

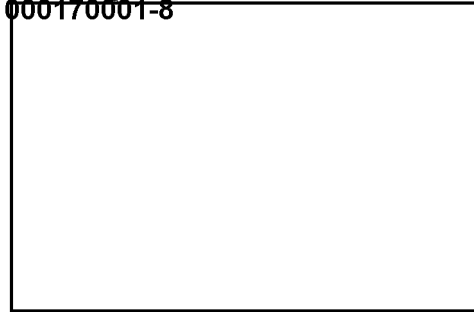


Director of
Central
Intelligence

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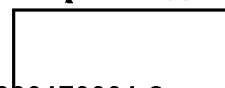


National Intelligence Daily

Friday
26 January 1979

State Dept. review completed

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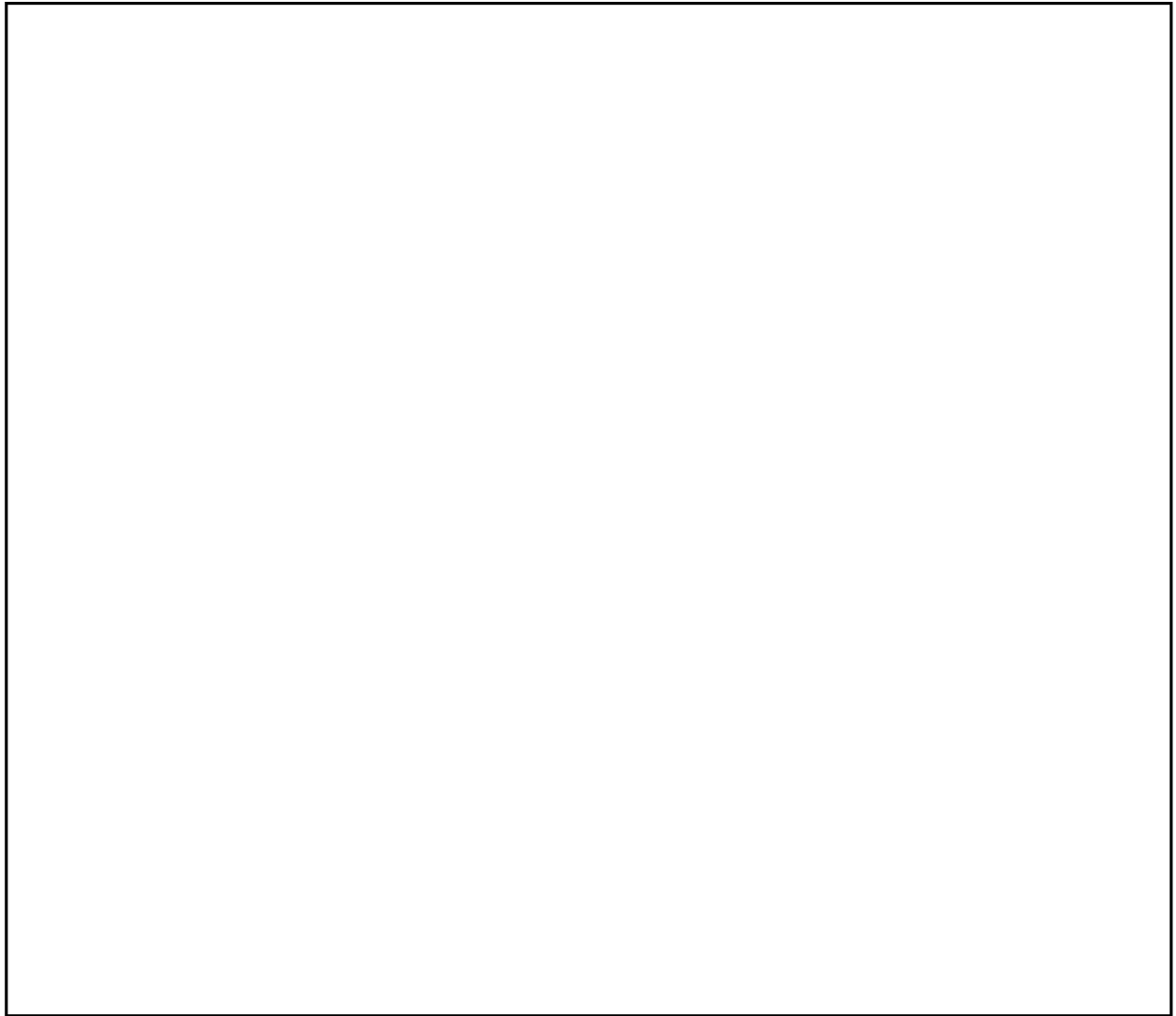
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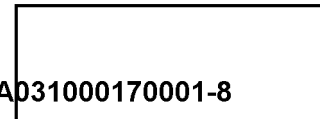
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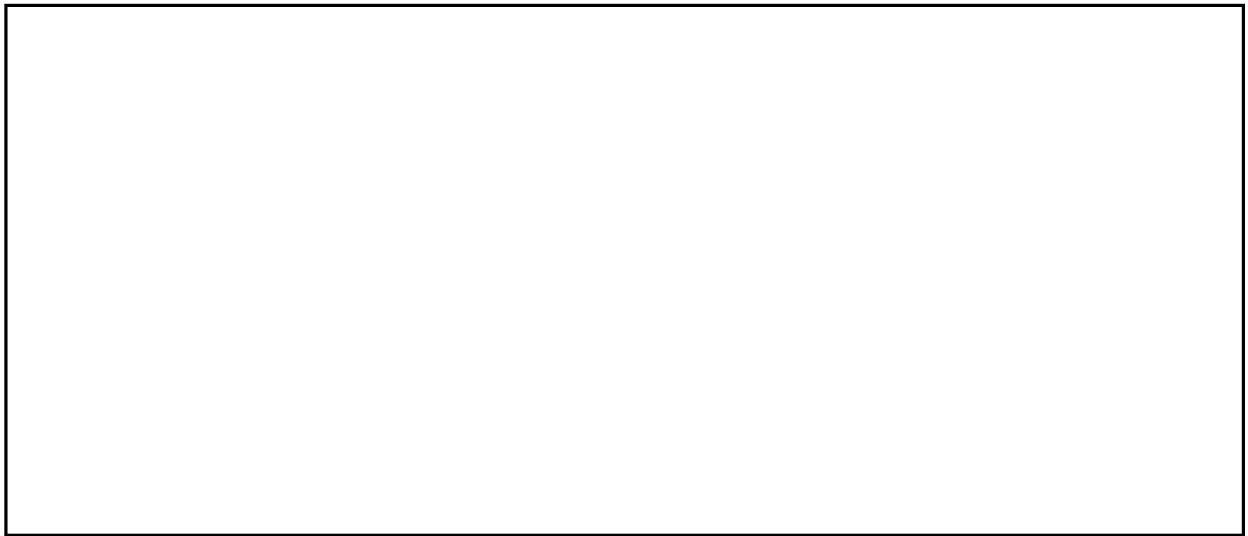


