

Top Secret 219

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NATIONAL INTELLIGENCE DAILY CABLE

Thursday 23 February 1978 CG NIDC 78/044C

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NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

DIA review(s)

State Dept. review

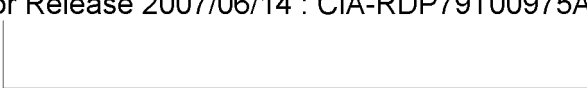
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National Intelligence Daily Cable for Thursday, 23 February 1978.

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

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EGYPT-CYPRUS: Relations Broken

25X1 [] Egypt announced yesterday the breaking of relations with Cyprus and hinted at the possibility of further retaliation for the killing of Egyptian commandos at Larnaca airport on Sunday. President Sadat is bitter over Cypriot President Kyprianou's "treachery," while those of his advisers who were associated with planning the ill-fated commando raid reportedly are trying to mask their own bungling.

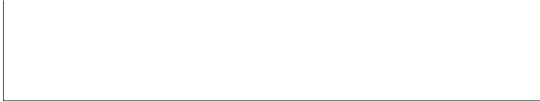
25X1 [] President Sadat expressed his personal bitterness to Ambassador Eilts yesterday at the funeral for the 15 Egyptian commandos killed in the Larnaca incident. Sadat directed his harshest remarks at President Kyprianou and raised the question of collusion with the terrorists.

25X1 [] Sadat asserted that Cypriot leaders had shirked their responsibility to oppose international terrorism and as a result had squandered Egypt's traditional support for Greek Cypriots against Turkey. Such support, he said, could not be expected to continue. Other Egyptian officials have hinted that Egypt might now be disposed to shift its support to Turkey in the dispute over Cyprus.

25X1 [] The test of Cypriot intentions, according to Sadat, is disposition of the two Palestinian terrorists. He again argued for extradition, but for the first time indicated he would be satisfied if Cyprus itself applied appropriate punishment directly.

25X1 [] In the past, the Greek Cypriots have generally been lax in their treatment of terrorists. Egyptian pressure, along with the Cypriots' desire to retain Cairo's support against the Turks, will probably prompt sterner handling of terrorists in custody. There is at least a slight chance Nicosia might recant and extradite the terrorists, especially if Egyptian pressure remains intense. Greece, meanwhile, continues its effort to mediate the Egyptian-Cypriot dispute. The Greek Ambassador to Cairo met yesterday with Deputy Foreign Minister Ghali to discuss the situation.

25X1 [] Prime Minister Salim admitted to Ambassador Eilts yesterday that he, in fact, had not specified to Cypriot officials that the Egyptian plane carried commandos when he sought flight clearances. He insisted, nevertheless, that the Cypriots understood Egypt's intentions.



25X1 [redacted] Sadat's anger toward Cypriot officials remains. Sadat told a meeting of those who had participated in the airport attack that Cypriot forces should not have opened fire even if permission had not been granted for the Egyptian operation.

25X1 [redacted] Public anger against Palestinians is running high, probably fanned by press reports that members of the Palestine Liberation Organization participated in the fighting against the Egyptian commandos. Despite PLO denials, we do have evidence to suggest PLO involvement, perhaps inadvertent, on the side of Cypriot National Guard units.

25X1 [redacted] Near the end of the firefight between the Cypriots and Egyptians on Sunday, US Embassy officials observed plain-clothes, Arab-speaking personnel, presumably the PLO contingent, mingling with Cypriot National Guard troops near the terminal building at Larnaca. An embassy contact, moreover, claimed that the Cypriot firing had been "abetted" by the PLO squad.

