

The President's Daily Brief

February 2, 1976

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February 2, 1976

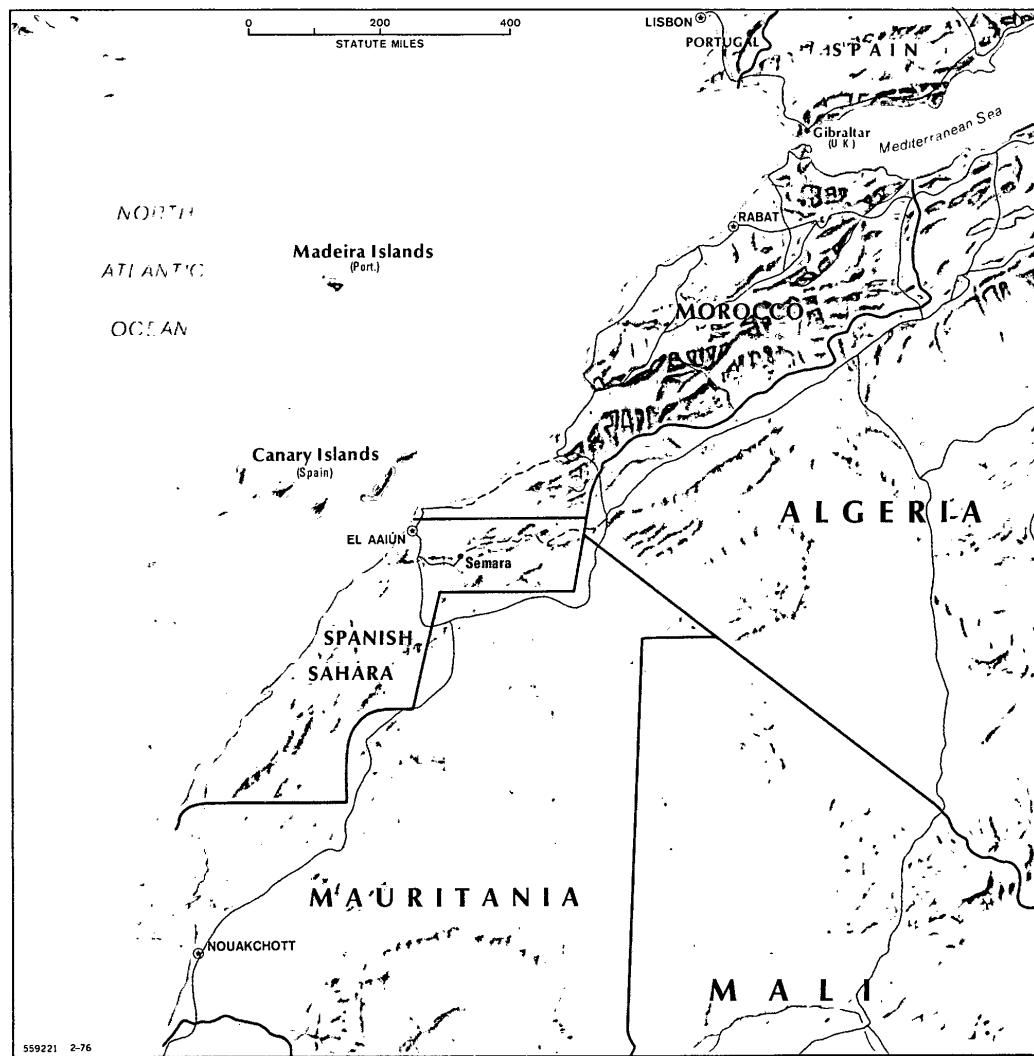
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FOR THE PRESIDENT ONLY



MOROCCO - ALGERIA - SPANISH SAHARA

We do not believe the Algerian News Service claim on Saturday that Polisario forces began laying siege to several Moroccan and Mauritanian positions in Spanish Sahara and were assaulting the Moroccan-held town of Semara.

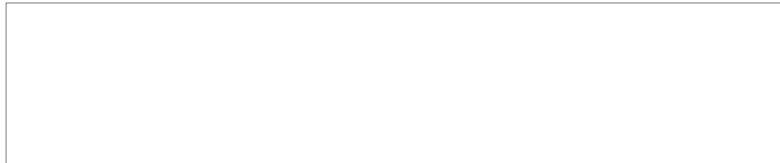
The Moroccans have yet to confirm any fresh attacks, and we do not believe the Polisario is capable of carrying out more than harassing attacks around Semara, which is strongly garrisoned. Our defense attaché in Rabat reports no new activity, but he believes the Moroccans are continuing sweep operations in eastern Sahara.

A high Algerian official told Ambassador Parker on Saturday that Algiers is skeptical that the current Arab mediation effort will lead to Moroccan concessions. The Algerians believe the main thrust of their diplomacy must be made at the UN. The Algerian official said that Algiers wants a political solution, and that if it wanted war it would have reinforced the Algerian unit that was attacked in the Sahara earlier this week.

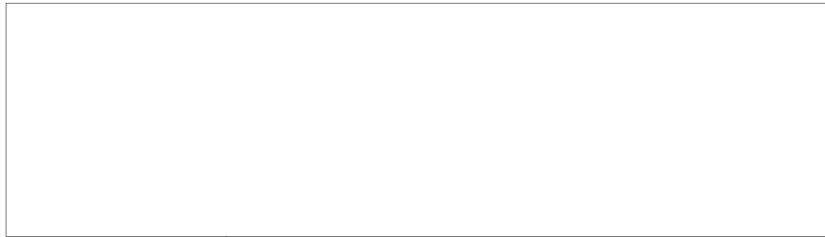
Meanwhile, the Algerian press says the special emissaries from Egypt, Syria, Iraq, and Tunisia have suggested a special meeting of Arab foreign ministers to deal with the dispute.

USSR-AFRICA

The Soviet military airlift to Africa continued over the weekend with the arrival in Conakry of two more AN-22 heavy transports, apparently en route to Angola.



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NOTES

Key Christian and Muslim leaders in Lebanon met separately over the weekend to review the major ingredients of the Syrian-proposed political settlement. Final decisions will await President Franjiyah's meeting this week with Syrian President Asad.

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In a gesture apparently aimed at impressing the US Congress, Turkey announced on Saturday that it is going to begin withdrawing 2,000 troops this week from Cyprus.

The Turks claim to have already withdrawn 10,000 troops from the island since the 1974 invasion, bringing the current strength level to 30,000 men. This figure agrees with our current estimate of Turkish forces, but we do not believe there has been a force reduction of 10,000 troops. The Turks apparently withdrew some 1,500 to 2,500 troops in late 1974, possibly another 1,000 in early February 1975, and some 750 last September. In addition, there have been no indications that the reductions have included tanks or major pieces of artillery.

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Indian Prime Minister Gandhi's imposition of central rule on the southern state of Tamil Nadu--one of the two states not ruled by her Congress Party--probably was intended to underscore her determination to brook no opposition to government policies.

The leaders of the state government had opposed the Prime Minister's state of emergency decree and had only loosely enforced its provisions. According to our consul in Madras--the state capital--there are no signs of disturbance in the city, but the police have been reinforced.

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February 3, 1976

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USSR-Angola: The latest phase of the Soviet military airlift to Angola seems to be ending. (Page 2)

Notes: Cuba-Mexico; Cuba - Spanish Sahara; Egypt (Pages 3 and 4)

FOR THE PRESIDENT ONLY

EGYPT-USSR

Our embassy in Cairo reports that President Sadat recently received a terse note from Moscow saying that the Soviets would no longer overhaul Egypt's MIG-21 engines. Some 50 Egyptian MIG engines reportedly have been in Moscow for repair since early last year, but no work has been done on them.

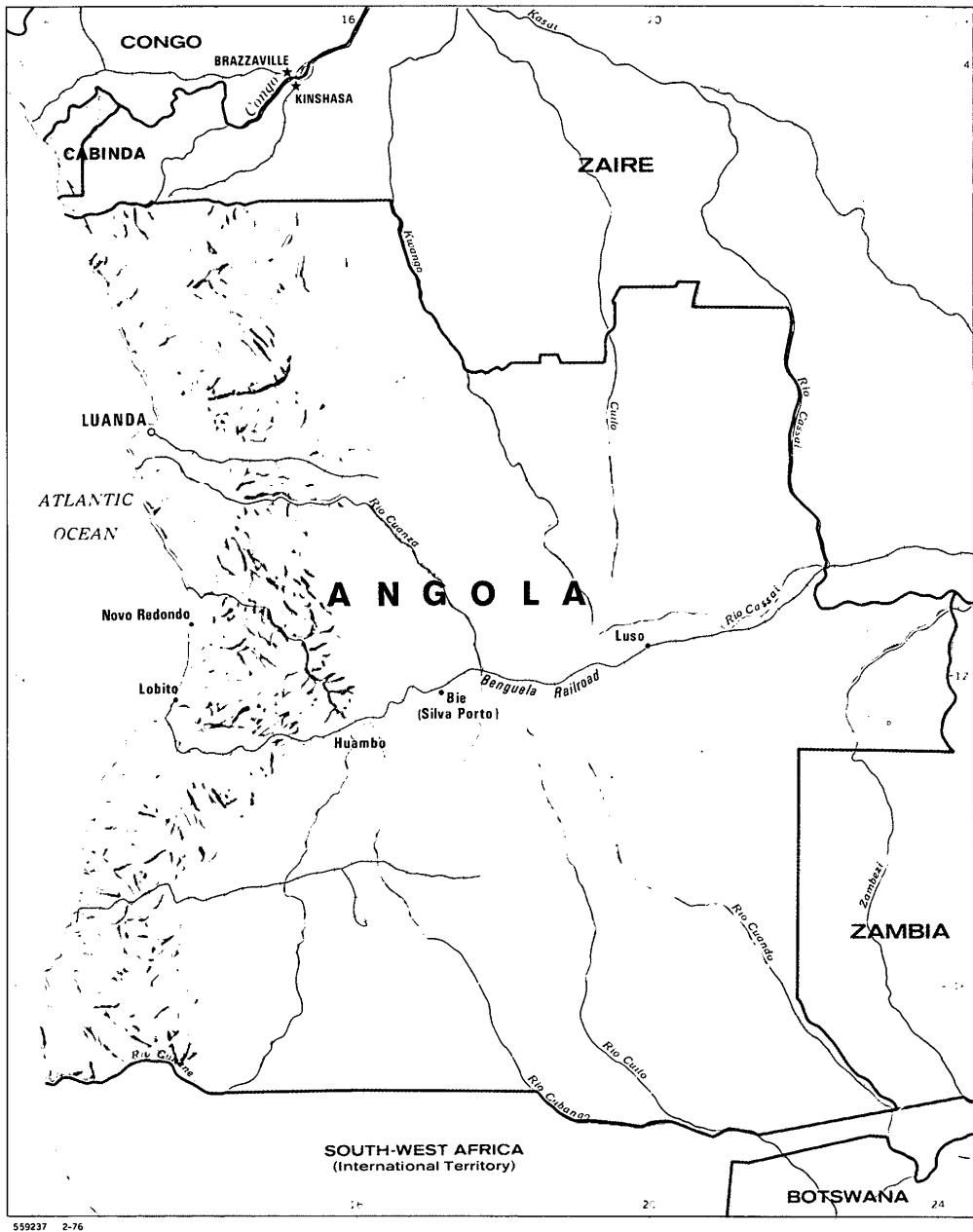
Moscow's decision to stop overhauling engines is not expected to ground Egypt's 14 squadrons of MIG-21s immediately, but it will seriously erode the combat capability of the air force within a matter of months. The decision undoubtedly will spur Cairo to seek alternative sources of parts and maintenance, and a limited capability to manufacture some parts in order to keep its 210 MIG-21s airborne.

The decision also may force Cairo to attempt to speed up its conversion from Soviet to Western arms. Egypt has plans to replace its MIG-21s with French Mirage fighters, probably the F-1. This aircraft, which is to be produced locally under license, will not be available, however, until about 1980 at the earliest.

The Soviets' decision is part of a campaign of Soviet harassment that has been under way for almost two years. Moscow has refused to replace Egypt's losses from the October war and has cut back the supply of spare parts for Soviet equipment in the Egyptian inventory.

Moscow's indication that it will reduce the flow of spare parts already has had a serious effect on Egypt's forces. The problem was focused sharply last June when [redacted] because of the lack of spare parts, Egypt would either have to go to war before the end of the year or wait several years until major re-equipment from Western countries could be absorbed by the armed forces.

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USSR-ANGOLA

National Union forces in southern Angola seem to be holding their own. The most recent phase of the Soviet military airlift for the Popular Movement appears to be ending.

The Popular Movement has made little progress in its advances on three towns held by the National Union--Huambo, Silva Porto, and Luso. On the coast, Popular Movement forces have not yet mounted an effective offensive southward from Novo Redondo to the railroad at Lobito.

No new Soviet transports have arrived in Africa since Saturday, and none is en route. The Soviets have made a total of 66 flights to West Africa since the airlift began in late October.

No MIG fighter aircraft were detected in recent satellite photography of five airfields in Angola, Cabinda, and the Congo. Some of the airfields, however, have a number of large hangers in which fighter aircraft could be assembled and concealed.

The Kresta-II guided missile cruiser and the Alligator-class landing ship that have been operating together in the Gulf of Guinea separated on January 30. The landing ship is now en route to Conakry and should arrive there tomorrow. The Kresta-II is moving slowly to the southeast and yesterday afternoon was located some 500 miles west of Pointe Noire, Congo.

NOTES

Cuban Prime Minister Castro has canceled a long-planned visit to Mexico in March, probably because of recent criticism by President Echeverria of Cuba's Angola policy.

Castro told the Mexicans that the press of African affairs at home and his attendance at the Communist party congress in Moscow in late February would keep him fully occupied. Echeverria is said to be pleased with Castro's decision. The Mexican President said recently that he believes Cuba's intervention in Angola is turning world opinion against Cuba

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Cuba may be shipping arms to the Polisario Front, an independence movement in Spanish Sahara

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On January 14, a Cuban cargo ship was near the Saharan coast, apparently taking part in the Cuban military sealift to Angola. Another Cuban ship, employed in the same sealift, had sailed by the coast of Spanish Sahara in late December. Both were far north of the usual route followed by ships taking men and arms to Angola. We are unable to confirm that either ship unloaded arms, but the circuitous route suggests that Cuba is supplying the Front with Soviet arms.

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The semi-official Al-Ahram reported over the weekend that 12,000 people had been arrested in Egypt during the preceding week.

