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Top Secret 219

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NATIONAL INTELLIGENCE DAILY CABLE

Monday 19 June 1978 CG NIDC 78/142C

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LATE ITEM

OPEC: Oil Price Deadlock

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[REDACTED] OPEC oil ministers now meeting in Geneva have failed so far to reach agreement on oil pricing. Saudi Arabia has pushed for no change in prices, while other participants have urged higher prices to offset the lost purchasing power of oil revenues caused by the fall in the value of the dollar since the previous price increase in January 1977.

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[REDACTED] Ministers of other countries have called for either a direct price increase or for denominating oil in terms of a group of currencies in order to protect against further declines in the dollar. Saudi Oil Minister Yamani has argued that the current world oil surplus precludes a price increase. He foresees a strengthening dollar and consequent recovery in the purchasing power of oil revenues. [REDACTED]

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National Intelligence Daily Cable for Monday, 19 June 1978

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

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BENIN: Cuban and Soviet Interest

25X1 [redacted] Benin has received increased amounts of military equipment and additional advisers from the Soviet Union and Cuba over the past year. The country's radical anti-Western President Kerekou justifies this support as necessary to protect his country.

25X1 [redacted] //An attempt to overthrow Kerekou early last year gave the USSR and Cuba a pretext to increase the military aid they had been providing Benin. [redacted]

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25X1 [redacted] Kerekou wants to acquire transport aircraft, and some Beninese personnel are said to be training on MIG fighter aircraft in the USSR.

25X1 [redacted] //Soviet and Cuban motivation for aiding Benin is not entirely clear. Soviet naval units have made regular visits to Cotonou, and access to Benin's port and air facilities may be a factor. The Soviets and Cubans may also see Benin as a stepping stone to expand their influence in West Africa. In any event, their presence has been welcomed by Kerekou who, in addition to his desire for military protection, probably sees Soviet and Cuban interest as a response to his attempts to impose a Marxist ideology on the country.//

25X1 [redacted] //Benin's army lacks the training to absorb quickly all the materiel it has been receiving. In any event, an attack from its African neighbors--despite Kerekou's obsession that a military threat exists--is unlikely.//

25X1 [redacted] Kerekou's perceived need for Communist protection and his devotion to the principles of Marxism are probably sufficient to sustain Moscow's interest. Kerekou's radical behavior may be tempered somewhat by his country's continuing heavy dependence on Western economic aid. [redacted]

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PORTUGAL-ANGOLA: Summit Planned

25X1 [] *Angolan President Neto and Portuguese President Eanes plan to meet this month in Guinea-Bissau to attempt to achieve a rapprochement between their two countries. Immediate objectives appear limited to discussing technical and economic cooperation. Both leaders, however, have expressed interest in expanding Angola's ties with the West, a policy that might lessen Angolan dependence on the USSR and Cuba. The Portuguese believe progress toward these goals depends on Neto's ability to overcome opposition at home and on Portugal's success in eliciting early Western support.*

25X1 [] Discussion and planning for a Portuguese-Angolan summit began last December, but several factors intervened. Each side had misgivings about the other's motives in pursuing closer relations. Scheduling a summit was complicated by Neto's uncertain health and by the timing of President Eanes' recent visits to Brazil, Venezuela, and the US. In addition, the Portuguese had doubts about holding a meeting before the situation in southern Zaire had quieted.

25X1 [] Some of these obstacles were overcome last month when Melo Antunes, a noted leftist and Eanes' personal emissary, traveled to Angola to explore the prospects for a summit with Neto and other Angolan leaders. His visit was followed soon by a flurry of high-level contacts--some mediated by leaders of other former Portuguese colonies--that culminated last week in the dispatch of Angola's first ambassador to Portugal.

25X1 [] Eanes' ability to disassociate his current initiative from Angolan internal political issues was also important in producing a favorable climate. He was praised by the Angolan Foreign Minister for abstaining from general Western condemnation of Cuba's military role in Angola. The Portuguese have also abandoned their earlier insistence on preconditions for any formal agreement--reconciliation between Neto and Jonas Savimbi's rebels and a reduction in Cuban and Soviet influence in Angola.

25X1 [] Publicity surrounding the summit suggests that the talks will focus almost exclusively on technical and economic cooperation, perhaps with some discussion of military aid to

Angola. Eanes, however, sees formal agreements in these areas-- which could lead to lucrative trade and financial arrangements as well as to the return of badly needed Portuguese technicians to Angola--as minimal objectives. He would also like to discuss the political and military situation in Angola and the prospects for a Portuguese lead in opening Angola to the West.

25X1 [redacted] The latter objective has intrigued Eanes for some time and remains the major long-term goal of his Angolan policy. He recognizes, however, that such an opening will require both the stabilization of the Angolan military situation and Western economic aid that far exceeds Portugal's limited capacity. [redacted]

ISRAEL: Gush Emunim Settlements

25X1 [redacted] //Israel's Gush Emunim group has achieved its controversial goal of winning official approval of 18 established Jewish settlements throughout the West Bank in less than a year despite its meager financial resources and minority political representation. The group's few thousand members have capitalized on Israeli public sentiment and demonstrated on several occasions the ability to mobilize as many as 40,000 Israeli supporters. It is clearly an effective pressure group that the Israeli Government must contend with as it debates the future of the West Bank.//

25X1 [redacted] //The group believes that the West Bank--consisting of the Biblical regions of Judea and Samaria--is an integral part of Israel. It recently submitted to the government a master plan for the settlement of 1 million Jews on the West Bank within 25 years. Some members have been actively promoting such settlement for more than 10 years, but the group itself was not founded until 1974; it has close ties to the hawkish youth wing of the National Religious Party.//