25X1 [redacted] In view of Arafat's continuing efforts to keep open his lines to the Egyptians, it is unlikely he would have authorized the Fatah group to participate in the fighting against the Egyptians. It is possible, however, that they were drawn into the fighting simply because of their presence on the scene at the time. [redacted]

ISRAEL: Settlement Politics

25X1 [redacted] *The Israeli Cabinet continues to try to resolve its policy differences on future settlements, but it may be unable to reach an agreed position when the cabinet addresses the settlements question again this weekend. The US Embassy in Tel Aviv believes that even if a policy decision is made, it will not be made public. Whether Prime Minister Begin decides in favor of proceeding with settlement activity, a general standstill, or some middle course, the cabinet dissension that emerged during last Monday's special session is likely to continue to bedevil him.*

25X1 [redacted] This week's first of two special cabinet debates on settlement policy--the second will be on Sunday--has brought these divisions more sharply into focus. Defense Minister





Weizman has emerged as the chief spokesman for a more flexible approach to negotiations, with Agriculture Minister Sharon the leader of hard-liners in the cabinet on the settlements question.

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Weizman, the leaders of the Democratic Movement for Change, and the Liberal faction of Likud clearly favor a freeze on settlement activity pending the outcome of negotiations with Egypt. In pressing for a moratorium, they hope to improve the atmosphere for talks with the Egyptians and undo some of the damage that has been done to Israel's image abroad, especially in the US.

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Sharon, National Religious Party leader Hammer, and hawks in the Laam faction of Likud, on the other hand, want to accelerate the settlement process in the Sinai and on the West Bank as a hedge against any softening in the government's negotiating position. Foreign Minister Dayan is probably closer to Sharon than to Weizman on this issue.

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Begin, whose views will be decisive, thus faces sharply divergent pressures. If he orders a standstill, Sharon could threaten to bolt the cabinet, splitting Begin's supporters on the right. But if Begin supports a resumption of settlement activity, it will complicate his relations with coalition moderates. Weizman and the Liberals, while unhappy, would not oppose Begin openly, but leaders of the Democratic Movement for Change would be under strong pressure from doves in their own party to challenge the government and even drop out of the coalition.

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Begin can hardly be unaware that his government's clumsy handling of the settlements issue has already seriously complicated peace negotiations and hurt his own credibility both at home and abroad.

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Thus far, the Prime Minister has reserved his position, although there have been Israeli press reports that he may be leaning toward supporting a temporary freeze on new settlement activity for tactical reasons. To avoid the appearance of giving in to outside pressure and to mollify Sharon, however, Begin may try to buy time by simply extending the present suspension on settlement activity in the Sinai at least until after his meeting with President Carter in mid-March. Begin may allow completion of settlement activity already under way on the West Bank.

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USSR-IRAQ-SOMALIA: Weaponry

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[Redacted] *The Soviets have been pressing Iraq for several months to stop shipping small arms to Somalia, according to a US defense attache source in Moscow.*

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[Redacted] Late last year, according to the source, the Soviets informed the Iraqis that they must stop providing equipment to Somalia and to Eritrean rebels in Ethiopia. Soviet military deliveries to Iraq have reached record levels during the past few years and, in view of Iraq's ability to purchase weaponry in the West, particularly in France, it is unlikely that the Soviets would follow through on any threat to cut back their military assistance merely to stop negligible amounts of Iraqi assistance to Somalia.

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[Redacted] Once the Soviet pressure had begun, however, the Iraqis sent a military delegation to Moscow to discuss the issue, but we do not know the results of the visit. At the same time, the Iraqis sent a military mission to France, presumably as part of an effort to remind the Soviets that Baghdad has supplementary sources of military equipment. In the past, such Iraqi purchases from the West may have contributed to a Soviet willingness to provide them more military equipment.

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USSR-VIETNAM: Cordial Visit

25X1 [redacted] Soviet Politburo member Grigoriy Romanov has left Vietnam after a seven-day visit, which Tass billed as cordial and fraternal, a sure indication that things went well. Romanov was the first Politburo member to visit Vietnam since senior ideologist Mikhail Suslov attended the Vietnamese Communist Party congress in 1976. According to a Soviet Asian specialist, Romanov's trip was intended to underline Soviet support for Vietnam in its border struggle with Cambodia.