Although the arrests were allegedly for criminal offenses, the coincidence of increased student and religious agitation suggests that at least some of the detentions were for political reasons. Two recent student demonstrations at the University of Cairo probably were motivated by the rising cost of living. A third involved rightist students demanding greater application of Islamic law in Egypt's legal system.

Foreign Minister Fahmi claims that young Muslim fanatics have begun to establish contacts with leftists. An alliance between right and left extremists has long been a particular fear of the government.

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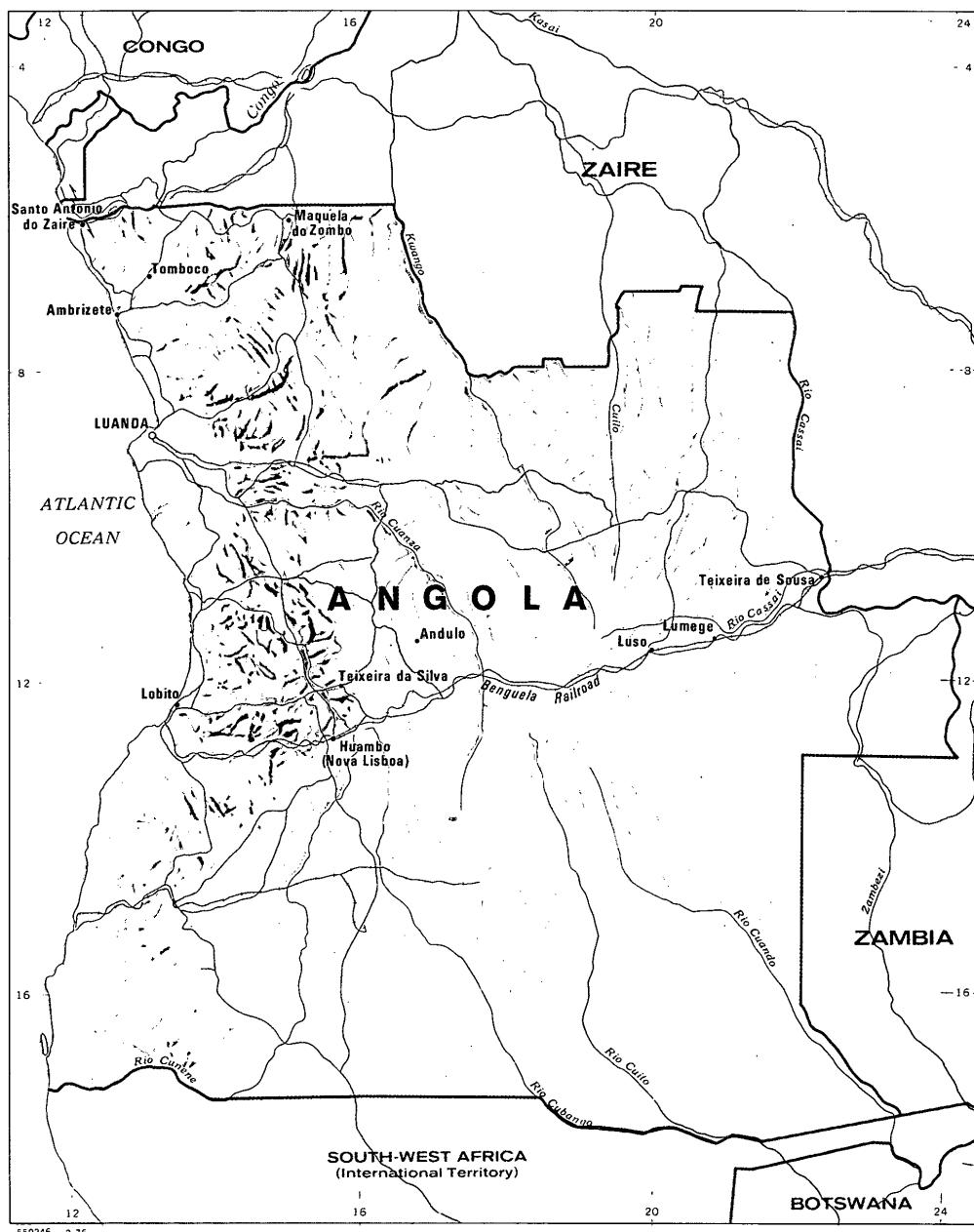
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FOR THE PRESIDENT ONLY



ANGOLA

The southern-based National Union is organizing many of its troops into guerrilla units to fight Cuban and Popular Movement troops.

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In eastern Angola, the National Union reportedly is grouping [redacted] troops into guerrilla units, which are already active around the town of Lumege.

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[redacted] Other guerrilla units being formed are to operate northward from Andulo.

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The Popular Movement apparently has not made any major gains in recent days, but its forces in the central sector are pressing hard in the vicinity of Teixeira da Silva, where there is an important road junction. Two separate Cuban columns [redacted] are reportedly moving on that town; their ultimate target is probably Huambo (Nova Lisboa), the National Union's former political headquarters.

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In northern Angola, [redacted] Popular Movement forces are stockpiling supplies at Ambrizete in preparation for a move on Tomboco, one of the National Front's few remaining garrisons in the area.

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[redacted]
The Front is expecting more European mercenaries to arrive at Maquela do Zombo and Santo Antonio do Zaire.

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[redacted] the sealift from Cuba to the
Angola-Congo area is continuing.

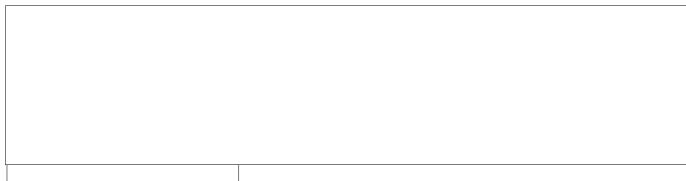
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[redacted] Thirteen Cuban ships have departed for
the war zone since January 1.

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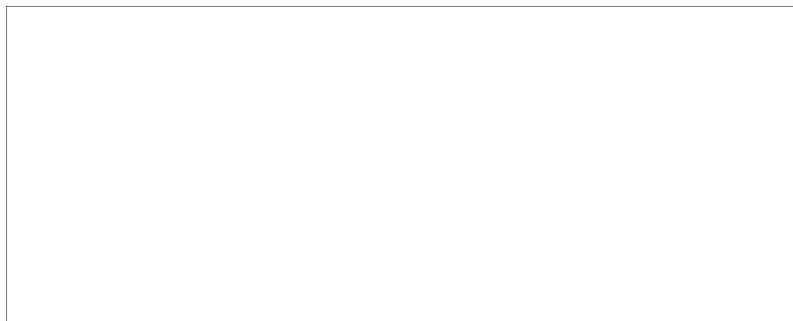
USSR-MBFR

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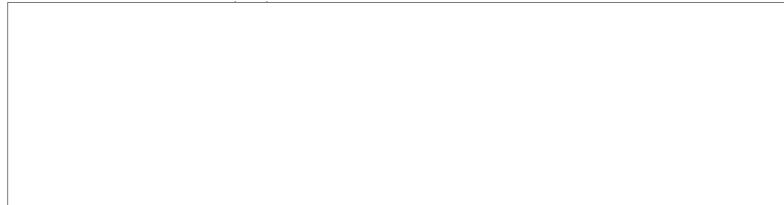
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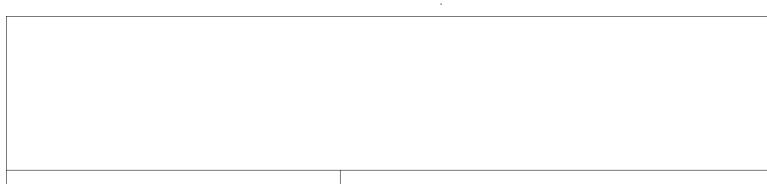
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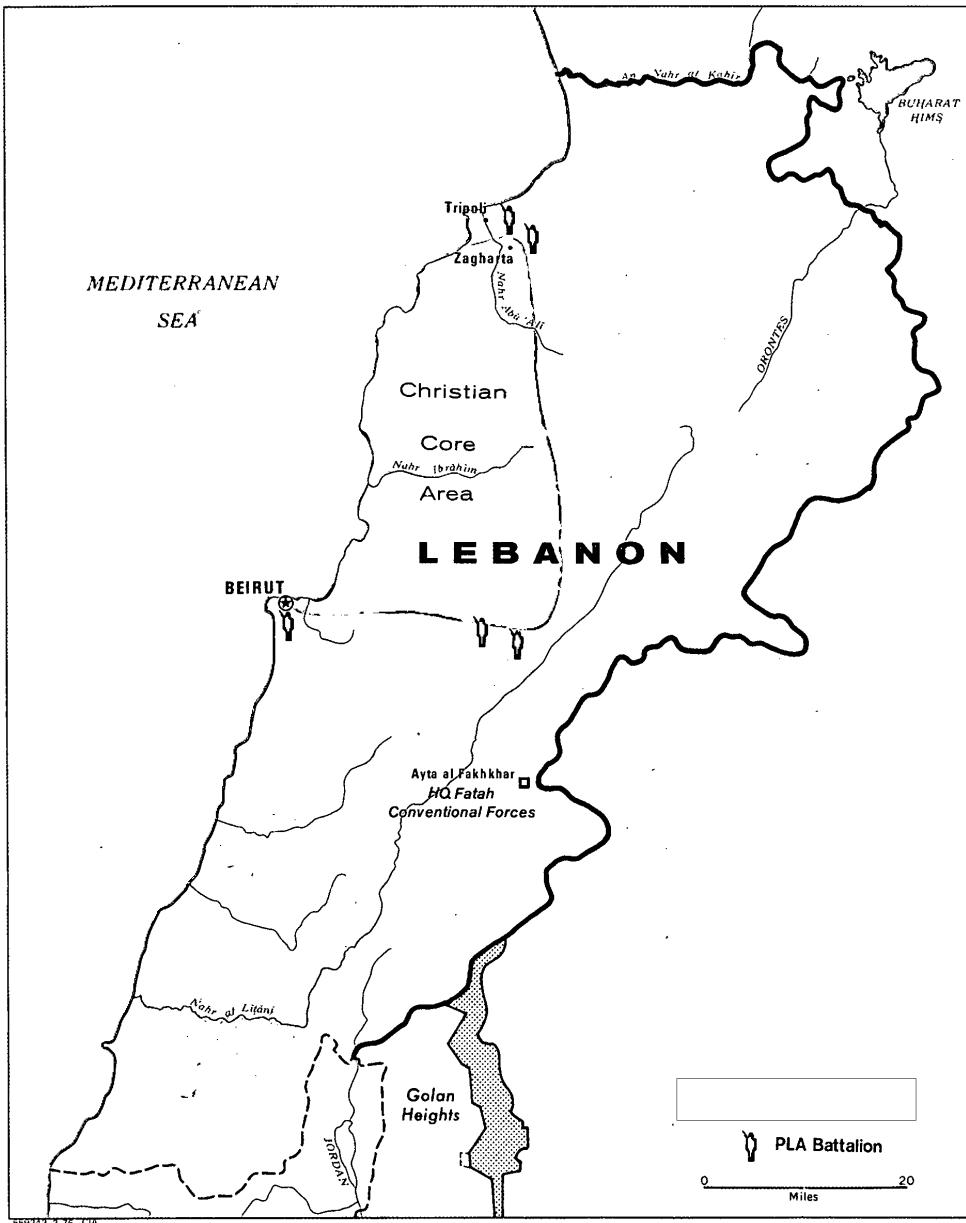


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LEBANON

Leaders of Fatah, the largest fedayeen organization, reportedly plan to expand their conventional military forces in Lebanon in order to counter the growing military and political strength of the Palestine Liberation Army.

The larger and better armed PLA now controls most Lebanese territory outside the Christian core area, and poses a threat to the almost unlimited freedom of action that Fatah and the other independent fedayeen groups enjoy.

The commander of the PLA theoretically is responsible to the political leadership of the Palestine Liberation Organization, and therefore to PLO chairman Yasir Arafat, who is also head of Fatah. In practice, however, the PLA is under the control of the Syrian army. Palestinian leaders are apprehensive that the PLA will be used by Damascus to impose on the fedayeen in Lebanon the same stiff controls that are enforced in Syria.



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There is some evidence that units of the Syrian-controlled Saiga fedayeen group are preparing to leave Lebanon, but no evidence that the approximately 3,000 PLA troops are planning to leave soon.

Inconclusive political wrangling continues among Muslim and Christian political leaders in Beirut. Lebanese President Franjiyah has again postponed his planned trip to Damascus.

NOTES

Satellite photography of the Severodvinsk naval shipyard [redacted] shows that the Soviets have launched their fifth lengthened D-class ballistic missile submarine.

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The lengthened D-class is about 500 feet long, about 50 feet more than the standard D-class. It carries 16 launch tubes for the 4,200-nautical-mile SS-N-8 missile, compared with 12 tubes on the standard model.

The Soviets maintain regular patrols by one or two D-class units in the Greenland and Barents seas. Two operational D-class units are assigned to the Pacific, and one more has just completed initial sea trials there. A D-class may have begun its first patrol in the Pacific in early December or early January. The Soviets probably will not begin continuous D-class patrols in the Pacific until four or five units are in service there.

* * *

Photography taken in January shows that the Soviets are dismantling for the first time ICBM silos--six of them--constructed for the SS-7.

With the dismantling of these silos, the USSR seems likely to reach the required total of 51 older ICBM launchers to be fully dismantled by the end of February. The Soviets have completed the dismantling of eight above-ground SS-7 launchers, are in the process of taking apart 34 more, and may start disassembling another three.

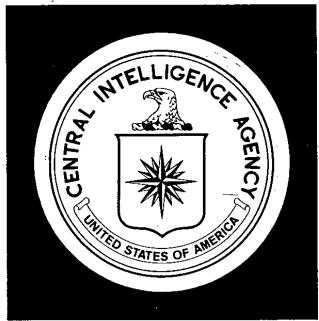
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Iceland yesterday rejected proposals worked out with the UK last week for a solution to the cod war, but offered to reopen discussions for a three-month agreement.

By proposing a short-term agreement, Iceland may hope the UN Law of the Sea conference, which will conclude its next session in May--at about the same time that a three-month fishing agreement would expire--will approve a 200-mile economic zone or at least demonstrate broad international support for such a zone. Reykjavik has not said whether it will continue to harass British trawlers during any renewed talks. London now must decide whether to send back its frigates to protect the trawlers.

