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National Intelligence Daily Cable for 24 July 1978, Monday

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

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LEBANON: Situation Report

25X1 [redacted] //Fighting broke out again yesterday in Hadath, a Christian suburb southeast of Beirut, following a night of fighting between Syrian peacekeeping forces and right-wing Christian militias. The Syrians used heavy artillery to bombard Christian militia outposts. The clashes--the most serious outbreak of fighting since a cease-fire in Beirut went into effect two weeks ago--were apparently triggered by the killing of two Syrian soldiers on Saturday in a sniping incident near Hadath.//

25X1 [redacted] Christian militia officials in Beirut are circulating the story that Israel will come to the aid of the militias if heavy fighting breaks out again. This may be part of an effort by militia leaders to keep up the morale of the rank and file.//

25X1 [redacted] //The fighting over the weekend did not spread to the city of Beirut itself. The Syrians apparently are trying to contain the clashes to the Hadath area. The situation remains tense, and chances that a cease-fire will be restored for any length of time appear slim. [redacted]

EGYPT: President Sadat's Speech

25X1 [redacted] About the only thing made clear by Egyptian President Sadat in his speech on Saturday is that he is finding it difficult to devise a policy that will simultaneously silence critics and protect his democratic credentials. Concern with fostering a democratic image appears to have won out for the moment. Sadat's extemporaneous remarks on the peace process at the close of his speech add up to a challenge to the Israelis to come up with new proposals or get rid of Prime Minister Begin, and to the US to act now to break the deadlock.

25X1 [redacted] Sadat defended his devotion to a multiparty system and announced he would form his own political party, abolish the government-controlled Arab Socialist Union--an institution

created by the late President Nasir that has served recently as an umbrella over Egyptian political parties--and ask for relaxation of the law governing the formation of new parties. The speech will probably leave supporters still confused over his intentions and critics encouraged that he is retreating from his crackdown. Sadat did not describe his new party's platform and left unstated what effect the formation would have on Prime Minister Salim and his ruling centrist party.

25X1 [ ] By describing Egypt's "democratic crisis" as an ethical rather than a legal problem, Sadat implicitly acknowledged the thinness of his legal justification for silencing critics. He called for a form of self-discipline in which all institutions and organizations would subscribe to a code of ethics that would govern the behavior of their members. At the same time, he acknowledged difficulty reaching a national consensus on such a code and indicated the debate would continue.

25X1 [ ] The Egyptian President's tentativeness about the new directions he was offering was particularly evident in his admission that the decision to form a new party, which he would head, was his toughest ever and was made only late last week. Sadat is scheduled to give another speech on Wednesday at Alexandria University, in which he may further develop some of the themes introduced Saturday. He may also react in Alexandria to the rejection yesterday by Israel's cabinet of his call for a unilateral Israeli concession in the Sinai as a goodwill gesture.

25X1 [ ] Sadat's attack on Prime Minister Begin in the speech on Saturday was his most severe to date. It reflected Sadat's conclusion that Begin is unable to make peace, and his position that Egypt and Israel have little to talk about as long as Israel refuses to accept the principle of withdrawal from the West Bank and Gaza. [ ]

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**SOUTH KOREA: Security**

25X1 [ ] //South Korean representatives to the annual South Korean - US Security Consultative Meeting to be held on Wednesday and Thursday apparently plan to avoid controversial issues in the hope of consolidating gains made during last year's talks. Rather than emphasizing acquisition of new US

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*weapons, the South Koreans will stress instead the need for stronger liaison and greater US support for their planning, logistic, and military production efforts.//*

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[redacted] //Military leaders in Seoul have been encouraged by President Carter's reaffirmation of US security commitments and by the large-scale joint military exercises held this spring. They remain concerned, however, about the fulfillment and timing of US military assistance in compensation for the planned US troop withdrawal, the institution of new joint command arrangements, and the possible impact of the troop withdrawals on South Korea's defense posture.//

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[redacted] //In the meeting this week, the South Koreans will emphasize the importance of the \$800 million military compensation package awaiting final approval in the US Congress, and will push for further reinforcement of US Air Force units in South Korea by the end of this year. The delegation is also prepared to ask the US to expedite its wartime logistic support program and to step up its effort to help South Korea develop a 30-day munitions reserve.//