25X1 [redacted] Since the fall of Saigon, Vietnam has been the centerpiece of Soviet policy in Southeast Asia, and Moscow no doubt sees Vietnam as the only logical bulwark in the area against the Chinese. This has been reflected in the Soviet attitude toward the Vietnamese-Cambodian conflict.

25X1 [redacted] The Soviets largely ignored the conflict until the fighting became public in December, but the Soviets quickly threw their full support to the Vietnamese following Cambodia's breaking relations with Vietnam. Since the first of the year, the Soviets have almost daily echoed Hanoi's coverage of the conflict and have praised Vietnamese peace "initiatives" and attacked Cambodian "intransigence."

25X1 [redacted] Pravda ran a long commentary on the conflict on 8 February, expressing Soviet support for Hanoi's peace proposal and placing primary blame for the fighting on Cambodia. Moscow, however, has gone to greater lengths than Hanoi to implicate Peking.

25X1 [redacted] Soviet media coverage closely parallels what Soviet officials have said about the border struggle in private. In a recent conversation with a US Embassy officer, Soviet Foreign Ministry official Shamanavskiy harshly criticized the Chinese, accusing them of following the old Chinese practice of "using barbarians against barbarians" to weaken and divide their neighbors and of hindering Vietnamese attempts to bring stability and peace to Indochina. [redacted]

USSR-JAPAN: Bilateral Relations

25X1 [redacted] Soviet President Brezhnev sent a letter Wednesday to Japanese Prime Minister Fukuda calling for the conclusion of a bilateral friendship treaty, according to press reports.

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[redacted]

Brezhnev also invited Fukuda to Moscow to discuss bilateral relations. No Japanese prime minister has visited Moscow since 1973, and Brezhnev has not responded to a standing Japanese invitation to go to Tokyo.

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[redacted] The Soviets have proposed such an agreement on several occasions as an interim step toward a formal peace treaty, which has been stalled by the dispute over the northern territories. The Brezhnev letter did not mention that dispute, but Fukuda told Soviet Ambassador Polyanskiy, who delivered the letter, that the territorial issue must be settled before a friendship treaty can be signed.

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[redacted] Brezhnev said that the USSR wants to sign a friendship accord because a "third force" is seeking to damage Soviet-Japanese relations. This was undoubtedly a reference to China, and the Brezhnev initiative is clearly intended as a counterweight to the possibility that Japan and China may soon conclude a "peace and friendship" treaty with an "anti-hegemony" clause directed at the USSR. [redacted]

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USSR-CANADA: Diplomatic Signals

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[redacted] *The USSR is trying to overcome the setback in its relations with Canada that resulted from Ottawa's expulsion of 13 Soviet officials for spying.* [redacted]

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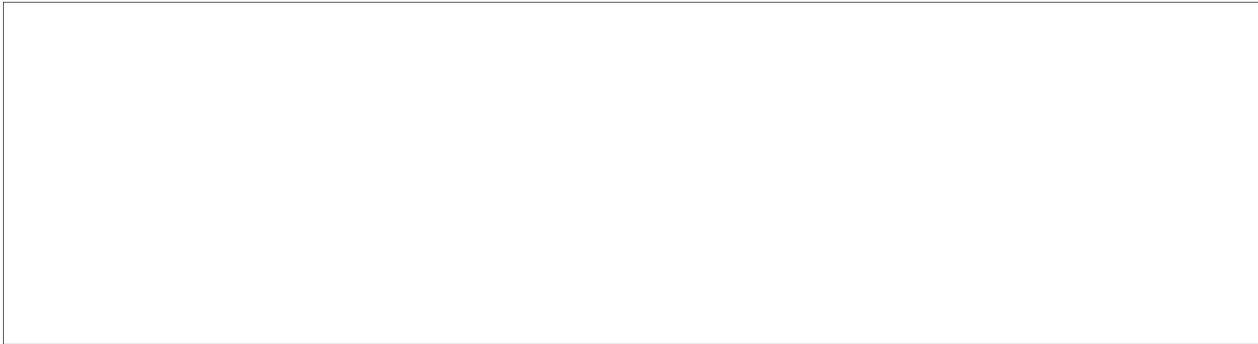
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25X1 [redacted] Moscow is also trying to maintain momentum in its bilateral dealings with Canada. Previously scheduled commercial air travel talks in Moscow have gotten off to a good start. A group of Canadian businessmen was given a warm welcome in Moscow, and both sides are hoping to conclude major contracts by April.