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February 5, 1976

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USSR-Angola: Moscow reportedly believes the Popular Movement should not rely entirely on military action to consolidate its position in Angola.
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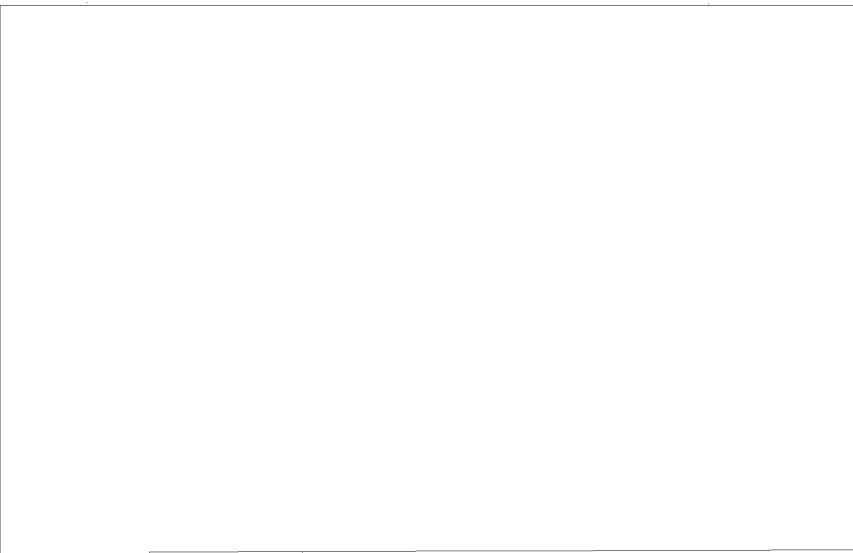
USSR-China: Moscow freed six Chinese as a trade-off for China's release of the Soviet helicopter crew in late December. *(Page 2)*

Rhodesia: Nationalist leader Nkomo told US officials this week his talks with Prime Minister Smith on a constitutional settlement are not going well and that he is seeking outside help to prevent their collapse. *(Page 3)*

NOTES: Lebanon; UK-Iceland; Cyprus *(Pages 4 and 5)*

~~FOR THE PRESIDENT ONLY~~

USSR-ANGOLA



[redacted] the publication in Izvestia on January 29 of an authoritative "observer" article which indicated that both Moscow and the MPLA would welcome the "consolidation" of all "patriotic forces" in Angola. The "patriotic forces" formulation has since appeared in Pravda and several other Soviet commentaries, and Brezhnev endorsed the idea in a message earlier this week to an international solidarity conference meeting in Luanda.

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At this point, however, neither Moscow nor Neto is really thinking in terms of a coalition government. The leader of the Soviet delegation to the Luanda conference dismissed the coalition formula out of hand, as Neto also has done on numerous occasions, branding opposition leaders Roberto and Savimbi as agents of the CIA and "foreign monopolies." Neto simply says he is convinced that the "rank and file" of the National Front and National Union will soon "join" the Popular Movement.

Moscow, meanwhile, has mounted a diplomatic and propaganda effort in defense of its Angolan policy. [redacted]

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USSR-CHINA

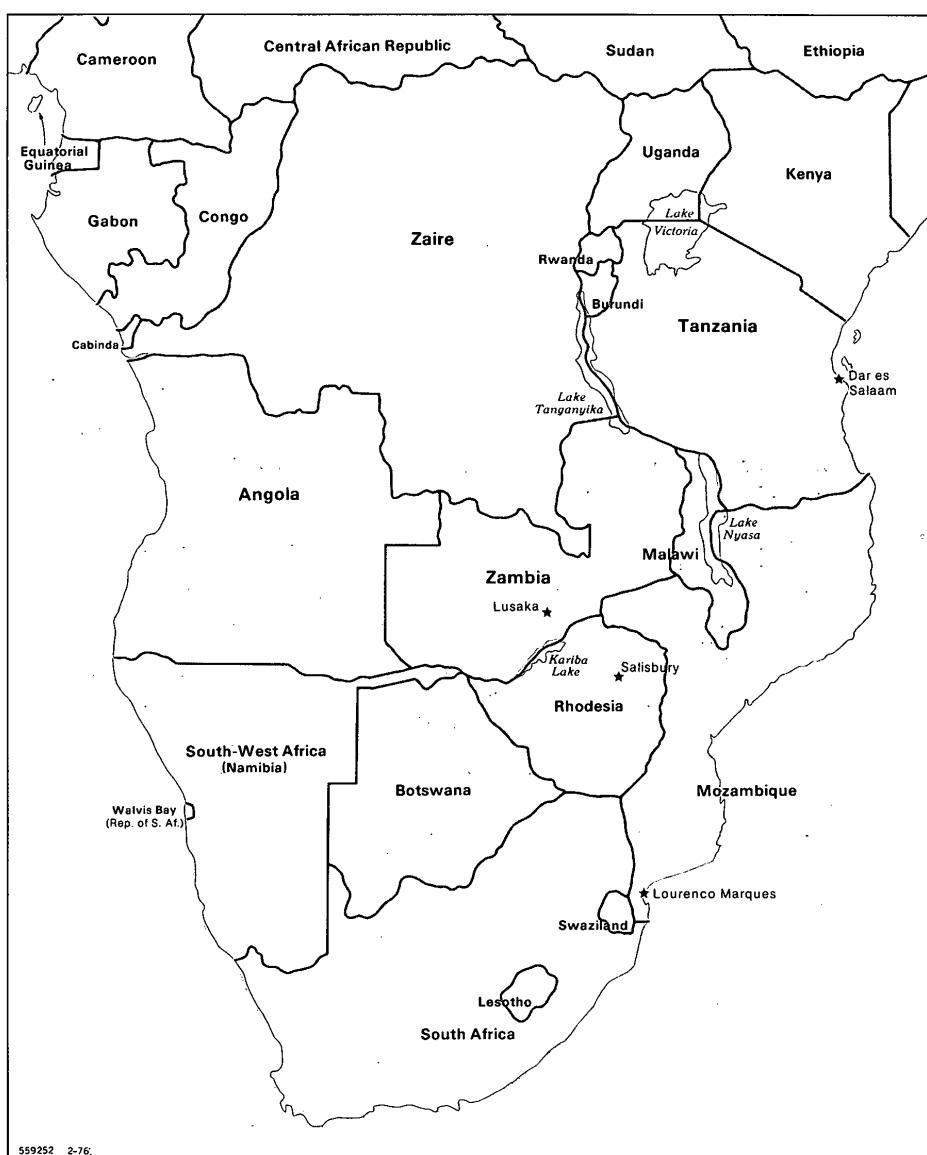
Mikhail Kapitsa, the leading China expert in the Soviet Foreign Ministry, told Ambassador Stoessel Monday that Moscow freed six Chinese as a trade-off for China's release of the Soviet helicopter crew in late December.

Kapitsa belittled the Chinese gesture, noting again that it had been accompanied by a sharp increase in Peking's anti-Soviet propaganda. Moscow, he said, had officially protested China's invec-

tives in late January.

Kapitsa also said Moscow had no plans to send its chief negotiator on the border talks back to Peking because China does not want to resolve the border problem.

As usual, Kapitsa was pessimistic about prospects for improvement in Sino-Soviet relations as long as Mao lives.



RHODESIA

Rhodesian nationalist leader Joshua Nkomo told US officials in London early this week that his talks with Prime Minister Smith about a constitutional settlement are not going well and that he wants outside help to prevent collapse of the negotiations.

Although Nkomo made no specific requests of the US, he said that outside powers with interests in the area must now exert their influence to keep the talks going.

Nkomo is clearly concerned that if the talks fail, he could lose out to rival black nationalists outside Rhodesia who want to renew guerrilla warfare against Smith.

In recent weeks, insurgents have been transferred from camps in Zambia and Tanzania to northern Mozambique to prepare for renewed fighting. Although they do not yet appear to be equipped and ready for major operations, [redacted]

[redacted] some guerrillas have been crossing the border into Rhodesia from Mozambique and that terrorist incidents have increased.

[redacted] Rhodesian security forces recently crossed into Mozambique during counterinsurgency operations.

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NOTES

Lebanese Muslim leaders are arguing among themselves over the division of the political spoils they expect to win from the previously dominant Christian political parties.

The Muslims' most immediate problem is how to apportion the handful of parliamentary seats that they expect to gain if Christians and Muslims are given equal representation in parliament.

Christian leaders too are divided, mostly on how best to ensure Syrian and Palestinian respect for those Christian prerogatives that will remain after a political settlement has been reached. Leaders of the various Christian factions have been trying to settle their differences during the past week before President Franjiyah goes to Damascus to negotiate a final accord with Syrian President Asad.

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British trawlers were scheduled to return last night to the fishing grounds in dispute with Iceland; Foreign Secretary Callaghan announced that British frigates would follow if the trawlers should be harassed by Iceland's patrol boats.

Callaghan told NATO ambassadors yesterday that London had accepted an Icelandic proposal for renewed talks toward a three-month agreement. He added that chances for a settlement are slim in view of Reykjavik's intransigence.

Icelandic Prime Minister Hallgrimsson has not indicated what proposals he intends to offer when the new talks begin. Foreign Minister Agustsson said Iceland would continue to enforce its ban on fishing within the 200-mile zone.

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Cyprus President Makarios has ordered criminal proceedings against Nicos Sampson for his role in the July 1974 coup in Cyprus and the illegal take-over of the presidency that triggered the Turkish invasion.

This represents a sharp departure from Makarios' policy of placating the rightists since his return to Cyprus in December 1974. Police have been placed on alert in case Sampson's followers try to retaliate.

Makarios claims Sampson has continued to plot against the government, but in fact the President is settling old scores and responding to pressure from the left to prosecute those involved in the coup. Makarios probably is also reacting to charges that his government has done little to solve the assassination of Ambassador Davies in August 1974, for which extreme rightists are suspected of being responsible.

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February 6, 1976

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Lebanon-Syria: The government has announced that President Franjiyah will make his long-planned trip to Syria tomorrow. (Page 1)

Morocco-Algeria: The silence following the close of Egypt's effort to mediate the dispute suggests little progress was achieved. (Page 2)

Nigeria-Angola: Nigeria reportedly plans to give the Angolan Popular Movement some limited military aid for the first time as well as substantial new economic assistance. (Page 4)

Thailand: We present a condensation of an Inter-agency Intelligence Memorandum on the Thai Election and Its Implications for the US. (Page 6)

Notes: Italy; France-Somalia (Page 9)

At Annex

Sino-Soviet

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FOR THE PRESIDENT ONLY

LEBANON-SYRIA

The Lebanese government has announced that President Franjiyah will make his long-planned trip to Syria tomorrow. Franjiyah and Syrian President Asad presumably will work out the remaining details of a political settlement for Lebanon.

The political agreement probably will be made public soon after it is approved by the two presidents. Announcement of an agreement should lead to a general relaxation of tensions in Lebanon. Prime Minister Karami has stated that it will open the way for an expansion of the Lebanese cabinet to include representatives of all political factions.

Palestine Liberation Organization chairman Yasir Arafat has announced that he will go to Damascus today. Arafat almost certainly will seek assurances that Damascus will refuse the expected request from Franjiyah that Syria tighten controls on fedayeen movements in Lebanon.

One battalion of Palestine Liberation Army forces was withdrawn from northern Lebanon to Syria yesterday. This is the first significant indication that Syria may be confident that negotiations will succeed and is willing to relax its control over events in Lebanon.



MOROCCO-ALGERIA

Moroccan and Algerian officials kept silent yesterday at the close of Egyptian Vice President Mubarak's week-long effort to mediate their dispute over Spanish Sahara. This suggests little progress was achieved.

In a press conference on his return to Cairo yesterday, Mubarak sounded a note of optimism but offered few details about his talks in Rabat and Algiers. Mubarak said that the explosive nature of the situation had been defused and implied further diplomatic efforts will be made in the next few days.

The Egyptian's public statements are not worth very much in this case. The Egyptians sought to mediate in the Algerian-Moroccan crisis because they wanted to look like international Arab leaders after they had failed to influence the Lebanese situation.

The Moroccans, meanwhile, are continuing to strengthen their military forces in the south.

[redacted] 10 Boeing 727 flights have carried munitions to El Aaiun since January 27. According to a source of the defense attaché in Rabat, there are 9 F-5 fighters now flying operations from El Aaiun. The air force group there has requested additional pilots for its 13 helicopters. The defense attaché also reports that many army reservists have been called up recently.

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A Foreign Ministry official in Rabat said that Moroccan forces occupied Tifariti, some 65 miles east of Amgala, without opposition on February 4. Our embassy in Rabat reports that a Moroccan official said on Tuesday the military sweep in Spanish Sahara is being conducted in a deliberate manner to give mediation efforts a chance. The official indicated Mahbes, a Polisario stronghold near the Algerian border, would be the final objective.

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FOR THE PRESIDENT ONLY

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The Algerians are also rapidly building up their forces

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Satellite photography of early January confirms an increase in Algerian troop strength at Tindouf. Armored strength has been increased from a company to two battalions of tanks in less than a month, and the number of personnel tents has grown five-fold since December to over 300. We estimate that Algeria may now have up to two brigades garrisoned in the Tindouf area.

Six SU-7 fighter-bombers at Bechar and nine MIG 15 or 17 fighters that were seen in photography at Bou Ladham for the first time in late December were not there in the January photography. MIG squadrons do remain at Bechar and Tindouf, and a new warning radar also has been erected near the Tindouf airfield.

NIGERIA-ANGOLA

Nigeria reportedly plans to give the Angolan Popular Movement some limited military aid for the first time as well as substantial new economic assistance.

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A Nigerian delegation visited Luanda late last month and worked out a tentative agreement [redacted]

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The impending agreement underscores Nigeria's strong commitment to the Popular Movement to which it has already extended some \$20 million in assistance. With its projected new aid, Lagos also may be trying to show the Popular Movement that it does not have to look exclusively to the Soviet Union and Cuba for assistance. The Nigerians view the extensive Soviet and Cuban role in Angola as a necessary expedient, but are deeply concerned that the Luanda regime may find itself irretrievably wedded to Moscow and Havana.

* * *

Soviet and Cuban military support to the MPLA increased markedly during January.

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The value of this support is estimated to be at least \$88 million--almost half of the total amount provided during the entire March-December 1975 period. This raises the total value of Soviet and Cuban support to the MPLA since March 1975 to an estimated \$267 million. The bulk of the increased assistance in January stems from the vastly expanded Cuban effort to support the 12,000 Cuban troops now estimated to be in Angola. The expanded levels of Soviet and Cuban support to the MPLA appear designed to enable the MPLA and Cuban troops to win a quick military victory.

