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TO: DEPT OF STATE//SECSTATE/AID, USUN NEW YORK//

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MIDDLE EAST AFRICA BRIEF AP MEAB 78-094 FOR JUNE 19, 1978.

1. OPEC: OIL PRICE DEADLOCK.

25X1 [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.

25X1 [Redacted] SAUDI CROWN PRINCE FAHD ARRIVED UNEXPECTEDLY IN GENEVA SUNDAY, APPARENTLY TO RESOLVE THE ISSUE IN AN EXTRA SESSION MONDAY. WE DO NOT KNOW WHETHER FAHD'S ROLE WILL BE TO LEND STRENGTH TO THE SAUDI POSITION OR TO ENGINEER A COMPROMISE WITH THE ADVOCATES OF HIGHER PRICES.

25X1 [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

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THE PURCHASING POWER OF OIL REVENUES. [REDACTED]

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2. 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. SINCE THEN, THE SOVIETS ARE REPORTED TO HAVE PROVIDED BENIN WITH ARMORED VEHICLES, ANTI-AIRCRAFT WEAPONS, SMALL ARMS AND AN ESTIMATED 30 MILITARY ADVISERS. CUBAN INTEREST IN BENIN HAS ALSO INCREASED SINCE THE ATTEMPTED COUP--WHICH THE CUBANS MAY HAVE HELPED SUPPRESS. THERE ARE NOW ABOUT 55 CUBAN MILITARY AND SECURITY ADVISERS IN THE COUNTRY.//

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

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MAY BE TEMPERED SOMEWHAT BY HIS COUNTRY'S CONTINUING HEAVY DEPENDENCE ON WESTERN ECONOMIC AID. [REDACTED]

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3.//PORTUGAL-ANGOLA: SUMMIT PLANNED.

25X1 [REDACTED] 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 [REDACTED] //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 [REDACTED] //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 NGOLA'S FIRST AMBASSADOR TO PORTUGAL//.

25X1 [REDACTED] //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.

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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 ARRANGMENTS 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 [] /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//. [] 25X1

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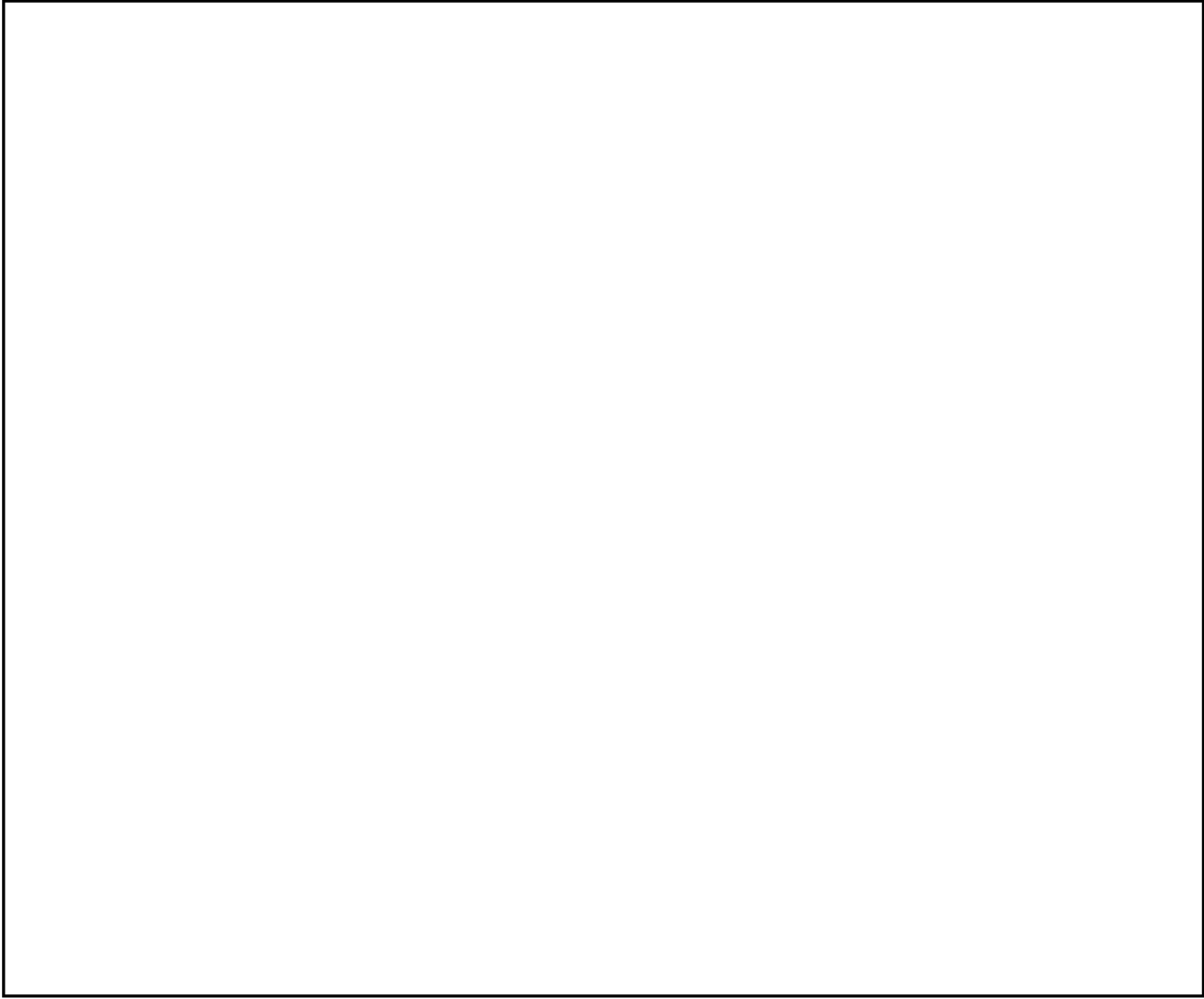
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5. LIBYA.

25X1 [redacted] //THE LIBYAN CENTRAL BANK IS APPARENTLY PREPAR-
ING TO RECALL ALL OUTSTANDING DINAR NOTES AND ISSUE A NEW CUR-
RENCY. 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.//

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25X1 [] //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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6. USSR-AFGHANISTAN.

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7. OMAN.

25X1 [] //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.//

25X1 [] []

[] DO NOT BELIEVE THE ATTACKS SIGNAL A LARGE-SCALE RESURGENCE OF THE REBELLION--WHICH WAS LARGELY QUELLED IN DECEMBER 1975 WITH THE AID OF IRANIAN TROOPS--BUT THEY ANTICIPATE MORE ATTACKS ON "SOFT" TARGETS OF OPPORTUNITY. THIS UNALARMED VIEW IS BASED ON THE POOR STRATEGIC AND LOGISTIC POSITION OF THE REBELS. 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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25X1 [] SOUTH YEMENI LEADER SALIM RUBAYI ALI STRONGLY REITERATED HIS GOVERNMENT'S SUPPORT OF THE REBELS LAST WEEK.

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