25X1 [redacted] Soviet media have also been careful to avoid disrupting bilateral relations. A *Pravda* statement on the expulsion, attributed to the Canadian Communist Party, spread blame widely, with emphasis on the "enemies of detente" in the US as well as Canada. Another *Pravda* commentary condemned extreme right-wing forces in Canada but singled out only one opposition member of Parliament and pointed to rejection of his allegations inside Canada.



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YUGOSLAVIA-USSR: Differences

25X1 [redacted] *A high-level Yugoslav party leader has forcefully asserted foreign policy differences with the USSR--in part to underline the regime's independence of Moscow on the eve of President Tito's state visit to the US early next month. Soviet intransigence at the European security talks in Belgrade, however, is also a basic factor in Yugoslavia's angry mood. The party leader also announced a major forthcoming change in the organization of the Yugoslav party.*

25X1 [redacted] Party secretary Stane Dolanc, Tito's right-hand man and a likely successor as head of the party, expressed Yugoslavia's grievances during a wide-ranging press conference on Tuesday. He said Yugoslavia particularly opposes the Soviet attempt to end the European security talks with a brief, non-substantive communique.



[redacted] Expanding on his complaints against the Soviets, Dolanc attacked the USSR's continuing polemic against "Euro-communists" and criticized Soviet attempts to "disavow" the principles Moscow agreed to at the 1976 conference of European Communist parties in East Berlin. He also accused neighboring Bulgaria, Moscow's close ally, for its failure to respond to Yugoslavia's attempts to resolve the Macedonian issue.

[redacted] Dolanc's parting shot was a statement welcoming an eventual visit to Belgrade by Chinese party leader Hua Kuo-feng and expressing an intent to pursue cooperation with China "in all fields."

[redacted] The USSR will view Dolanc's statements as polemical, especially because earlier Yugoslav statements were more even-handed in castigating both the US and the USSR for lack of progress in the European security talks. Although Tito last week sent a personal appeal to Soviet President Brezhnev to show more flexibility at the talks, Dolanc's comments imply that the Yugoslavs think the prospects for this are dim. Belgrade's frustration sharpened after Moscow refused to discuss a proposal by the neutral and nonaligned countries--including Yugoslavia--to resolve the deadlock at the Conference.

[redacted] Dolanc also announced the broad outlines of a party reorganization that is to be approved at the eleventh congress in June. He confirmed that the 48-member Presidium would be reduced by half, and he said the new body would, for the first time, include a person designated as secretary. He did not mention what position he will hold, but, according to previous reporting, he will assume a title that will clearly designate him as Tito's successor in the party. [redacted]

LEBANON: Army Factionalism

[redacted] *The fighting in Lebanon earlier this month between Syrian troops and predominantly Christian elements of the nascent Lebanese Army, backed by Christian militiamen, has greatly complicated Lebanese President Sarkis' efforts to build an effective national military force. The Army remains faction-ridden and is incapable of restoring stability in the country. There is little prospect that the conflicting Christian, Muslim, and Syrian pressures that are preventing the reconstitution of the Army will ease until some form of national political reconciliation is achieved.*



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[redacted] The Lebanese Army largely disintegrated during the civil war into rival Christian and Muslim commands, and many soldiers simply went home. Building a cohesive national force immune to sectarian politics has been a high priority of the Sarkis government. Sarkis recognizes that until an effective national army is created, Lebanon's internal stability will remain dependent on the continued presence of the 30,000-man Syrian peacekeeping force.