THAILAND

*We present below a condensation of
an Interagency Intelligence Memorandum on
the Thai Election and Its Implications
for the US.*

With elections scheduled for April, Thailand is experiencing a growing sense of malaise concerning the country's experiment with parliamentary democracy.

--This sentiment is expressed by King Phumiphon, the military, and many prominent civilian figures.

In these circumstances, there is a strong possibility that the military might decide to assume control. For the moment, the King appears to be against such a course, and many military leaders would be loath to act against the King's wishes. The situation is fragile, however, and subject to quick change.

--Some younger officers are maneuvering to force their superiors to take a stand on the question of a military takeover.

--Given the rivalries within the military, it is also possible that one or another military leader might attempt a preemptive coup.

Other developments which would increase the likelihood of a coup are:

--A sharp deterioration of the security situation.

--A breakdown in public order caused by widespread strikes or anti-government disorders.

--The prospect of a left-of-center coalition coming to power which would threaten the vested interests of the military and conservative elements in Thailand.

Short of a coup, there is also a possibility that the elections may be postponed, leaving Kukrit, the present caretaker prime minister, to rule through emergency decree.

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--Khukrit, the military, and the King may well come to prefer this alternative over going through with the elections.

Implications for the US During the Election Campaign

--By the March 20 deadline on removal of US combat forces, the US will probably be able to complete the negotiations now in train with the Khukrit government regarding the residual US military presence.

--But there is no assurance that an agreement signed by Khukrit will be honored by a new government.

--The election campaign probably will complicate Thai-US relations. The US presence is likely to become an issue in the campaign, and campaign pressures may force some candidates to insist on a total US military withdrawal.

--The recent appointment of Anan Panyarachun, former ambassador to the US, as the Foreign Ministry's Undersecretary adds another element of uncertainty to Thai-US relations. Anan, who takes office at a time when Foreign Minister Chatchai will be concentrating most of his attention on the election, may try to take advantage of the situation to give Thai foreign policy a more neutralist cast.

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Implications for the US After an Election

--If an election is held, it would be likely to bring another centrist-conservative government into power.

--Such a government would probably be as fragmented and contentious as the present government, but it would keep Thai policy toward the US more or less along present lines.

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--A less likely possibility is either a coalition based exclusively on rightist elements, or one which included the Socialists.

--A rightist government would be cooperative with US interests, but would still be restrained by political considerations on how far it could go, or appear to go, in accommodating the US.

--A government in which the Socialists had a strong voice would make it difficult, if not impossible, for the US to maintain any military presence in Thailand. Such a government, however, could prompt the military either to force the government to resign or to overthrow it.

In the event of a military takeover, the resultant government would be sympathetic to US interests.

--It would be unlikely, however, to reverse the long-term trend toward a more nonaligned Thai foreign policy. Nevertheless, a military government might call for a substantial increase in US assistance if faced with a greatly expanded insurgency or a breakdown of civil order in the country.

NOTES

The way has been cleared for Aldo Moro to form a Christian Democratic minority government in Italy, although his party colleagues still have misgivings about doing so.

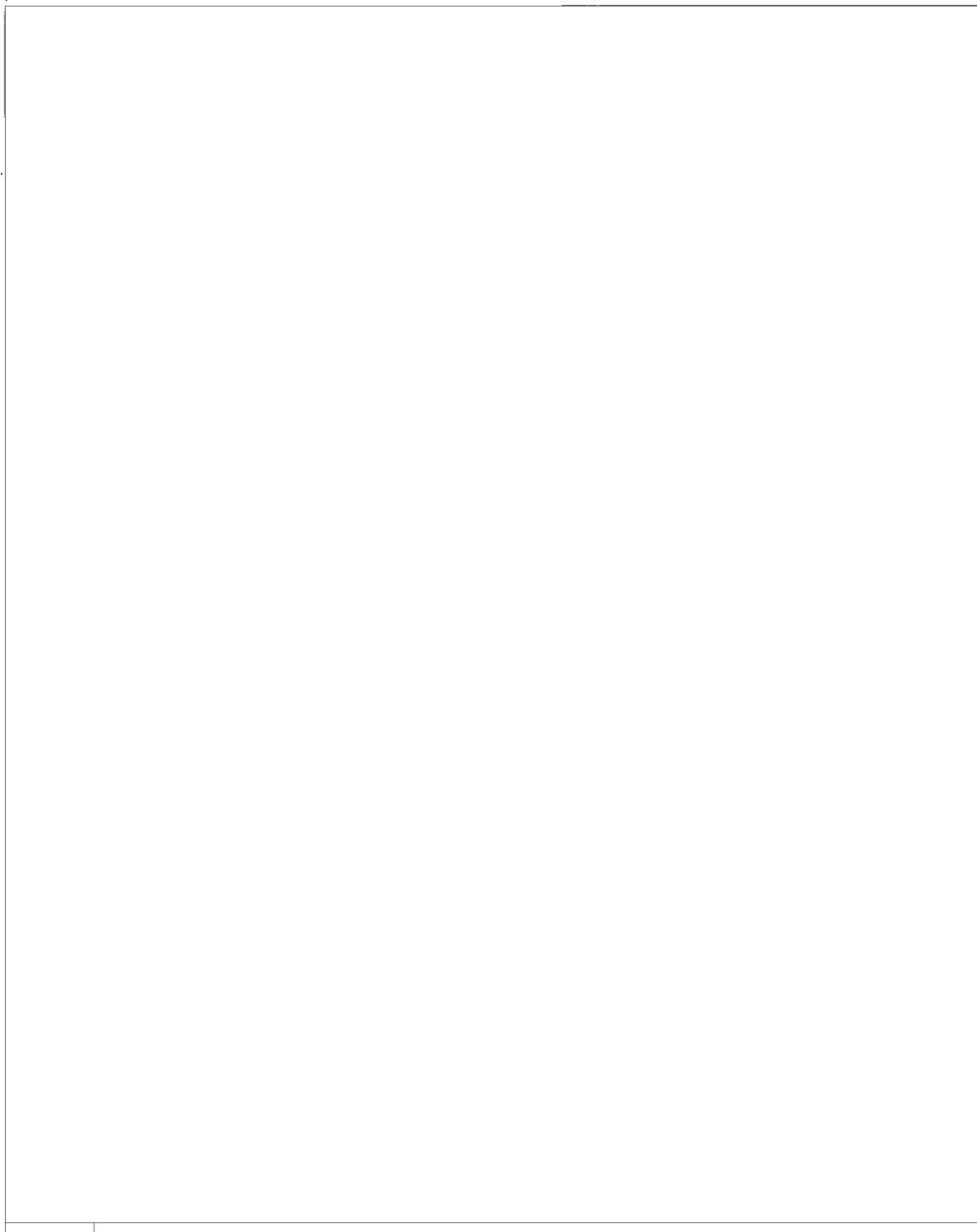
The Socialists and Republicans agreed yesterday to abstain on Moro's package of emergency economic measures, enabling the Christian Democrats to win a confidence vote and secure approval of their economic legislation. This falls short of the "majority support" on economic policy the Christian Democrats wanted. The new Moro government would have a narrower parliamentary base than any formed in recent years and would be open to criticism by all parties if the economy continued to deteriorate. Such a government would probably last only a few months, but it would give the Socialists and Christian Democrats time to hold scheduled party congresses and to debate the pros and cons of a parliamentary election.

* * *

The border between Somalia and the French Territory of Afars and Issas remained quiet yesterday following a clash between French and Somali forces on Wednesday.

France has flown some two hundred gendarmes to the territory as reinforcements; local French officials fear pro-Somali forces might stir up trouble. Wednesday's shooting incident occurred when French troops stormed a school bus near the border to free 30 French school children held hostage by guerrillas of the Front for the Liberation of the Somali Coast, a paper organization run by Somalia. One of the children is still being held in Somalia. France and Somalia were already at odds over French plans for the territory's eventual independence. President Siad has refused to abandon Somalia's historical claim to the territory, and he reportedly is prepared to support an insurgency there if France does not make independence arrangements acceptable to Somalia.

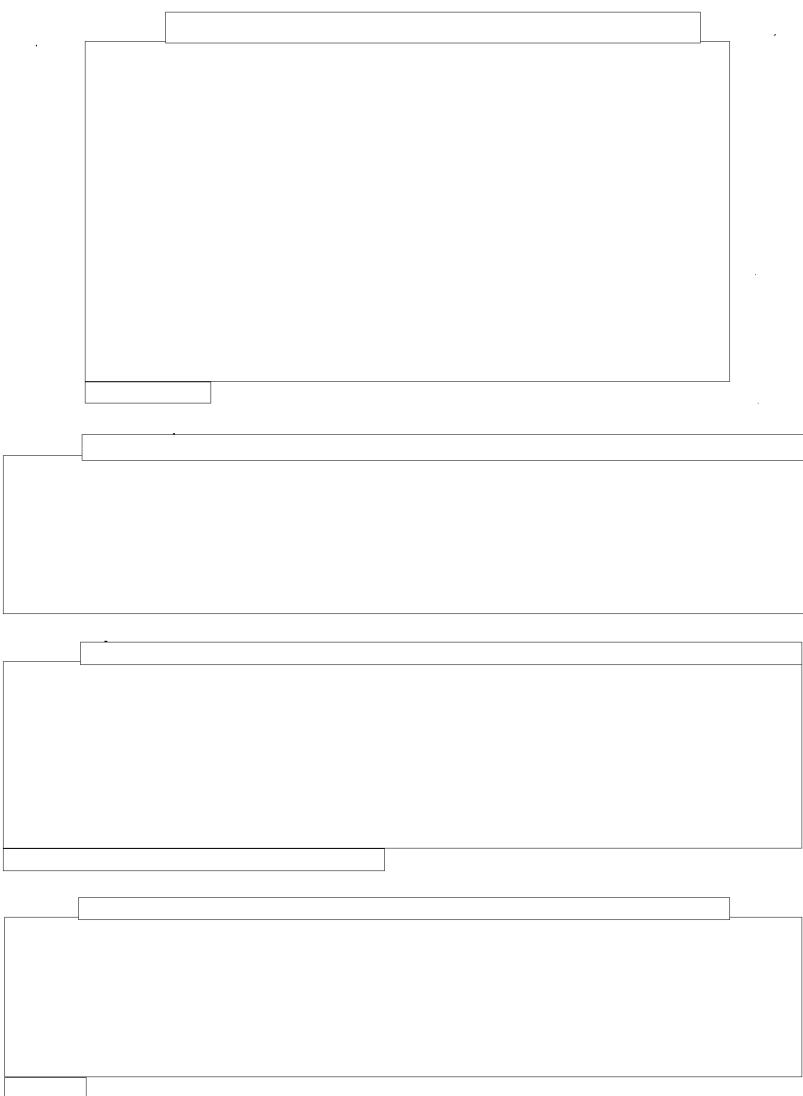
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CHINA-USSR



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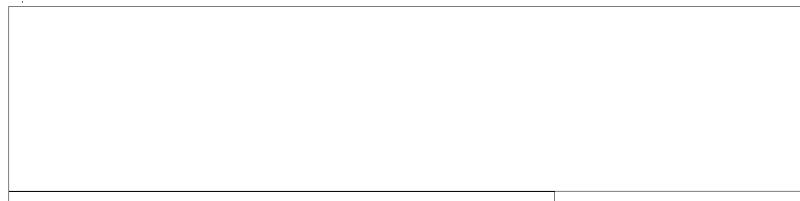
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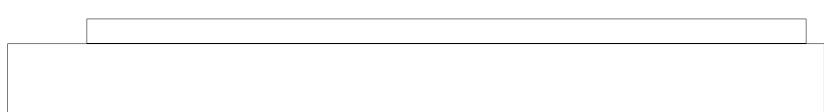
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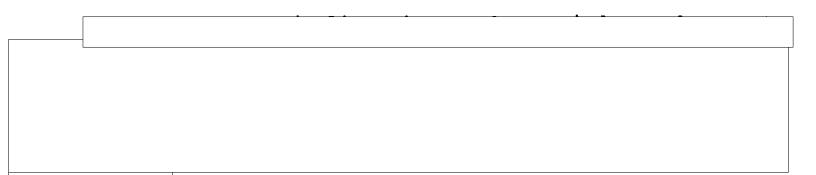
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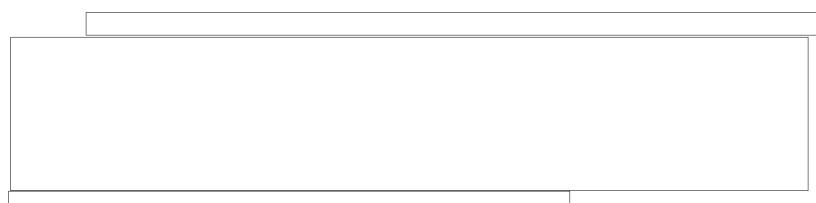
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The President's Daily Brief

February 7, 1976

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Lebanon:

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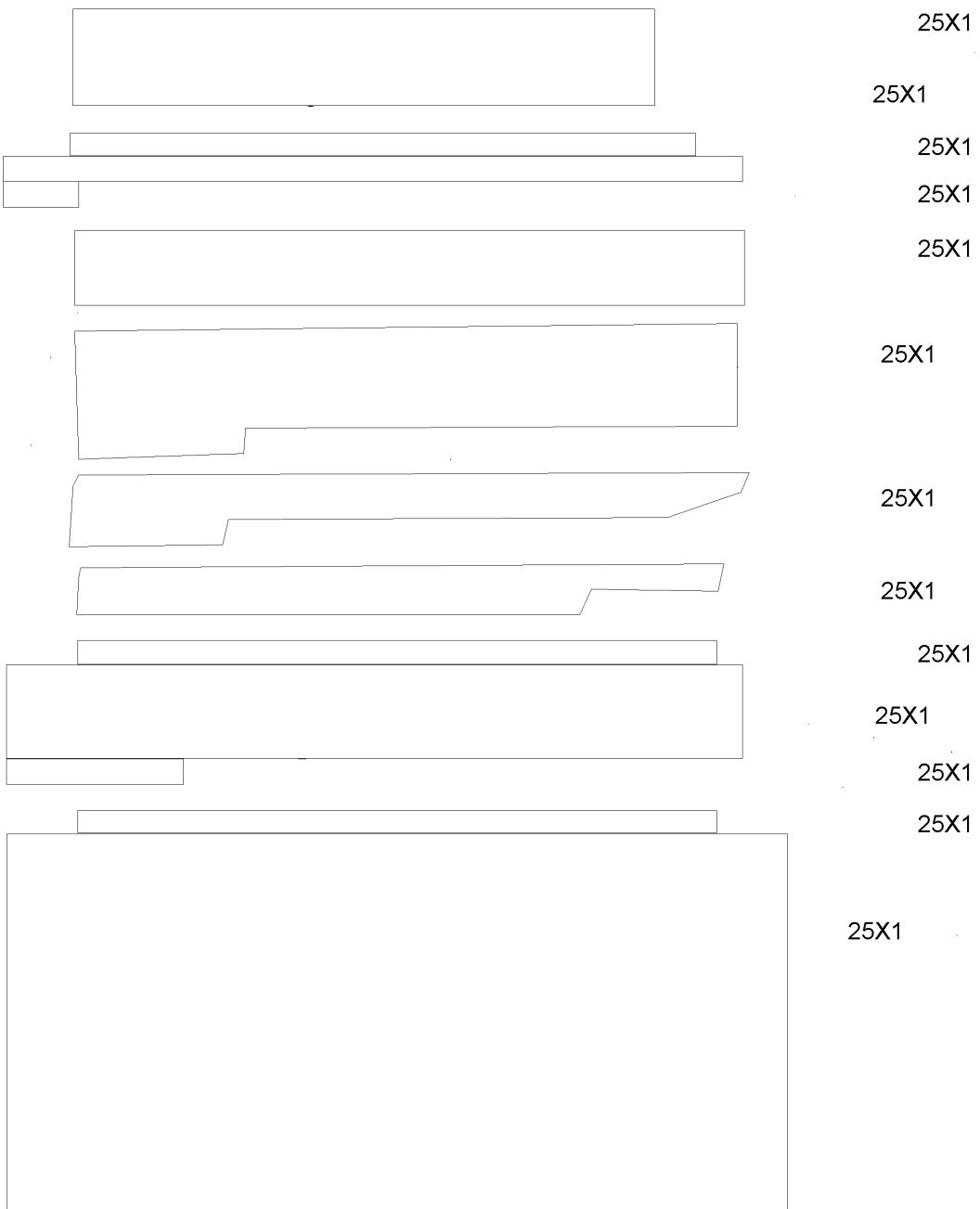
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China: The party's left wing appears to be making
a determined effort to forestall the formal
designation of Teng Hsiao-ping as premier.
(Page 3)

Notes: Jordan-USSR; Portugal; Italy (Pages 5 and 6)

FOR THE PRESIDENT ONLY

LEBANON



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CHINA

The left wing of the Chinese Communist Party appears to be making a determined effort to forestall the formal designation of Teng Hsiao-ping as premier. According to a Western press report, a Chinese Foreign Ministry spokesman said today that Public Security Minister Hua Kuo-feng has been appointed "acting premier."

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Hua's appointment leaves unclear the status of Teng, who is first vice premier and who has been filling in for Chou En-lai for over a year. [redacted]

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Hua is the sixth ranking vice premier and the politburo member in charge of agriculture. He is not considered a member of the party's left wing.

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The leftist attack is also aimed at discrediting officials who will play an important role in the post-Chou En-lai succession process, especially those who were rehabilitated in the last few years. The vehicle of the leftist offensive is a debate over educational policy and personal attacks on the minister of education.

An article in People's Daily on February 6 criticizes those who want to raise educational standards in the universities--a veiled reference to the education minister, himself a rehabilitated official--but concentrates its fire on the "capitalist roaders inside the party" who were "exposed" during the Cultural Revolution but have failed to change their views.

The frequent references to "capitalist roaders" in the party have particular significance for Teng Hsiao-ping, who was branded during the Cultural Revolution as "the number-two man in the party taking the capitalist road." The article acknowledges that such people are currently "in power" and are

(continued)

trying to reverse the policies of the Cultural Revolution. An earlier article attacked unnamed officials overthrown during the Cultural Revolution but who now are back in power. The party's left wing opposed Teng's rehabilitation in 1973 and has taken occasional propaganda slaps at him ever since.

Since Chou En-lai's death on January 8, there have been signs that leadership meetings have been held in Peking, presumably to fill party positions left vacant by the deaths of top party officials. Although it is not certain whether the meetings are still in progress or whether any firm decisions have yet been reached, there has been no official announcement of a new premier, and Teng has not appeared in public since Chou's funeral on January 15.

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Portugal

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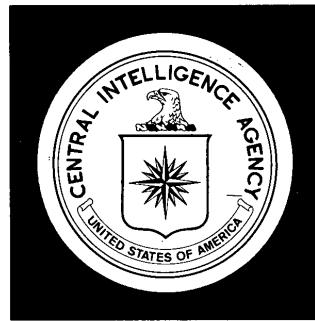
* * *

Italy's Christian Democrats are insisting that Aldo Moro line up more solid parliamentary backing for his proposed economic program before forming a one-party caretaker cabinet.

The Christian Democrats had earlier offered to form a cabinet on their own only if Moro could persuade the other three center-left parties to vote in favor of a package of emergency economic measures. The Social Democrats agreed, but the Socialists and Republicans offered only to abstain. Conservatives in the Christian Democratic Party feared that forming a government under these circumstances would leave the party exposed to criticism if the government program failed to improve the economic situation. They have asked Moro to try again to persuade at least the Republicans to support the economic package. If Moro succeeds, the Christian Democrats are apparently still willing to form a government.

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February 9, 1976



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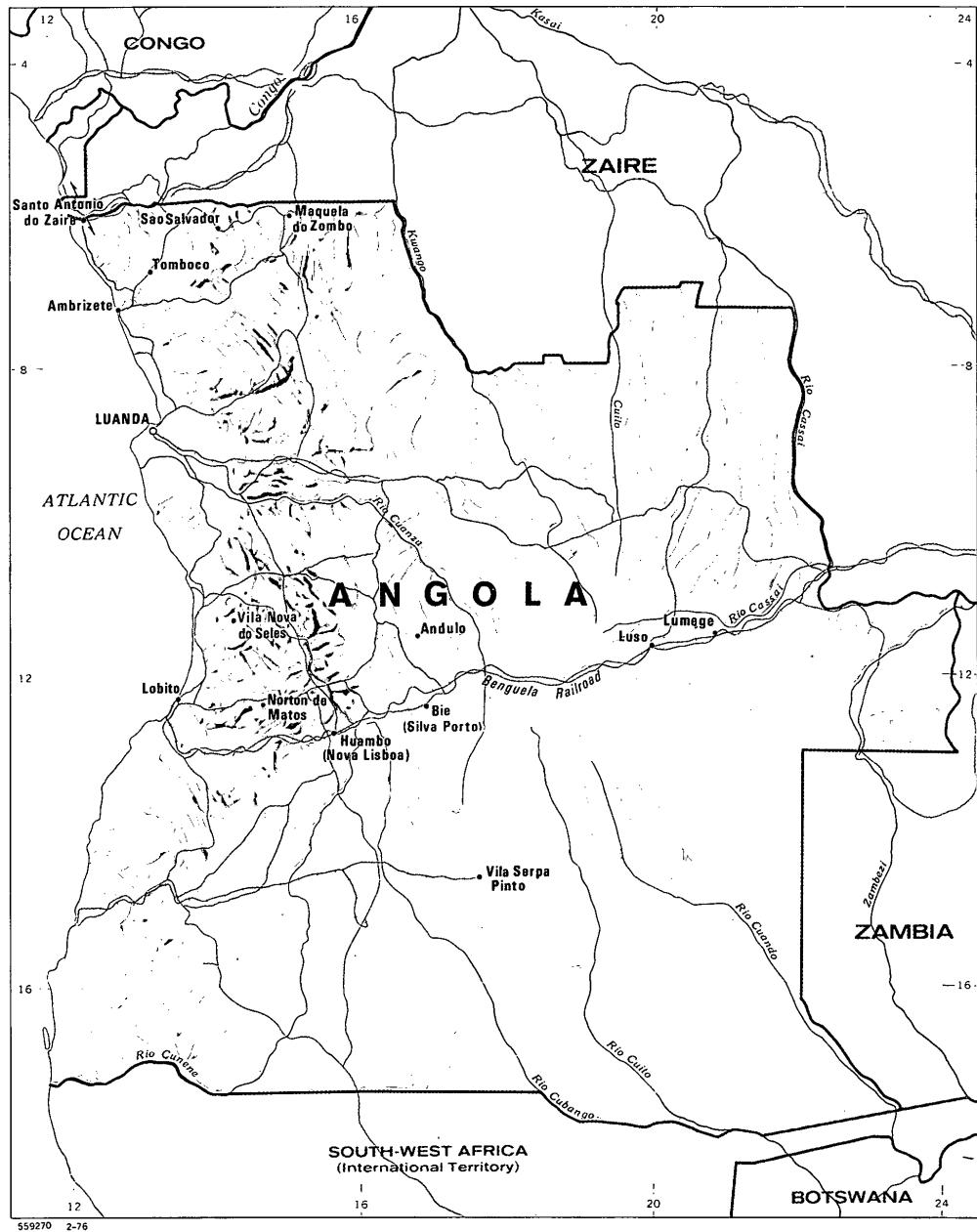
Lebanon: Syria has promised to guarantee Palestinian respect for existing agreements restricting fedayeen freedoms in Lebanon. (Page 2)

Morocco-Algeria: Egyptian Vice President Mubarak was apparently unsuccessful in his effort last week to mediate the dispute between Morocco and Algeria over Spanish Sahara. (Page 3)

Note: USSR (Page 4)

At Annex we examine the appointment of Hua Kuo-feng as China's acting premier.

FOR THE PRESIDENT ONLY

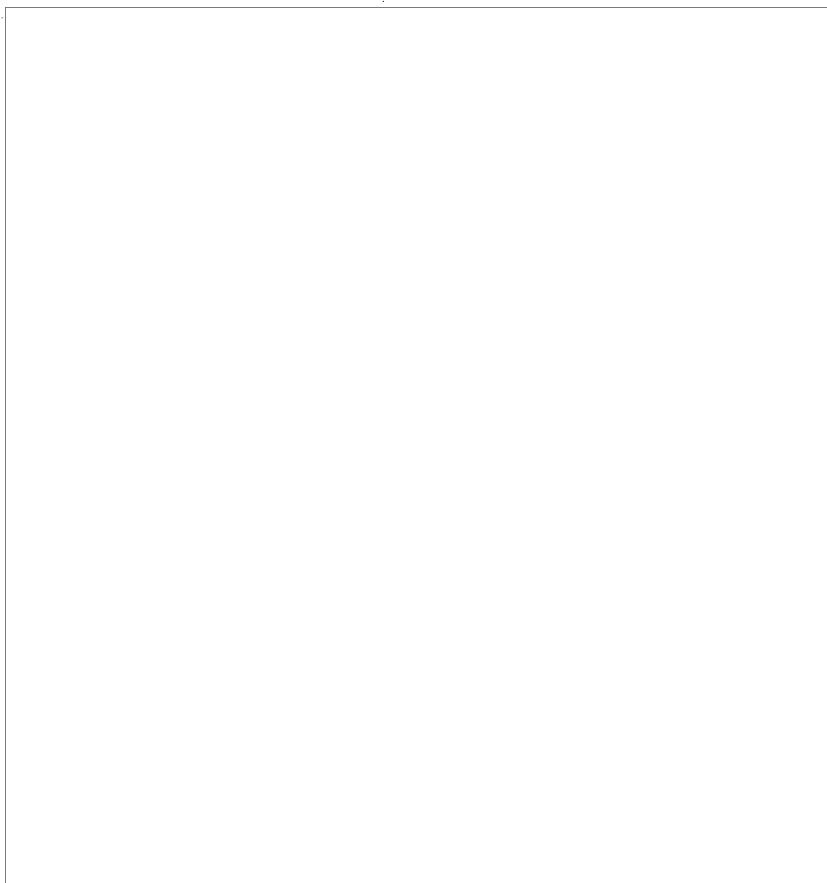


ANGOLA



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FOR THE PRESIDENT ONLY

LEBANON

Syrian President Asad affirmed, in a communiqué following Lebanese President Franjiyah's visit to Damascus on Saturday, that Syria will guarantee Palestinian respect for existing agreements restricting fedayeen freedoms in Lebanon.

Asad's promise to control the fedayeen may lead to an early announcement of political agreement between Lebanese Christians and Muslims. The Christians, who have been demanding that the Palestinian question be settled before any political reforms are implemented, now have little excuse for delay.

A Lebanese newspaper reported yesterday that on Saturday Franjiyah and Asad signed a wide-ranging secret agreement that will be made public after approval by the Lebanese cabinet this week. The accord reportedly provides for:

--A revised and written national charter to replace the existing unwritten national covenant.

--The scheduled withdrawal of Palestine Liberation Army troops from Lebanon.

--The formation of a new cabinet under Prime Minister Karami.

Franjiyah presumably will use the agreement on the Palestinian question in a final attempt to get the backing of all Christian factions for a comprehensive political settlement. Leaders of some ultraconservative Maronite groups reportedly are demanding a more detailed agreement that would better protect the Christians' remaining political prerogatives.

MOROCCO-ALGERIA

Egyptian Vice President Mubarak was apparently unsuccessful in his effort last week to mediate the dispute between Morocco and Algeria over Spanish Sahara.

Neither Rabat nor Algiers was willing to make concessions. A senior Moroccan foreign ministry official stated that Rabat will resist any effort to allow Algiers a substantive role in the Saharan issue. As conditions for negotiations, the Moroccans have insisted on recognition of their sovereignty over the territory and the withdrawal from the area of Algerian forces, presumably including the Polisario guerrillas.

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Algeria apparently was equally inflexible in the proposals it offered. [redacted]

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[redacted]

Morocco's decision to continue its military sweep in Spanish Sahara while Egyptian mediation efforts were still going on contributed to Mubarak's lack of success. Rabat announced that Moroccan forces occupied the Saharan town of Tifariti--near the Mauritanian border--without opposition on February 4.

NOTE

[redacted]
the Intelligence Community on
Saturday reviewed Soviet developments since mid-Jan-
uary.

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[redacted]
Soviet military activity in
other areas, including the Chinese border, appears
generally normal.

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There are no signs of unusual activities by the
Soviet leadership. Soviet leaders appear busy with
preparations for the party congress, which is sched-
uled to open on February 24.