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[redacted] //In addition to reiterating its request that compensatory military aid measures be executed in advance of or in conjunction with US troop withdrawals, South Korea will ask that the Korean military balance be jointly reviewed before each phase of the withdrawal process. South Korean leaders were pleased with President Carter's decision in April to slow the pace of the force reduction, but they want the US to agree to joint consultations before any additional changes are made in the withdrawal timetable.//

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[redacted] //The South Koreans are anxious to obtain a written agreement outlining the details of the proposed South Korean - US combined forces command. They also want the US to continue to maintain and support the UN Command and the Military Armistice Agreement.//

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[redacted] //Seoul has deleted discussion of coproduction of the Lance missile and the F-16 fighter from the agenda, but will ask for additional used US weapons as well as permission to manufacture and export certain types of conventional arms and ammunition that are no longer produced by the US.//

25X1 [redacted] //The South Koreans also plan to raise informally the question of revising the country's basic defense posture. Some South Korean military commanders apparently believe that the current strategy of "Forward Defense"--in which the South Korean armed forces are committed to stopping a North Korean offensive at or near the Demilitarized Zone--is no longer appropriate.//

25X1 [redacted] //Seoul's representatives will propose an alternative strategy calling for the multistage withdrawal of South Korean troops from the Demilitarized Zone in the event of a North Korean attack. At the moment, we do not know how seriously the South Koreans are committed to revising their defensive strategy, but they may be raising the issue in hopes of increasing US military aid as US troop withdrawals are carried out. [redacted]

CHINA: Diplomatic Campaign

25X1 [redacted] *China has embarked on an aggressive diplomatic campaign in the Middle East in an effort to counter what it regards as a resurgence of Soviet influence in the area. The Chinese are concerned that the USSR will use pro-Soviet regimes in Ethiopia, South Yemen, and Afghanistan to "surround" the oil-producing states and the oil routes from the Persian Gulf. Renewed Soviet influence in the region could seriously affect China's foreign policy, because Peking relies on Western Europe and Japan--both heavily dependent on Middle Eastern oil--to help contain the USSR.*

25X1 [redacted]



25X1 [redacted] visits in June by Foreign Minister Huang Hua to Turkey and Iran are part of this campaign, as is a planned stopover in Tehran next month by Premier Hua Kuo-feng on his return from Romania and Yugoslavia.

25X1 [redacted] While it can provide political support, China has little military and economic aid to offer and probably hopes that Western Europe, the US, Iran, and Saudi Arabia will furnish financial and military assistance to stave off Soviet encroachments. Peking also expects that its support of the Arab states against Israel will lend weight to its advice to the Arabs that they avoid war with Israel, support or at least not openly criticize President Sadat's peace initiative, and be wary of the Soviets. [redacted]

OAU: Annual Summit Meeting

25X1 [redacted] *The annual summit meeting of the Organization of African Unity ended Saturday without recommending any significant policy changes on issues affecting Africa. The five-day session, characterized by blunt language and heated discussion, cleared the air but left unresolved the controversies over foreign intervention on the continent and various intra-African conflicts.*

25X1 [redacted] The summit was attended by the largest number of African heads of state ever and ran one day over its original schedule. Zambian President Kaunda, whose reaction was typical, described the meeting as successful beyond expectations and said the frank exchanges would in the end make the continent stronger.



25X1 [ ] The summit's final resolutions played down the divisions created by the presence of Cuban, Soviet, and French military personnel on the continent and upheld the right of African states to take any steps they consider necessary to protect their security.

25X1 [ ] Little progress was made toward settling conflicts between various member states. The committees charged with mediating the disputes between Ethiopia and Sudan, Ethiopia and Somalia, and Chad and Libya had their mandates renewed, and a new committee was created to monitor the rapprochement between Angola and Zaire. The dispute over Western Sahara was relegated to a special summit, but similar decisions by the last two OAU summits were not acted on.