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[redacted] Last March, Sarkis appointed a Maronite Christian officer, General Victor Khuri, to command the Army. Khuri supported the Christians during the civil war but was also relatively acceptable to the Muslims and Syrians. He was able to reassert at least nominal authority over most of the disparate Army units that survived the war. For the past year, he and Sarkis have been trying gradually to develop integrated Muslim-Christian units armed with Western weapons.

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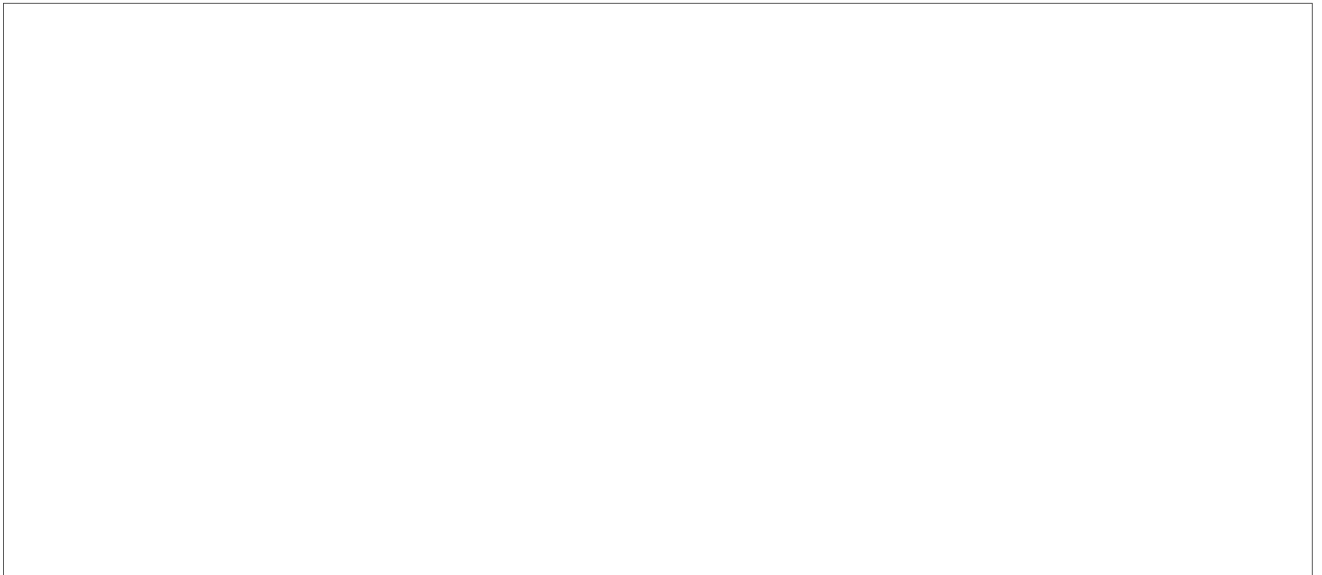
[redacted] //Despite Sarkis' efforts, most army units owe residual loyalties to Lebanon's traditional sectarian political leaders and not to the central government. [redacted]

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[redacted] the ostensible chain of command in the Army is supplemented and in some cases distorted by strong, informal lines of authority. Although all units theoretically get their orders from Sarkis, in fact, most report to the sectarian leaders.//

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[redacted] //Khuri, for his part, feels the recent fighting has given the Army greater cohesion, but he also recognizes the need to purge the officer corps. He has told the US defense attache that he fears the Syrians will now want to play a major role in restructuring the Army.//

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[redacted] The Syrians, who have supported the reconstruction of the Army in the past, are clearly unhappy with its current condition. They suspect that some Christians in the Army have been secretly turning their weapons over to the militias. Foreign Minister Khaddam told the US Embassy in Damascus last week that the Army was not a national force and that "in practice, every unit gets its orders from a different political faction."