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CHINA

Beyond a brief and almost casual acknowledgment of the appointment of Hua Kuo-feng as acting premier, the Chinese have thus far made no attempt to explain the move. The appointment was almost certainly decided at a leadership meeting that began after Chou En-lai's funeral last month and apparently lasted about two weeks.

The appointment of Hua is obviously a major setback for First Deputy Premier Teng Hsiao-ping, who acted for Chou En-lai for over a year. Nearly all Chinese officials in and out of China had long predicted that Teng would succeed Chou; these predictions were continuing after Chou's death and up through last week.

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Teng's rapid rise to prominence over the past three years from the powerless obscurity of a purged victim of the Cultural Revolution attested to the careful planning that had gone into the succession arrangements. Each step in Teng's return to power had the full endorsement of Chairman Mao Tse-tung.

Teng has not appeared in public since he delivered the eulogy at Chou's funeral on January 15. The delay in naming him premier suggested that the appointment had run into trouble. A vicious and only thinly veiled attack on Teng appearing in last Friday's *People's Daily* indicated that the trouble was serious.

The tone of this attack, which was reminiscent of the polemics that characterized the Cultural Revolution, strongly suggests that the party's left wing, which was responsible for Teng's initial purge and which has clearly resented his return to prominence, retains something of a veto over major appointments--at least when persons of the symbolic importance of Teng are involved. There is no indication, however, that Teng has again been purged. Chinese officials abroad are apparently claiming that Teng remains first deputy premier, and he presumably retains his posts as armed forces chief of staff, as a member of the Politburo standing committee, and as vice chairman of the party.

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FOR THE PRESIDENT ONLY

The designation of Hua Kuo-feng as "acting" premier indicates that the problem of the succession to Chou is by no means fully settled. It is still possible that Teng might eventually get the post when the National People's Conference meets next. As it is now constituted, the body is relatively conservative. The odds against Teng's appointment, however, are now quite long. It may be some time, moreover, before the National People's Conference convenes. Prior to January 1975, the conference had not met for a decade, largely because of deep-seated quarrels within the party.

It is evident that these quarrels, in large measure a legacy of the Cultural Revolution, have not been resolved. The residual power of the party's left wing, in slow decline since 1969, had appeared to have been broken in the course of the anti-Confucius campaign of 1974, which in large measure was designed to pave the way for Teng's succession to the premiership. The leftists, however, appear to have seized on the issue of proposed changes in the educational system in the weeks immediately preceding Chou's death to reopen debate on a series of basic issues, including the question of the succession itself.

Mao undoubtedly endorsed Hua's appointment as acting premier. This point was made explicitly in the Hong Kong newspaper story that broke the news of the appointment. The Chairman may never have been fully comfortable with Teng, with whom he had major differences in the early 1960s. Mao's explicit backing of Teng at each step in his return to power, nevertheless, closely associated the Chairman with the deputy premier, and Mao's image will be further tarnished. If Teng does not recoup, he would be the latest in the long string of "wrong horses" the Chairman has backed in China's drawn-out succession struggle.

Although the left will doubtless take comfort in the current setback to Teng, the appointment of Hua is far from a leftist "victory." Hua entered high-level politics in Peking in the wake of the fall of former defense minister Lin Piao--a moment when the left was reeling--and he was denounced in the anti-Confucius campaign for "suppressing the masses." He was given formal authority in internal

(continued)

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FOR THE PRESIDENT ONLY

security matters through his appointment in January 1975 as minister of security. Hua is capable and affable, but lacks the wide experience of Teng Hsiao-ping, much less that of Chou En-lai. He has no background in foreign affairs, although foreigners who have held discussions with him have found him generally conversant with major international issues.

Hua ranks with Second Vice Premier Chang Chun-chiao as the most important of the "middle generation" of China's leaders due to succeed the old guard who are now dying off. He rose to power as an important provincial figure during the Cultural Revolution. He is therefore probably more acceptable to the leftists than the old-line party bosses of whom Teng is the primary symbol. His current politics and the fact that he is not associated with the excesses of the Cultural Revolution make him acceptable to the more conservative party members. He is thus obviously a "compromise candidate," and his position in the middle of the political spectrum presumably was the primary recommendation for his appointment.

Hua's accession as acting premier is not likely to result in major changes in China's domestic policies, although presumably the proposed changes in educational practices are now in abeyance. Hua has been closely associated with the recent efforts to upgrade China's agricultural output in preparation for further modernization of the country's industrial plant; he will doubtless continue to press this program, which was also closely associated with Teng Hsiao-ping.

Hua is also unlikely to initiate any major changes in China's foreign policy, particularly while the succession issue remains in doubt. Foreign policy issues nevertheless may well have played a part--albeit subordinate--in the struggle that led to his appointment. The announcement of former President Nixon's impending visit to China came only one day before disclosure of Hua's appointment, suggesting that the issue of relations with Washington was discussed in the meetings that followed Chou's funeral. The unusual handling of the release of the Soviet helicopter crew late in December may also have been an outgrowth of the backstage maneuvering over the premiership.

(continued)

A3

FOR THE PRESIDENT ONLY

Although immediate changes in domestic and foreign policies are probably not in the cards, China's party members are likely to be unsettled by Hua's sudden and unexpected appointment. This new evidence of instability and division in the upper ranks of the party will almost certainly have an adverse effect on morale. Indeed, the fact that Chou's arrangements for the succession to the office he held for so long did not hold up for even a month suggests that Mao's arrangements for his own succession are likely to be fragile at best.

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February 10, 1976

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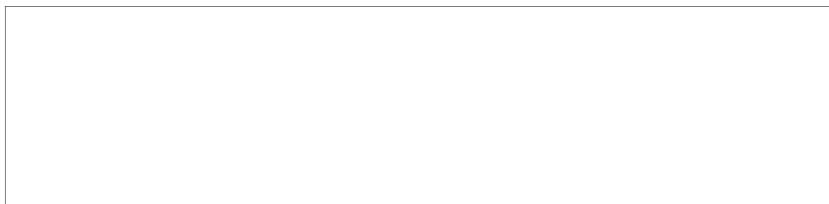
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USSR

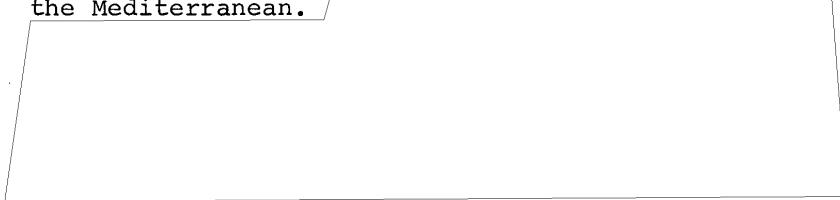
*The Soviets apparently are planning
to relieve some of their naval and naval
aviation units in West Africa.*



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A Soviet destroyer and a merchant oiler--both currently in the Mediterranean--also appear to be en route to Conakry. They probably will relieve the Kotlin-class destroyer and one of the two oilers that are in the Conakry area.

In a possibly related development, it appears that a Soviet J-class submarine is operating in equatorial waters between Africa and South America. The normal operating area for such submarines is the Mediterranean.



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JAPAN - THE NETHERLANDS

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ITALY

Aldo Moro has apparently been able to circumvent resistance in his Christian Democratic Party to forming a one-party minority government.

Moro will probably report back to President Leone today and begin drawing up a cabinet list.

It will be a fragile government at best, and may not last beyond the Christian Democratic and Socialist party congresses tentatively set for next month.

The Communists will see some advantages in the situation. They will now have more time before a national election to build on the regional and local election gains they won last summer. The weakness of the new government will give the Communists more opportunity to exert behind-the-scenes influence in parliament.

NOTES

The Indonesians have thwarted the UN fact-finding team's efforts to visit Fretolin-held areas of East Timor.

Secretary General Waldheim's special representative left Australia for Geneva on February 8 after a week of unsuccessful efforts to arrange safe passage to consult Fretolin leaders in East Timor. Jakarta will attempt to delay the raising of the Timor issue at the UN as long as possible. The Indonesians hope that by the time the topic does come up for consideration they will be in a position to argue that Timor's integration into Indonesia is an accomplished fact and that the UN no longer has a role to play.

* * *

Yugoslav President Tito's brief appearance on television Saturday and staff preparations for his foreign travel next month suggest that his latest health problems are not so serious as to immobilize him.

Several brief film clips showed Tito walking slowly but steadily and waving his right arm as he left Belgrade for a rest. He has decided to recuperate at his normal Brioni retreat. He is expected to convalesce there until the end of the month. Should he need more extensive treatment, there are complete facilities in nearby Zagreb and Ljubljana.

* * *

Kenyan President Kenyatta, who is in his middle eighties, is reported to have suffered a major stroke on Sunday night.

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The Kenyan constitution provides that in the event of the death or incapacity of the president, the vice president becomes acting president for 90 days, during which time a new president is elected. The eventual successor is likely to be selected by Kenyatta's southern Kikuyu inner circle after negotiations with politicians who head other politically significant tribal groups.

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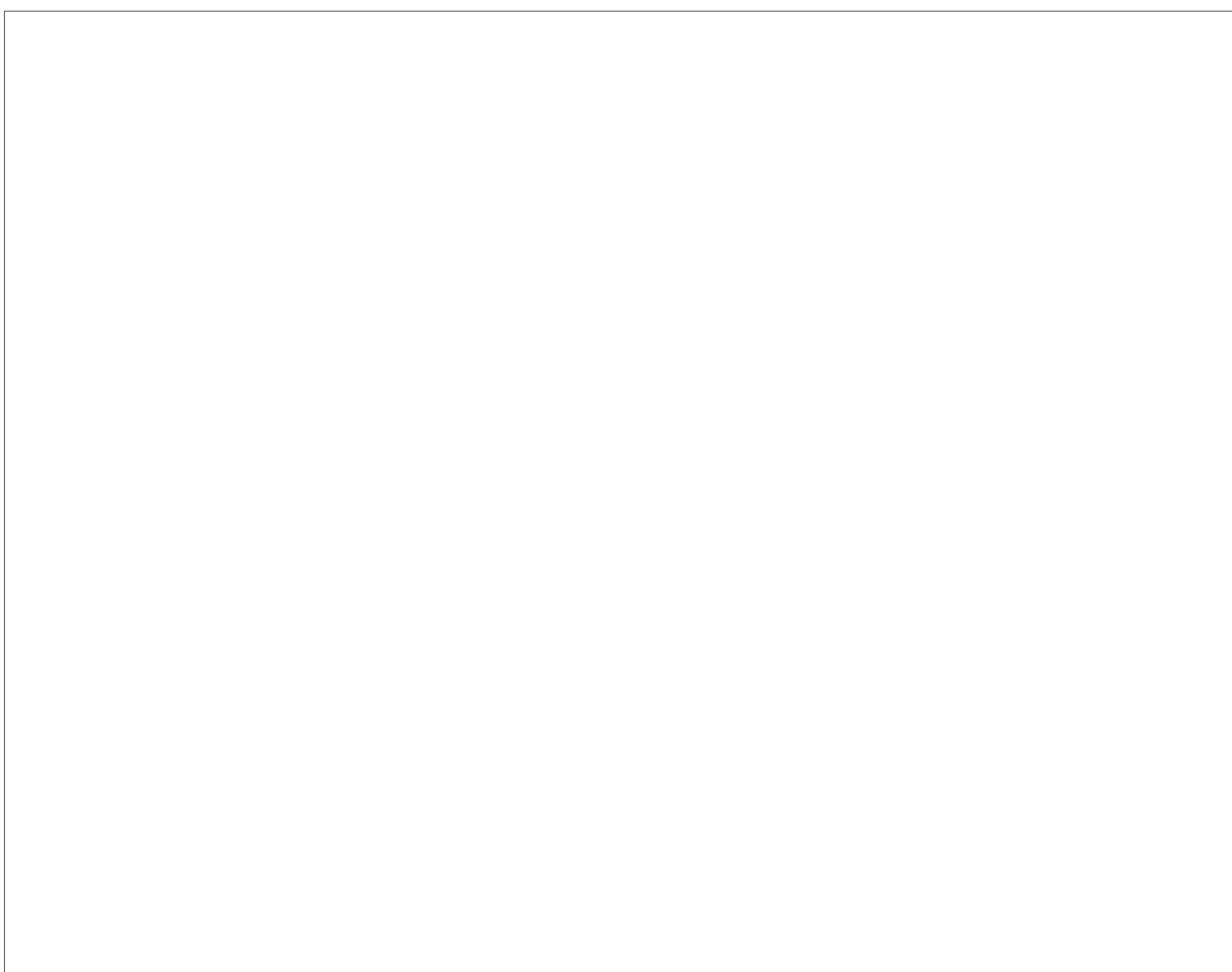
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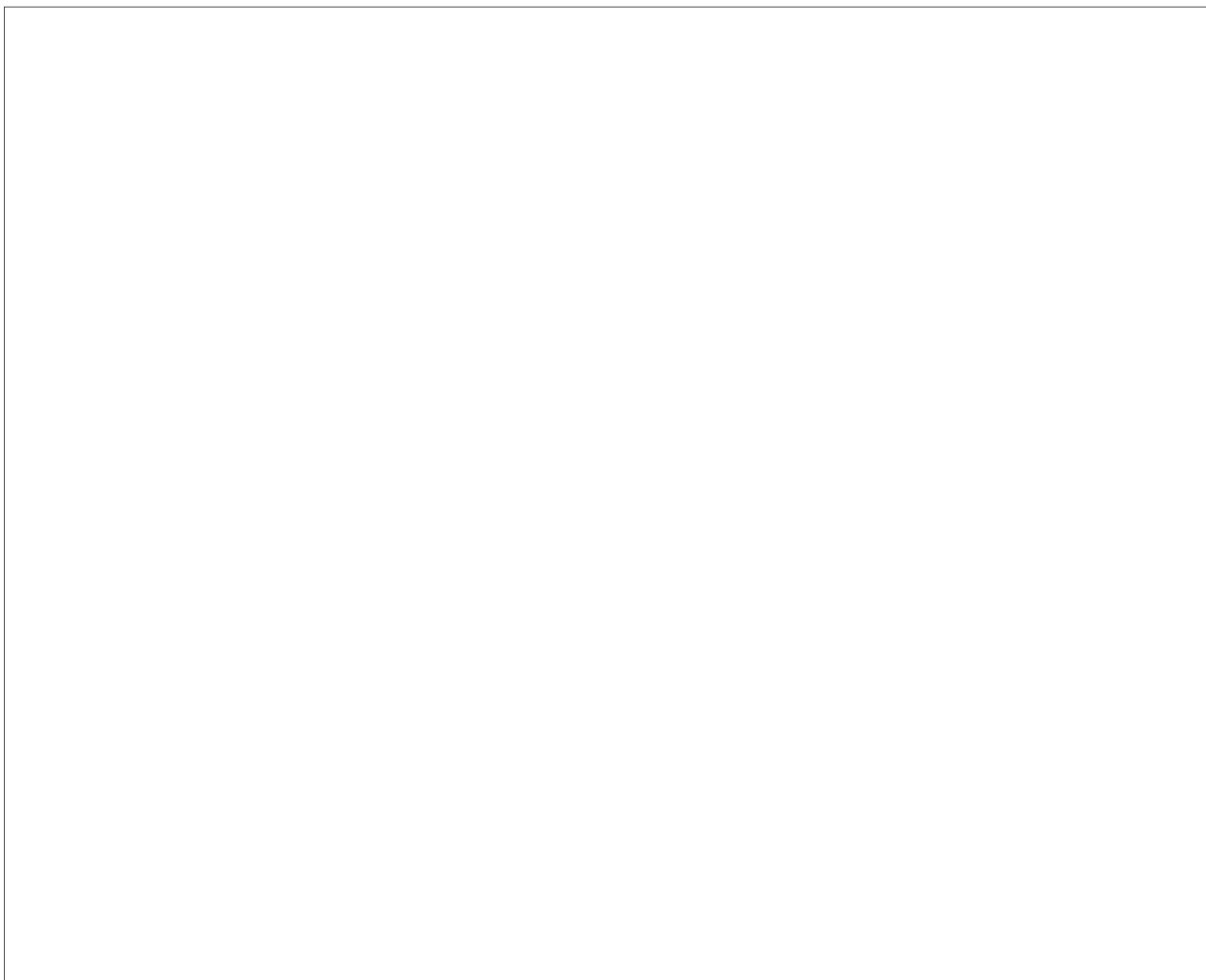
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Morocco-Algeria: The Moroccans are reportedly planning to attack and occupy the Polisario-held town of Mahbes in Spanish Sahara some time this week. (Page 1)