25X1 [ ] Southern African issues proved easiest to deal with. The heads of state readily approved a call for an oil embargo against South Africa and a resolution warning that the US would be committing an "unfriendly act" if it lifted trade sanctions against Rhodesia. Other proposed resolutions, including one on independence for the Canary Islands, were dropped because of lack of time.

25X1 [ ] The summit also elected the OAU's officials for the next four-year term. Togolese Foreign Minister Kodjo was chosen as Secretary General, a position that became available when William Eteki of Cameroon, the incumbent, unexpectedly withdrew from contention on Friday.

25X1 [ ] The election of Kodjo, who is French-educated and has considerable administrative and financial experience, continues the tradition of having outstanding technocrats fill this post. He is likely to follow a moderate political line. The five newly elected assistant secretaries are from Nigeria, Algeria, Zambia, Uganda, and Angola. [ ]

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#### NAMIBIA: UN Session to Start

25X1 [ ] //The Western members of the UN Security Council intend to present their proposal on Namibia to the Council this week. Their plan for a transitional program leading to independence has been accepted by South Africa and the South-West Africa

*People's Organization and has been backed by the frontline African states and Nigeria. There is a real possibility, however, that controversy over the future of Walvis Bay will delay the Security Council's adoption of the Western plan and even provoke the South Africans or the SWAPO leaders to renege on their acceptance.//*

25X1 [redacted] //The Western envoys today will ask the Security Council to discuss informally a resolution requesting that the Secretary General appoint a special representative for Namibia and prepare recommendations for implementing the Western proposal. If these informal discussions go smoothly, a formal session may be convened as early as tomorrow to vote on the resolution.//

25X1 [redacted] //When Secretary General Waldheim submits his recommendations--possibly by mid-August--the Western envoys will ask the Council to reconvene and authorize him to set up a UN group to assist in Namibia's transition to independence. The group is to include a civil section and a military force; it is to conduct a preindependence election and enforce a truce between South African troops and SWAPO guerrillas.//

25X1 [redacted] SWAPO leader Sam Nujoma, in a speech at the summit of the Organization of African Unity last week, called on the African countries to press the Security Council to "expedite" such an early union. He also asked the African states to press for revisions in the Western plan that would be as unacceptable to Pretoria as any coercive wording in a Security Council resolution on Walvis Bay.

25X1 [redacted] Yesterday South African Foreign Minister Botha delivered to Western ambassadors in Pretoria a letter to their heads of government from Prime Minister Vorster. The letter sets forth in great detail South Africa's claim to possession of Walvis Bay and its refusal to tolerate a Security Council resolution calling for early union of Walvis Bay with Namibia.

25X1 [redacted] The Western countries had promised SWAPO that they would support such a resolution. They also made clear, however, to both SWAPO and South Africa that they intend to support negotiations on Walvis Bay between Pretoria and the government of Namibia that is elected in accordance with the Western proposal.

25X1 [redacted] Vorster threatened in his letter to renege on his government's acceptance of the Western settlement plan if the five Western states back the African resolution on Walvis Bay. Vorster has made such threats before and may hope that his strong statement now will induce the Western countries to abstain in the Security Council on the African resolution. Even if Pretoria does not follow through with its threat, Vorster's letter--if it is published as Botha said it will be--may provoke non-Western members of the Security Council to support Nujoma's latest demands. [redacted]

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## USSR-AFGHANISTAN: Relations

25X1 [redacted] //Despite their growing involvement in Afghanistan, the Soviets apparently are trying to emphasize Afghan independence in order to encourage foreign assistance to the new regime and calm regional suspicions.//

25X1 [redacted] //In a recent conversation with the new US Ambassador to Afghanistan, Soviet Ambassador Puzanov downplayed the Soviet role there. He noted that Kabul and Moscow had always enjoyed "friendly, productive relations" and said he expected this to continue. According to Puzanov, the recent influx of Soviet military advisers and the rash of newly signed Soviet-Afghan economic aid agreement were by no means out of the ordinary, and many of the agreements had been in the pipeline for some time.//

25X1 [redacted] //Puzanov denied that the ruling People's Democratic Party of Afghanistan had been modeled after the Soviet Communist Party or that there were party-to-party ties between the two. According to Puzanov, Moscow had never recognized an Afghan Communist party.//