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[redacted] Khaddam reiterated Syrian support for the creation of a truly national army, but Damascus will probably pressure Sarkis to purge the officer corps to remove officers hostile to Syrian predominance. The Syrians will want a Lebanese army receptive to their instructions, not one that is openly opposed to their presence.

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[redacted] We expect that the Lebanese Army will continue to be a badly divided force, lacking cohesion and beset by conflicting pressures from Syria, Sarkis, and sectarian politicians. The Army probably will not be able to replace the Syrians as the ultimate guarantor of Lebanon's stability any time soon.

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CHAD: Crumbling Situation Report

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[redacted] *The facade of unity in Chad's ruling Supreme Military Council is beginning to crumble, following decisive defeats of Chadian forces by Libyan-backed insurgents in the north and the apparent failure of President Malloum's government to obtain military assistance. Peace negotiations with Libya, expected to begin this week, could, if successful, strengthen Malloum's*

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[redacted]

position on the council. The government will be negotiating from a position of weakness, however, and Malloum may be forced to make concessions. Major concessions could hasten his departure.

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[redacted] The US Embassy in Chad reports that the internal alignments within Malloum's government are beginning to polarize. The military problem has exacerbated longstanding rivalries within the ruling group. Malloum's position as leader of the nine-member body may be eroding, and he has sometimes had to give way to the wishes of his colleagues. He is reported to have been on the losing side when the council voted against sending the Chadian Foreign Minister to Niger to negotiate with the Libyans in early February.

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[redacted] According to the US Embassy, the search is on for scapegoats for the defeats in the north and for the poor performance of the government's military forces. Malloum and those of his colleagues who advocated calling on the US for military assistance are on the defensive as a result of what the Chadians see as a slow US response. If Chad continues to suffer military or diplomatic reversals, those individuals--including Malloum--could be replaced.

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[redacted] The hard bargaining positions of the Libyans and the rebels limit the chances for successful negotiations. Libya, which has claimed and militarily occupied a strip of land inside Chad's northern border since 1973, has already declared that its position is not negotiable. The Muslim rebels, who receive substantial Libyan support, will probably not be satisfied with a reconciliation offer by Malloum to bring some of them into the central government.

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[redacted] Malloum himself in the past has ruled out the granting of territorial autonomy for the northern rebels, but in view of the recent military defeats he may be willing to compromise. Malloum's government is dominated by southerners.

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[redacted] Foreign Minister Kamougue and the younger, less conservative officers who support him may be willing to move against Malloum if the President appears ready to make major concessions in the negotiations with Libya and the insurgents. Some members of the military council already believe the President is too conciliatory in his attitude toward Libya and the rebels.



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[redacted] If a Kamougue-led group were to oust Malloum, the change would probably not be a serious setback for Chadian-US relations. Such a government would almost certainly be more radical, but Kamougue is basically pro-Western. He led the group that opposed Chadian participation in the proposed negotiations with Libya earlier this month.

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[redacted] Although the fighting has subsided since the fall of the last government stronghold in the north at Faya-Largeau several days ago, it is unclear whether the rebels are observing a cease-fire. The Chadians meanwhile are continuing their efforts to obtain a transfer of US military equipment from Iran.

