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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

NIC #1376-83/1
28 February 1983

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

THROUGH : National Intelligence Officer for Warning

FROM : 25X1
Acting National Intelligence Officer for Africa

SUBJECT : Warning Report: Sub-Saharan Africa 25X1

Community representatives and specialists met on 22 February 1983 with the Acting NIO/AF as chairman. The attached report has not been coordinated with the other participants, but is being circulated to them. If they feel their views have been misinterpreted, or if they have significant additional concerns, I'll report further to you. 25X1

Attachment
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WARNING REPORT: SUB-SAHARAN AFRICA

SUDAN-LIBYA

Community analysts do not expect Qadhafi to be deterred by his recent setback from his longstanding goal of toppling Sudanese President Nimeiri, and they will be watching for future signs of renewed operations against Khartoum.

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CHAD

The Intelligence Community is fully aware that Qadhafi's frustration over his failure in Sudan could lead him into further adventures in Chad. The anti-Libyan Habre government's control over the country, particularly in the north, remains tenuous and Habre's military operations against Libyan-backed dissidents in the north and his efforts to reclaim the Aouzou Strip could provoke Qadhafi into stepping up anti-Habre operations.

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Analysts also are concerned over Libyan contacts with Chadian dissidents in the Central African Republic

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NIGERIA

The impact of Nigeria's sharply declining oil revenues on the growing economic crisis is of major concern to the Community and to policymakers. Attached is a brief memorandum prepared for the ANIO/AF by analysts in CIA's Office of African and Latin American Analysis discussing one aspect of Nigeria's oil problem that is often overlooked in the continuous discussion of oil prices.

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ZIMBABWE

The recent detention of ZAPU leader Joshua Nkomo and the government's increasingly harsh response to dissidence in Matabeleland have ushered in what is likely to be a prolonged period of rising tension in Zimbabwe. Analysts are watching closely for signs that the dissidence could be moving toward full-scale, organized insurgency, particularly if the dissidence becomes organized around ex-ZAPU deserters from the army. The Mugabe government is

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divided between hardliners who advocate ruthless suppression of ZAPU and moderates who favor reconciliation with a view toward eventual absorption of ZAPU into a single-party system. The potential for regional instability in the Matabeleland crisis becomes greater if the South Africans choose to become involved as many fear. [redacted]

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[redacted]

ANGOLA-SOUTH AFRICA

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[redacted]

Regarding the military situation, there was a consensus that the recent upsurge in SWAPO-South African military operations increases the odds against Pretoria and Luanda agreeing on a limited disengagement in the northern Namibia-southern Angola area. Some analysts suggested that recent SWAPO activity may be deliberately designed to scuttle disengagement talks since SWAPO would be the loser if any such agreement were reached. South African casualties appear to be increasing but are still well within the "acceptable" range. Analysts also noted that UNITA operations in central Angola appear to have hit a new high and that overall military activity on the Angola-Namibia front is likely to increase in the coming weeks rather than diminish. [redacted]

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Attachment

NIGERIA'S OIL POLICY

An important element, in addition to price, behind Nigeria's inability to sell oil is its current marketing policy. In 1979, when the world oil market was feeling the impact of the Iranian revolution, Lagos decided to push ahead with a program to reduce the dominance of both the United States and Western Europe as producers and consumers of Nigerian oil. Each purchaser of Nigerian government oil (at that time equal to 55 percent of total production and subsequently increased to the current level of 78 percent) was limited to 50,000 barrels per day. Preference was given to black African and other Third World governments, such as Ghana, India, and Yugoslavia. This policy worked initially because it was a sellers market. Most of these consumers, however, now have serious financial problems and buy Nigerian oil only as long as its price is competitive. In recent months, customers have been buying oil on the spot market where prices were as much as \$6 per barrel lower than what Lagos was charging prior to last week's price cut. [REDACTED]

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There are a number of factors that influenced the marketing strategy that was designed in 1979. They were:

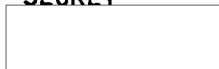
- The government's determination to increase control over Nigeria's oil industry by limiting the role of major international oil companies as marketing agents. Lagos has believed for some time that the current group of foreign producers operating in Nigeria is determined to present a united front against government efforts to eventually take over all aspects of oil operations.
- Oil was to be an instrument of Lagos' foreign policy to show the West that Nigeria was capable of denying some oil to countries not in agreement with Nigeria's foreign policies. At the time the new policy was implemented, Lagos was increasingly frustrated with what it believed to be footdragging by the United States and other Western governments on reaching a political settlement in Rhodesia. The Nigerians also on occasion have suspended temporarily oil shipments to Chad and Ghana as a sign of displeasure with those government's policies.
- Lagos hoped to gradually reduce the volume of Nigerian oil going to the United States. Lagos was concerned that because it is a leading foreign supplier of crude, it will be hit hard by various oil conservation measures imposed by Washington, including possible quotas on future US oil imports. [REDACTED]

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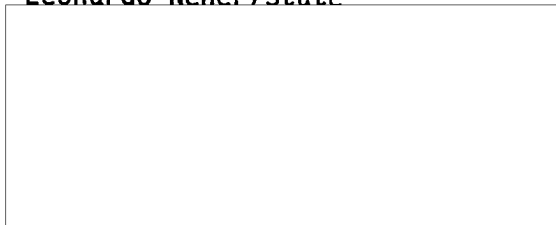
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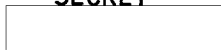
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