Angola: The Popular Movement announced last night that its forces had captured the vital rail and port complex of Lobito and Benguela. (Page 2)

Europe - West Germany: Uneasiness over Germany's growing influence--which may be just below the surface of European politics [redacted]

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Notes: Lebanon-PLO; USSR; Saudi Arabia (Page 4)

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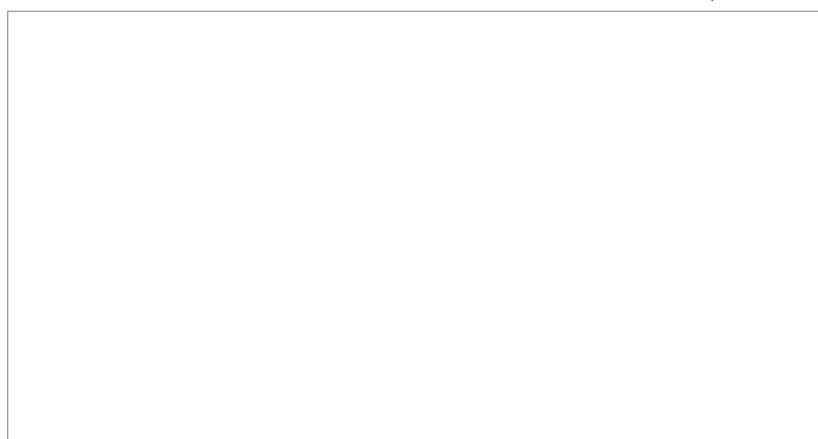
MOROCCO-ALGERIA

*The Moroccans are planning to attack
and occupy the Polisario-held town of
Mahbes in Spanish Sahara some time this
week.*

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A Moroccan official who is a close confidant of King Hassan told the US ambassador in Rabat on Friday that Morocco was in no hurry to take Mahbes and that the King had told Arab emissaries Morocco had no intention of crossing the Algerian border.

The official said the Algerians would have "weeks" to evacuate the town, but could not remain there indefinitely. He told the ambassador that Algeria had withdrawn its forces from Tifariti last week by prearrangement, apparently as a result of mediation efforts by Egyptian Vice President Mubarak.

A Saudi official gave the US ambassador in Rabat a similar account of this story yesterday. The Saudi said King Hassan said he had issued orders to his military forces not to cross the Algerian border.

[redacted] 25X1

ANGOLA

The Popular Movement for the Liberation of Angola announced last night that its forces had captured the rail and port complex of Lobito, Angola's largest port, and Benguela, the coastal terminus of the Benguela railroad.

Lobito is deep within the National Union's area of tribal support. Its capture, which we have regarded as imminent, would end any hope of the National Union's being able to survive as a conventional military force in central Angola.

It is almost certain that National Union forces will soon be forced to move to the south. Such a withdrawal would put them in an isolated area from which it would be difficult to launch guerrilla attacks against the Popular Movement, as National Union president Jonas Savimbi hopes to do.

Meanwhile, Ugandan President Amin, the chairman of the Organization of African Unity, yesterday announced that the government of Popular Movement leader Agostinho Neto has, in effect, been accepted by the OAU as the sole representative of Angola. Consequently, Amin said, Uganda had extended official recognition to the Neto regime.

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The announcement removes any doubt that the Movement will be seated at the OAU ministerial meeting scheduled later this month.

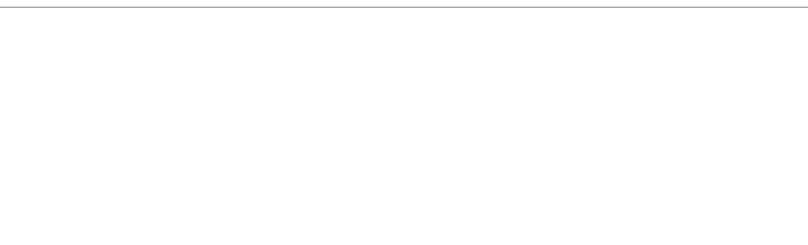
EUROPE - WEST GERMANY

The uneasiness over Germany's growing influence which may be just below the surface of European politics

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Chancellor Schmidt last week addressed the Foreign Affairs Club in London as a prelude to his private talks with Prime Minister Wilson over the weekend. Schmidt spoke mainly about the present and future of the European Community and the need for economic recovery.

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Most European capitals are long since resigned to Germany's admitted importance today, and within limits expect it to shoulder responsibility and share in leadership. Obviously, however, German leaders can easily stir up old resentments.

NOTES

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Palestine Liberation Army
Lebanon

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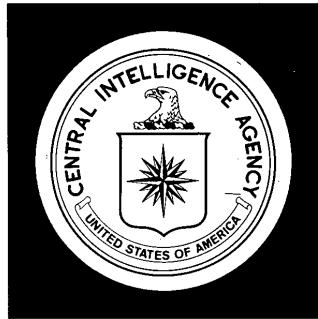
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USSR-Angola-US: Moscow has published in Pravda its most complete and authoritative statement to date on Soviet policy in Angola. (Page 1)

Zaire-Angola: The Popular Movement's successes in Angola and Zaire's mounting political and economic problems are forcing President Mobutu to reassess his policies. (Page 3)

USSR-Cuba-Angola: We present the key points of an interagency memorandum on Soviet and Cuban aid to the Angolan Popular Movement during January. (Page 5)

Morocco - Algeria - Spanish Sahara: Moroccan military forces are apparently moving on the Spanish Saharan town of Mahbes, stronghold of the Polisario insurgents. (Page 7)

Cuba: [Redacted]

Notes: Italy; Turkey; Cyprus (Page 9)

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FOR THE PRESIDENT ONLY

USSR-ANGOLA-US

Pravda on Wednesday published a long, authoritative "Observer" article on Angola designed in part to refute US criticism of Moscow's role there.

The article is Moscow's most complete and authoritative statement on Angola to date. It is confident about the situation in Angola itself, assertive regarding the rest of Africa, and almost pugnacious in rejecting the notion that the USSR has anything to apologize for in its Angola policy.

The text lashed out at Secretary Kissinger's speech in San Francisco last week. It said it was "obviously out of tune with the facts" and was an attempt to "whitewash" long-standing US "overt and covert interference" in Angola. "Observer" emphasized that detente does not signify "freedom of action for aggressors."

Moscow has also displayed considerable sensitivity to the Secretary's congressional testimony on Angola, but this is the first time that a high-level Soviet rebuttal has appeared.

Earlier *Pravda* articles had directly criticized you and Secretary Kissinger for allegedly "distorting" the Soviet and Cuban roles in Angola, but balanced these barbs with positive comments on the accomplishments of detente.

The article mentioned neither Cuban aid for the Popular Movement for the Liberation of Angola nor the activities of the Soviet navy off West Africa. It did, however, admit openly that the USSR and its allies have given Angola "weapons."

Pravda's assertion that South African forces have no intention of withdrawing from Angola raises, by implication, the possibility that Soviet assistance and that of the Cubans will continue. This may also be the meaning behind the statement that the Angolan people should be "ensured conditions to complete the liberation."

(continued)

FOR THE PRESIDENT ONLY

Revolutionary groups elsewhere in sub-Saharan Africa are offered strong encouragement. Pravda emphasizes that the consolidation of the Popular Movement's power in Angola will provide a "powerful stimulus" for the liberation struggle against Namibia, Rhodesia, and South Africa itself.

At the same time, however, Pravda attempted to balance its hard-hitting prose with a conciliatory gesture. While making no bones about Soviet assistance to the People's Republic of Angola as the "legitimate" government, "Observer" pointed out that Moscow by no means considers the "military way" as the only possibility of settling the Angolan issue.

ZAIRE-ANGOLA

The Popular Movement's successes in Angola and Zaire's mounting political and economic problems are forcing President Mobutu to reassess his policies.

Mobutu, who has supported the rival National Front for more than 10 years, reportedly is now anxious to put Angola "behind him" by arranging an accommodation with the Popular Movement. [redacted]

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[redacted]
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Last month Mobutu tried to get Mozambique President Machel to act as an intermediary in setting up such talks, but Machel refused. He told Mobutu's representative that he would not attempt to mediate between Zaire and the Popular Movement until both parties had made "conciliatory gestures."

Mobutu realized some time ago that the National Front was collapsing as an effective military contender in Angola. The poor showing made by Zairian forces sent to support the Front also raised serious doubts in his mind about his army's ability to deal with any significant internal disturbances. Mobutu is aware that exiled Zairian dissidents are seeking the Popular Movement's support for an attempt to mount an insurgency from Angola aimed at overthrowing him.

Early this month, Mobutu signaled his intention to break with past policies by carrying out a broad government reshuffle. He dropped his foreign minister and chief defense adviser, reallocated economic responsibilities within his cabinet, and tightened the structure of the official party's political bureau.

Changing foreign ministers gives the president some flexibility to move away from his hardline policy toward the Popular Movement. The change of defense advisers also may be a signal to Neto that Mobutu is prepared to forgo any further military adventures against the Popular Movement.

(continued)

* * *

In Angola, National Union forces in the south-central part of the country appear on the verge of collapse in the face of a major assault by Cuban-backed Popular Movement troops.

A National Union spokesman confirmed yesterday that the Popular Movement had captured Silva Porto, which the Union had established as its headquarters after the fall of Huambo last weekend.

USSR-CUBA-ANGOLA

Following are the key points of an interagency memorandum on Soviet and Cuban aid to the Popular Movement for the Liberation of Angola during January 1976 that was approved this week by the intelligence community. This memorandum supplements and brings up to date an earlier one on Soviet and Cuban aid to the Popular Movement from March through December 1975. It also updates preliminary figures for January which were printed in the Brief last Friday.

The amount of military support provided the Popular Movement for the Liberation of Angola by the Soviet Union and Cuba increased markedly in January 1976.

--It is conservatively estimated that such military support delivered in January alone totaled at least \$105 million measured in US equivalent costs, raising the total military support provided to the MPLA since March 1975 to an estimated \$284 million. The January total is more than double the December 1975 level and is over half the \$179 million total outlays incurred from March through December 1975.

--The bulk of the increased outlays reflected Cuba's vastly expanded effort to support its troops in Angola. During January, as many as 4,500 additional Cubans were sent to Angola, raising the total number of Cuban troops sent there to an estimated 12,000.

--Soviet military shipments in January increased somewhat over the late 1975 level. Since January 1, we have confirmed for the first time in Angola such equipment as T-54 tanks, amphibious vehicles, and pontoon bridges.

--We have continued to receive reports that MIG-type jet fighters are in Angola. There is still a division of views within the US

(continued)

FOR THE PRESIDENT ONLY

intelligence community, however, as to whether MIGs are actually present in-country. Press photography received since the publication of this memorandum purports to show one MIG-17 at Luanda.



MOROCCO - ALGERIA - SPANISH SAHARA

Moroccan military forces are apparently moving on the Spanish Saharan town of Mahbes, stronghold of the Algerian-supported Polisario insurgents.

Moroccan officials first told the US embassy the town had been occupied on Tuesday night without opposition, but were unsure by late yesterday that their troops had in fact entered the town. This uncertainty suggests the Moroccan column either is deliberately moving slowly or is encountering resistance from Polisario or Algerian forces.

Rabat's initial assumption that its troops had met no opposition may indicate that it has reason to believe the Algerians have pulled back or are in the process of doing so.

An Algerian withdrawal would, of course, reduce the chances of a direct clash between Moroccan and Algerian forces. Algeria will almost certainly continue, however, to support Polisario guerrilla attacks against Moroccan and Mauritanian forces in Spanish Sahara.

Algeria is continuing its diplomatic push for self-determination for the people of Spanish Sahara. Algiers sent a lengthy memorandum to UN Secretary General Waldheim last Friday calling once again for a "free and genuine" referendum.

The Algerian memorandum may be a prelude to an appeal to the UN Security Council to discuss the matter. Given the inconclusive outcome of the General Assembly debate on Spanish Sahara last December--two contradictory resolutions were passed--an appeal to the Council that the Sahara issue is a threat to international security is Algeria's only likely move at the UN now.

CUBA

The US SR-71 reconnaissance flight over Cuba [redacted] drew considerable attention from the Cuban air defense system, but there was no indication of any intention to fire at the aircraft.

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[redacted] A reading of photography acquired by the SR-71 confirmed that no missiles had been fired from the site.

NOTES

Italian Christian Democratic leader Aldo Moro yesterday presented his new single-party cabinet list to President Leone, who accepted it immediately.