25X1 [redacted] //Turning to international and regional affairs, Puzanov applauded the Afghan Government's stated intention of negotiating its differences with Pakistan, as well as its developing relations with India. He characterized Afghan-Chinese relations as "normal" and cited several Chinese aid programs. In an obvious pitch for more Western aid for President Taraki's regime, the Soviet envoy noted that Afghanistan was a poor country desperately in need of economic assistance.//

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[redacted] //Puzanov's remarks seemed intended to underscore Afghanistan's nonalignment and play down its pro-Soviet tilt. They probably reflect a growing Soviet concern over regional and Western suspicions of Soviet designs in Afghanistan. Arguments similar to Puzanov's have been made in the Soviet press and by Afghan officials in discussions with US officials.//

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[redacted] //Moscow's concern, however, has apparently not led to any changes in Soviet policy. Recent reporting substantiates earlier information that the Soviets have moved advisers into all Afghan ministries and have doubled the size of their military advisory group. In addition, there are reports that a larger-than-usual number of Soviet advisers have been assigned to Afghan units fighting rebel tribes in Konar and Paktia Provinces, and that three Soviets were killed in June while accompanying Afghan units into combat. [redacted]

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BRIEFS

Spain

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[redacted] The murder on Friday of an Army general and his aide by terrorists who apparently were hoping to provoke a military takeover does not appear likely to derail the transition to democracy in Spain. The armed forces are said to be angry and greatly concerned about their personal security, but the US Embassy does not believe this will lead to any attempt by them to intervene directly in politics.

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[redacted] The killings did not hold up progress on the new constitution; the lower house of the legislature approved it the same day by a vote of 258 to two with 14 abstentions. The Basque Nationalist Party deputies, still dissatisfied with the provision for regional autonomy, absented themselves from the session rather than abstain or vote "no." Basque dissatisfaction may be addressed again during Senate consideration of the constitution. [redacted]

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China-Vietnam

25X1 [redacted] Vietnam's agreement on Saturday to China's proposal for opening vice-ministerial-level talks on the issue of ethnic Chinese in Vietnam is unlikely to bring rapid progress toward resolving differences. Like Peking's initiative, the Vietnamese reply shows no indication of changes in Hanoi's firm line on the problem.

25X1 [redacted] Vietnam has proposed that the talks begin on 8 August in Hanoi. The Chinese Embassy in Hanoi and lower ranking Vietnamese officials have held fruitless discussions on the repatriation issue for over a month. Talks between the vice ministers, however, have not occurred since late March when Vietnamese Vice Foreign Minister Phan Hien made several trips to Peking. [redacted]

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Bulgaria

25X1 [redacted] Bulgaria's top agricultural official was fired on Friday, possibly after a disagreement over how to repair damage to the agricultural sector caused by severe storms this summer. Ivan Prumov, who has been party secretary for agriculture since 1962, was relieved of his post by a Central Committee plenum. His removal follows the establishment of a special task force under Agriculture Minister Grigor Stoichkov that is to direct rehabilitation work.

25X1 [redacted] Damage to agricultural production from the storms is estimated at \$300 million. The regime, faced with growing signs of public dissatisfaction in recent months over shortages of food and consumer goods, is trying to allay consumers' fears of new food shortages later this year. Stoichkov has appealed to the people not to panic, but he has offered no guarantees that the losses can be fully overcome. The authorities are also worried about the storms' effect on exports of foodstuffs to Western Europe, which are an essential source of Bulgaria's hard currency earnings. [redacted]

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Portugal

25X1 [redacted] Members of the Center Democratic Party in Portuguese Prime Minister Soares' coalition government will resign today

because of a dispute with Soares over implementation of austerity and reform measures, according to press reports from Lisbon.

25X1 [redacted] The Prime Minister will probably replace them with members of his own Socialist Party or with independents, and he will hope to continue in office under a minority arrangement. Should Soares choose to resign, however, President Eanes is likely to ask him to reconsider and try to form a new government. 25X1 [redacted]

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