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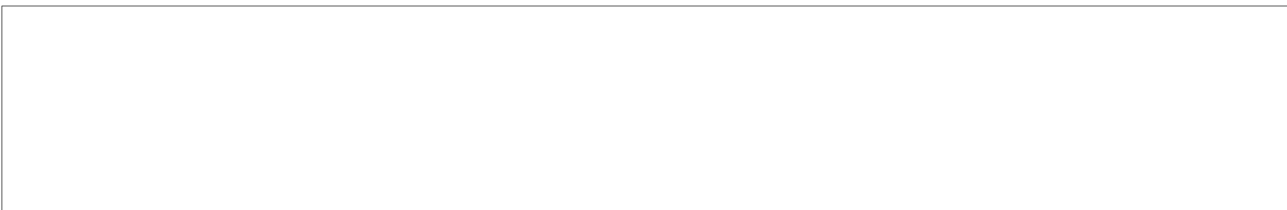
[redacted] A senior French official informed the US Embassy in Paris that the French have decided to increase the level of their military personnel and materiel in Chad. The French intend to assist the Chadians in establishing a defensive line running from Mao through Ati to Abeche. This effort could buy additional time for Malloum. [redacted]

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INDIA-US: Transshipping Wheat

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[redacted] *The Soviets have shipped 27,057 tons of US-origin wheat from storage in India to Vietnam and another 13,400 tons to North Korea. The shipments are part of India's repayment of a wheat loan the USSR granted in 1973.*



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[redacted] India will ship a total of 1.5 million tons of wheat to repay the Soviet loan; 490,000 tons will be of US origin, 750,000 tons will be Australian, and 260,000 tons will come from domestic production. Some of the wheat is being delivered to third countries at Soviet direction.

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[redacted] Three years of bumper harvests in India have raised government wheat stocks to about 17 million tons and have made large wheat imports unnecessary since 1976. India purchased 3.7 million tons of wheat from the US in 1976 and received 408,000 tons of PL 480 wheat.



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[redacted]

25X1 [redacted] The agreement between the US and India covering the delivery of PL 480 grain stipulates that India could not export during the fiscal year in which concessional imports were received. For India this restriction expired at the end of September 1977. India was careful to comply and did not begin exporting US grain until November 1977. [redacted]

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BRIEFS

Pakistan

25X1 [redacted] Civil disorder in Pakistan appears to be on the increase again. Following the military coup in July, there were a few clashes between police and political demonstrators, but the military government's first six months were unusually quiet. This year, however, there have already been several serious incidents, including labor violence, clashes between Muslim sects, and rioting about an especially brutal kidnap-murder.

25X1 [redacted] None of these incidents is directly related to the political situation in Pakistan, but they do reflect widespread discontent. At the same time, the violence is eroding the military government's reputation for ensuring law and order, whatever its other defects. Politicians who support former Prime Minister Bhutto have already made tentative efforts to exploit the disturbances, and it could be only a matter of time before some of them return to the deliberate use of violence in the Pakistani political process. [redacted]

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Norway-UK

25X1 [redacted] //Norway and the UK, after extensive discussions, have reached agreement in principle on the storage in Norway of military equipment for use by British NATO troops. Norway was previously reluctant to provide such storage for fear that the Soviets might label it "basing."//

25X1 [redacted] //The agreement comes at a time when Norway's NATO allies and the Norwegian public are expressing concern about Oslo's withdrawal in early January of plans for increasing the number of West German units in NATO exercises. Because the change in plans became public following Soviet pressure, the Norwegian Government was criticized in the press for appearing to knuckle under to Moscow.//

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[redacted] //The Norwegians hope the agreement with the UK will neutralize the earlier adverse publicity and signal the Soviets that Norway will not alter its policies to fit Moscow's demands. [redacted]

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North Korea - USSR

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[redacted] North Korean Defense Minister O Chin-u is in Moscow to attend festivities marking the 60th anniversary of the Soviet armed forces. His trip appears to be primarily ceremonial in nature, but Pyongyang may use the occasion to put in a bid for additional Soviet military assistance.

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[redacted] North Korea has developed considerable self-sufficiency in ground force and naval weaponry, but it is still dependent on outside sources for aircraft and missiles. Relations between North Korea and the USSR have been cool in recent years, and there is no firm evidence of major Soviet arms deliveries to North Korea since 1974. [redacted]

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