25X1 [redacted] //The first Gush Emunim settlements were "temporarily" established in 1975 without government authorization. The group's objective was first to "create facts" and then gain government approval. Of the present 47 Israeli settlements in

[redacted]

On the occupied West Bank, the group has established 17, comprising more than 2,200 inhabitants. These include two paramilitary settlements that are expected to convert to Gush Emunim settlements. An 18th settlement, established in 1968 by orthodox Jews, is now dominated by the Gush Emunim group.//

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[redacted] //The government of former Prime Minister Rabin never legalized the Gush Emunim settlements, even though a December 1975 government statement favored settlements in places that would serve both political and tactical goals. In July 1977, the new government of Prime Minister Begin legalized the three settlements already established, although it delayed approving a Gush Emunim proposal for 12 new ones. The Begin government has since approved all 18 Gush Emunim settlements.//

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[redacted] //The members of the Gush Emunim regard the Begin government with some apprehension despite Begin's philosophical sympathy for the group. They feel that the Begin peace plan, which they describe as "negotiated withdrawal under American pressure," can only weaken the Israeli hold on the West Bank.//

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[redacted] //Gush members maintain that their "pure vision" of renewed dedication to Zionism is needed to ensure that Israel will endure. The group's immediate objective is to consolidate the present 18 settlements and establish two more. The Gush Emunim undoubtedly will continue to exert pressure on the Begin government to annex the West Bank as part of Israel.//

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DOMINICAN REPUBLIC: Tension

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[REDACTED] *Tension is rising in the Dominican Republic because the official certification of Antonio Guzman's victory in the presidential election last month is being delayed by legal challenges and administrative haggling. President Balaguer is likely to meet increasing pressure to speed up the process and thus to allay growing suspicion that a few top military officers may somehow intervene to prevent Guzman from taking office in August.*

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[REDACTED] //Leaders of the military establishment met with Guzman early this month and publicly pledged to back his administration after he agreed to hold his leftist supporters in check and not to interfere with the armed forces. [REDACTED]

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[REDACTED] Since the election Balaguer's diehard supporters in the ruling party--backed by Nivar--have succeeded in ousting both the chairman and the secretary of the Central Electoral Commission and have swamped the commission with legal challenges that have blocked an official declaration of a winner. In an apparent effort at intimidation, Nivar's police temporarily detained the head of the commission's computer center and, according to the press, have remained at the center to monitor the final tabulations.

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[REDACTED] //For his part, Balaguer has publicly congratulated Guzman and has received him twice in the national palace. He has also authorized his apparent successor to visit various

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government departments and has assigned security protection to Guzman and his running mate. Balaguer has also strongly opposed a Nivar-backed effort to ram through pro-military legislation without the approval of the new administration [redacted]

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[redacted] Balaguer is aware of the growing unease caused by the vote dispute but refuses to intervene. He told the US Ambassador on Friday that he fully expects to step down in August and that legal challenges aimed primarily at congressional and municipal returns would run their course in accordance with the constitution. He also expressed complete confidence in his control of a military organization seriously hampered by factional rivalries.

[redacted] Balaguer, however, has not called off Nivar or restrained the extremists in the ruling party. This ambiguity has greatly increased tensions among a population that generally accepts the unofficial Guzman victory but is becoming increasingly suspicious of behind-the-scenes maneuvering. The majority of the military and most political forces favor a peaceful transition and are now almost certain to step up pressure on Balaguer to resolve the confusion. They especially want him to rein in Nivar, whose provocative actions could lead to a civil conflict. [redacted]

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BRIEFS

Libya

[redacted] //The Libyan Central Bank is apparently preparing to recall all outstanding dinar notes and issue a new currency. Only formally declared assets up to a certain maximum limit will likely be eligible for exchange. Individuals who have been hoarding dinars probably will not declare all their holdings for fear of being branded antisocial.//

[redacted] //These actions by the Central Bank would be consistent with President Qadhafi's call for limitations on wealth. In recent months, many wealthy individuals have converted

their dinars to other assets or sold them on the flourishing black market, thus avoiding the impact of the new regulations.

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Oman

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[REDACTED] //The attack on an Omani Army convoy by the Marxist Popular Front for the Liberation of Oman on 7 June--two soldiers were killed and six wounded--was the second rebel operation in Dhofar Province in a week. Five British civilian technicians were killed in the other incident. The attacks were probably meant to mark the 13th anniversary of the organization last Friday.//

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[REDACTED] A handful of hardcore rebels are still at large in the Dhofar mountains, but resupply from neighboring South Yemen is difficult. The coming three-month monsoon period could, however, tie down government forces and make resupply of the rebels easier.//

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[REDACTED] South Yemeni leader Salim Rubayi Ali strongly reiterated his government's support of the rebels last week.

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International

25X1 [redacted] The nonaligned countries--led by Algeria and Yugoslavia--are preparing to act jointly on the issue of regulating international communications at next year's World Administrative Radio Conference. The conference will attempt to deal comprehensively, for the first time in 20 years, with the allocation of radio frequencies. The nonaligned states, which will constitute the majority at the conference, might be able to form a consensus on such issues as equal sharing of the spectrum. In this event, there is little prospect that the conference could accommodate the legitimate needs of all countries.

25X1 [redacted] The nonaligned countries apparently intend to concentrate on "the elimination of the information monopoly of the developed countries." They maintain that the radio frequency spectrum is a limited natural resource belonging to all countries and are critical of what they see as the "first-come, first-served" principle that has allowed the developed countries to dominate broadcasting frequency allocations. The use by foreign broadcasters of the territory of nonaligned states to transmit programs directed against liberation movements is also likely to be a significant issue at the conference. [redacted]

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