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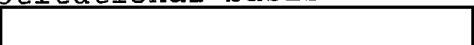
OVERNIGHT REPORTS

(The items in the Overnight Reports section have not been coordinated within the intelligence community. They are prepared overnight by the Office of Current Operations with analyst comment where possible from the production offices of NFAC.)


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Syria-Iraq

A Western press report from Damascus states that President Assad's meeting this week with Iraqi President Bakr has been delayed, because Bakr is ill. Arab diplomatic sources are quoted in the report as saying that the meeting probably will be held early next week, and that de facto political chief Saddam Husayn will go to Damascus if Bakr is unable to go. The political committee that Bakr and Assad both chair reportedly will attempt to draft the constitutional basis for a union between Syria and Iraq. 

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COMMENT: *We suspect that in fact the two sides have not yet been able to agree on such tough issues as the distribution of water from the Euphrates and party and military cooperation.* 

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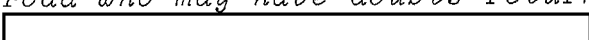


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China



The New China News Agency reported yesterday that Politburo member Ulanhu (Ulanfu) had announced a "recent" policy decision of the party's Central Committee regarding the country's "bourgeoisie." Among other things, members of the "bourgeoisie" will be able to recover bank deposits and real estate confiscated during the Cultural Revolution; will generally have their salaries restored along with back pay; and will no longer have their children discriminated against in party, education, and employment matters. 

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COMMENT: *This move is designed to bolster the modernization campaign by enlisting those Chinese with industrial and commercial expertise; it is also intended to reassure the people on Taiwan, many of whom fall into the category of "bourgeoisie," and those Chinese abroad who may have doubts returning to the mainland.* 

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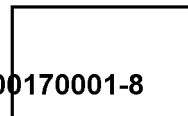
International Oil

The US Embassy in Paris reports that the secretariat of the 19-member International Energy Agency has concluded that the Iranian oil shortfall is manageable for the first quarter of this year, but that IEA members should view the situation as serious for the rest of the year because of the many uncertainties that exist. Reports by the member-states revealed no critical oil shortages at present, although Sweden emphasized its problems are compounded by unexplained delays in Soviet oil deliveries. Only Japan, West Germany, and the US were described as having taken specific steps in reaction to the Iranian oil shortfall. 


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China-Portugal


A West German diplomat in Beijing (Peking) has told the US Liaison Office that China sought to define Macao as Chinese territory in recent negotiations with Portugal on establishing diplomatic relations. According to British officials, Portugal refused after the UK lodged a protest in Lisbon. The Chinese Foreign Ministry's officer in charge of Portuguese affairs has told a second West German diplomat that Sino-Portuguese relations "will come." 

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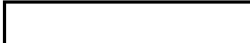
COMMENT: Press reports this month have indicated that the establishment of Sino-Portuguese relations may be imminent. Portugal is now the only member of NATO not to have normalized relations with China. 

Cuba-Angola-Mozambique

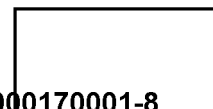
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According to the US Interests Section in Havana, Cuban Vice President Rodriguez told the French Ambassador on Tuesday that after Angolan President Neto's visit ends on 30 January, Havana expects to withdraw some troops from Angola. Rodriguez told the British Ambassador, also on Tuesday, that if the South Africans were to carry out another strike into Angola, Cuban troops might accompany Angolan forces on a retaliatory raid into Namibia. The Interests Section concludes that this contingency would seem to argue against a substantial reduction of Cuban forces in Angola. 

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In a subsequent telegram, the Interests Section reports that Rodriguez also told the British Ambassador that a sharp increase in fighting in Rhodesia is likely unless a peaceful solution favorable to the Patriotic Front is found soon. Rodriguez said that Havana now probably will provide other "supplies" to Patriotic Front elements being armed and trained by Cuban advisers in Mozambique. According to the Interests Section, Havana does not yet seem to have decided on a heightened Cuban presence in Mozambique. 

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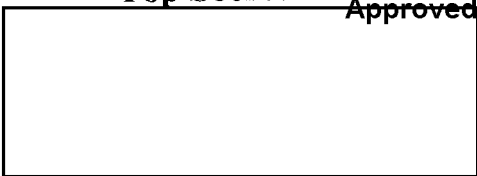


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