announce a full diplomatic break with Moscow. It seems more likely, however, that Sadat's recent public commitment to work toward reconvening the Geneva conference will constrain him from further compromising the Soviets' role as cochairman of the conference. 25X1 Sadat told the US officials that he decided to break with Syria and other participants in the Tripoli summit after learning of their resolution to "freeze" relations with Egypt. In a diatribe against Syrian President Asad, Sadat remarked that he had wanted to shock Asad and "cut him down to size." Sadat primarily blamed Moscow, however, for the affront to Cairo and called the offending Arab governments "a block of Soviet agents." 25X1 The Egyptian President--who until the Tripoli conference had tried to minimize or ignore Arab criticism -- now may be reacting without a clearcut idea of where his actions will lead. Sadat is obviously fed up with what he considers the abuse of Egypt by those who ultimately stand to gain from the risks the Egyptians have taken. In reacting to Arab criticism, Sadat usually thinks 25X1 that his erstwhile allies are taking the easy way out at Egypt's expense and fails to see that they are attempting at least in part to curb Egypt's independent actions and to salvage at least the appearance of having options of their own. 25X1 It is possible that Sadat is simply trying to force Syria, the Soviets, and even Arab moderates -- such as Jordan and Saudi Arabia -- to make the hard choices he has made and commit themselves to a concerted peace effort. His actions are more likely, however, to deepen suspicions that Egypt has been planning all along to negotiate a separate settlement with Israel. The USSR's attitude since Sadat's decision to visit Israel and the scathing Soviet press attacks in the past several days suggest that this is, indeed, Moscow's interpretation.

25X1	Over the past several days the Soviets have dished out some of the strongest personal abuse aimed at the Egyptian President in nearly a year. On Sunday Pravda ran a TASS commentary that indirectly accused Sadat of pro-Nazi sympathies. TASS carried additional commentaries in this vein yesterday. The Soviets are usually circumspect and low key in treating heads of state, even those from countries with poor relations with the USSR.	•
25X1	The Soviets wrote off Sadat as a possible ally long before his trip to Israel, but their actions in the wake of his trip suggest that they are also giving up on any possibility of a return to a Geneva Conference. Moscow presumably realizes that any further deterioration in its ties with Cairo only further places in doubt the USSR's role as cochairman at Geneva. If the Soviets are anticipating a separate agreement between Egypt and Israel, they will try to strengthen their ties with Syria, Iraq, and Libya in order to isolate Sadat even further.	25X1

NETHERLANDS: New Government	
Christian Democratic Party, has formed a center-right cabinet with the Liberals. The new government will formally assume responsibility later this week. A staunch, moralistic Catholic, not noted for his flexibility, Agt nonetheless is to the left of most West European Christian Democrats, notably those in West Germany. Although it lacks a clear majority in the Second Chamber, the Christian Democratic - Liberal combination was the only feasible one after talks between the Socialists and the Christian Democrats collapsed.//	
//Ten of the portfolios will be held by the Christian Democrats and six by the Liberals. Liberal Party leader Hans Wiegel will be Deputy Premier and Interior Minister.//	
//The 25-week effort to re-form a center-left coalition, such as governed the Netherlands from 1973 until early this year, foundered on the inability of the Socialists and Christian Democrats to come up with a mutually acceptable allocation of portfolios and blend of policies.//	
//The Socialists emerged from the general election in May as the strongest single party, with an increase in representation from 43 to 53 seats. But this increase disrupted the previous delicate equilibrium with the Christian Democrats and made renewed accommodation impossible.	25)

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25X1	//The Christian Democrats and Liberals have 77 seat in the 150-seat chamber, but six left-wing Christian Democrats have already declared their benign opposition to the new alliance. While they probably would not join in a censure motion against their colleagues, there is much in a center-right program they would not support.//	
25X1	//The new government hopes, in a pinch, to receive the six votes of the four splinter right parties. These parties' deputies have said that they would judge the new government's projected legislation on a case-by-case basis and would refrain from supporting any immediate vote of no confidence against it.//	
25X1	//Given the fragility of the government, mounting economic problems, and growing disaffection of the labor unions, the Netherlands seems in for a difficult period.	25X1
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BRIEFS	
Pakistan	
The release on bail yesterday of Khan Abdul Wali Khan may be intended to strengthen the political forces opposed to former Prime Minister Bhutto but it could lead to further disunity in their ranks.	
//At the time of his arrest by Bhutto in 1975, Wali was the most prominent figure in the opposition; Bhutto alleged that he was plotting the secession of Pakistan's two westernmost provinces.	ີ່ 25X1
The insertion of one more ambitious leader in the political mix is bound to increase tensions in the alliance opposing Bhutto, and Wali's close identification with demands for greater provincial autonomy could bring differences on this issue to the surface. One of the most prominent of the alliance	_
leaders, former Air Force commander Asghar Khan, broke with his colleagues last month, and Wali might also choose to go his separate way.	25X1
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//Saudi Arabia recently all but abandoned efforts to bring South Yemen back into the Arab mainstream

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Qabus is reluctant to request the withdrawal of

the 1,000-man Iranian force in his country until convinced

of South Yemen's good faith.

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Indonesia-Vietnam	,
Vietnam's Foreign Minister Nguyen Duy Trinh plans a trip to Indonesia later this month. A trade mission recently returned to Hanoi after spending two weeks in Indonesia discussing the possibility of expanding bilateral trade. The trade mission also showed interest in learning about Indonesia's experience with production-sharing arrangements with foreign oil companies.	ř
The prospects for a significant expansion in bilateral trade are remote at best, but Vietnam does need to know more about dealing with foreign oil companies. The lack of such knowledge has been a major obstacle to discussing contracts with Western oil companies. Vietnam needs Western technology to develop its potentially rich offshore oil deposits.	25X1

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