The new government will be sworn in today. At best, it is a stop-gap, likely to last only several months--long enough to take emergency economic measures and permit some parties to sort out political options at their congresses next month.

* * *

The debate on the budget bill beginning later this week in the Turkish National Assembly will set the stage for a vote that will determine the future of Prime Minister Demirel's shaky, four-party coalition government.

The debate and vote will mark the end of a six-week long campaign by parliamentary opposition leader and former prime minister Ecevit to unseat Demirel. Earlier this year Ecevit had been optimistic about prospects for toppling the government, but in the past two weeks he has begun to express doubts about the success of his tactics. During this same period government supporters have become more optimistic; one supporter told our embassy recently that the budget should pass easily.

* * *

The new round of Cypriot intercommunal talks will begin in Vienna next Tuesday chaired by UN Secretary General Waldheim.

Late last year the Greek and Turkish foreign ministers agreed to hold these discussions to determine the broad outlines of a settlement. An impasse on the issues to be included was ended when the Turkish Cypriots agreed to discuss the territorial question. Although prospects for a major breakthrough toward a settlement remain poor, both governments want talks to continue. The Turks wish to give at least the appearance of progress to deflect international criticism while the Greeks realize that, if they are to recoup any of their losses, they must keep channels open to Ankara.

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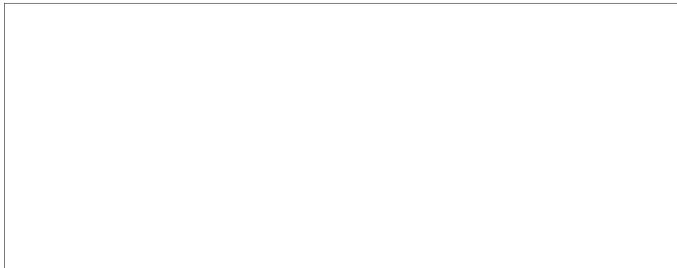
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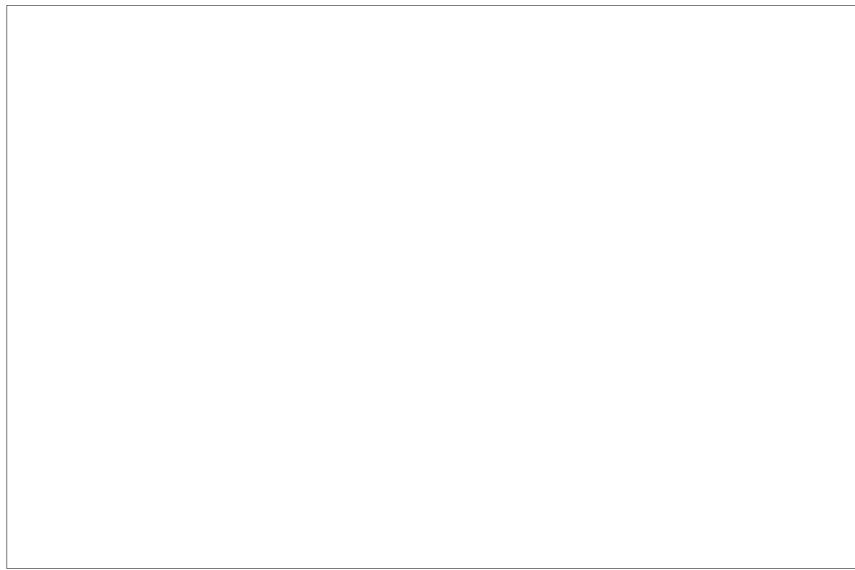
FOR THE PRESIDENT ONLY

MBFR



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CHINA

China's political leftists, having successfully blocked the appointment of Teng Hsiao-ping as premier, are increasing their attacks on him.

Wall posters attacking Teng began appearing at Peking University on February 10. The posters do not mention Teng by name but, by quoting some of his well-known statements, make it clear that he is their target. They reiterate criticism, employed late last week, against "capitalist roaders" in the party, an expression used a decade ago to disgrace Teng during the Cultural Revolution. The official party newspaper yesterday published its second attack within a week on "capitalist roaders who refuse to repent." This theme has been picked up by several provinces.

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The party's left wing presumably is engaged in an effort to purge Teng from his remaining party and military positions. It would be premature, however, to conclude that the left wing will succeed in marshaling sufficient support to remove Teng from office. Posters have not yet appeared elsewhere in the country, and attacks in the media do not yet amount to a propaganda barrage.

Teng has not appeared in public since he delivered the eulogy at Chou En-lai's funeral on January 15. In view of the attacks, Teng may be deliberately avoiding the limelight. A continued and prolonged absence would strongly suggest that he had been unable to surmount his troubles.

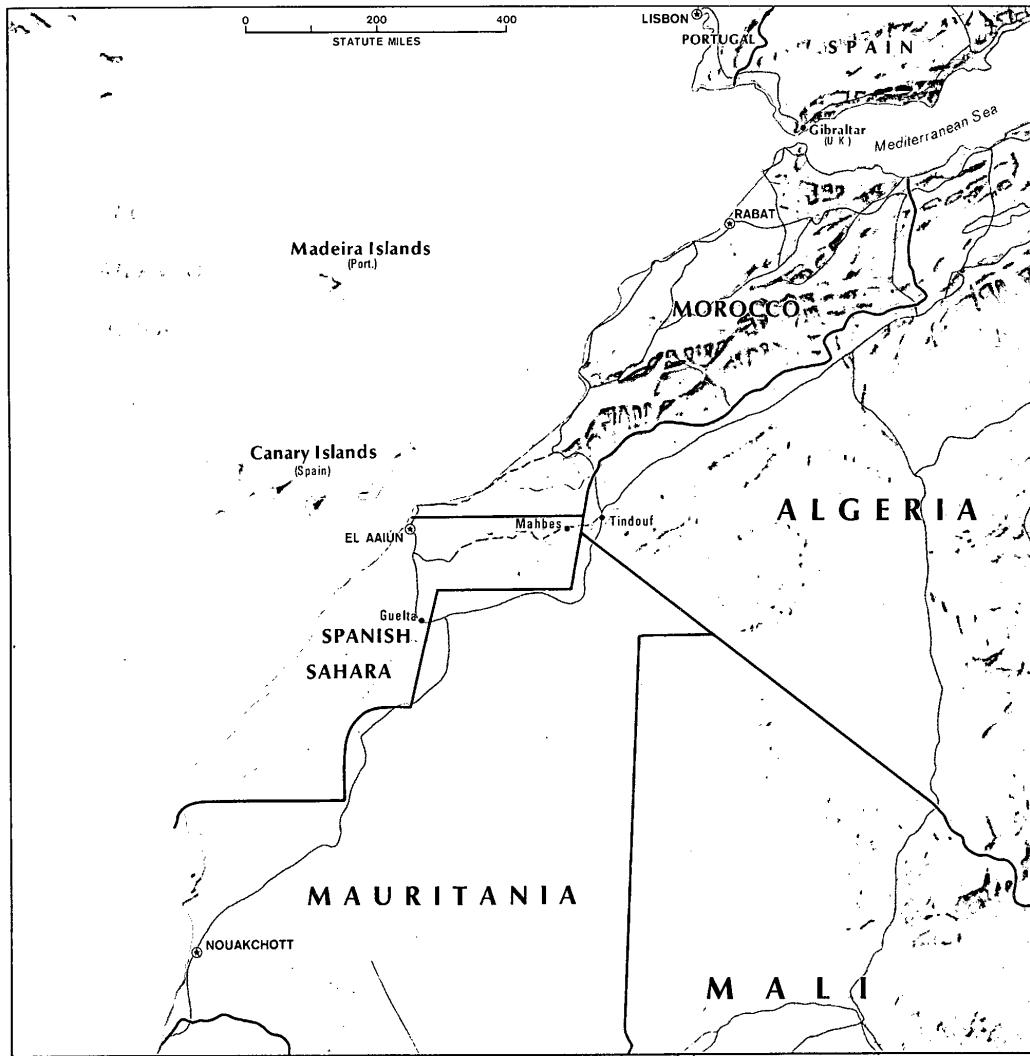
USSR-CHINA

Soviet media are replaying foreign press accounts which stress that Hua Kuo-feng's appointment as China's acting premier is evidence of serious political turmoil in Peking. The Soviets have observed, however, that Hua may have been a compromise candidate acceptable to both moderates and radicals.

A Soviet embassy officer in Peking characterized Hua as a good administrator, well suited to the task of building China, and with more foreign policy experience than is generally assumed. He commented that Hua had been less "vindictive" in his statements against the Soviet Union than other Chinese spokesmen.

The Soviet officer said Moscow expects no early change in China's foreign policy as a result of the appointment, although he professed to see some diminution in the output of China's anti-Soviet propaganda since Hua was named acting premier.

We, on the other hand, have so far detected no appreciable change in China's propaganda treatment of the USSR.



MOROCCO - ALGERIA - SPANISH SAHARA

Rabat confirmed yesterday that Moroccan forces now control Mahbes, the last remaining stronghold of the Polisario guerrillas in the northeastern Sahara.

Moroccan forces have also taken over Guelta, a Polisario position in east-central Sahara, according to press reports from Rabat. Morocco's military sweep against the Algerian-backed Polisario guerrillas is now virtually complete.

Algiers' decision not to confront Moroccan forces during Rabat's latest military advance may have been part of an arrangement negotiated by Egyptian and Saudi Arabian mediators. Egyptian Vice President Mubarak, in particular, may have urged during his shuttle last week that the Algerians pull out to avoid a clash.

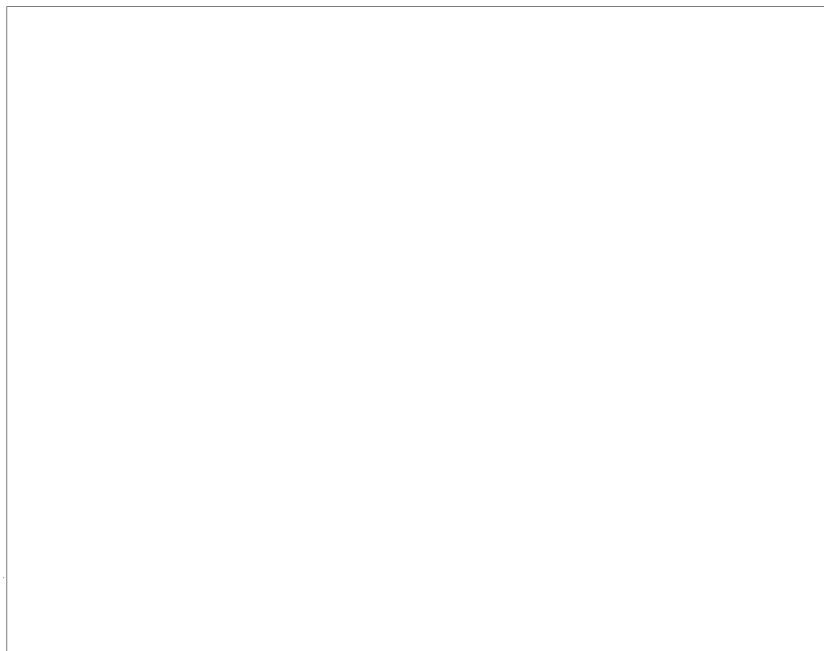
Algerian President Boumediene and several other senior officials flew to Tripoli yesterday for talks with Libyan President Qadhafi. Libya has been Algeria's chief supporter in the dispute with Morocco over Spanish Sahara, and Qadhafi has publicly admitted that he has provided military support to the Polisario guerrillas.

INDIA



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FOR THE PRESIDENT ONLY

NOTES

Radio Nigeria announced this morning that a coup had toppled the seven-month-old regime of General Muhammed. Unidentified "young revolutionaries" reportedly have taken control of the government.

Muhammed came to power last July in a coup by middle-grade officers. The emphasis in the early days of his regime was on a collegial-style leadership. In recent months, however, there have been signs of dissatisfaction among younger members of the ruling military council who have charged that Muhammed and other senior officers were dominating decision-making.

* * *

London will announce further cuts in the British defense budget next week.

The UK will not consult NATO formally on the defense reductions on the grounds that the cuts are not major. The actual reason for avoiding NATO consultations is the Labor government's concern that Alliance criticism of the cuts could be used by the Conservative Party to bolster its own position. The Conservatives have consistently maintained that in view of Warsaw Pact military strength the government should not reduce its defense budget.

London is prepared to consult with the US and West Germany in a bilateral context and will provide both with specific details of the reductions several weeks before they are made public in late March or early April.

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USSR-China: Moscow has proposed to the Chinese
that the annual Sino-Soviet river negotiation
talks reconvene next month. (Page 1)

USSR: Moscow has broken its public silence on re-
cent developments in the French Territory of
the Afars and Issas. (Page 2)

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France: [redacted] 25X1

[redacted] (Page 3) 25X1

Nigeria: The head of state may have been killed
in yesterday's coup attempt. The ruling
Supreme Military Council was meeting last
night, presumably to pick a successor.
(Page 4)

Note: Syria-Lebanon (Page 5)

FOR THE PRESIDENT ONLY

USSR-CHINA

Moscow has proposed to the Chinese that the annual Sino-Soviet river navigation talks reconvene next month.

The joint Sino-Soviet navigation committee had met annually since 1956--alternately in China and the USSR--to discuss routine matters of navigation along the riverine border during the May-October shipping season. Last year it was China's turn to be host to the talks, but they were not held because of Soviet objections to Chinese attempts to broaden the agenda to include territorial problems.

The failure of the committee to meet last year did not seem to have any significant impact on riverine traffic. China continued to press its claim to the important islands opposite Khabarovsk and other disputed islands, and there were the usual protests back and forth about changing navigational markers and dredging operations.

USSR

Moscow has broken its public silence on recent developments in the French Territory of the Afars and Issas.

Several articles in the Soviet central press on Thursday replayed Mogadiscio's version of the confrontation early this month between French forces and Somali border insurgents in the territory. Pravda noted Somali President Siad's call for the complete withdrawal of French forces from the territory and the liquidation of all military bases there.

Moscow's press treatment is restrained and is careful not to commit the Soviets to any particular outcome, but it is nonetheless a clear sign that the Soviets will support the essentials of Siad's policy.

The Soviet ambassador in Somalia said as much to a US diplomat earlier this month. He indicated that Moscow would support a "liberation struggle" in the territory if the French tried to transfer power to a government under the control of Ali Aref. The Soviets also said that the USSR hoped Paris would act in a way which would assure "peace and stability" in the African horn; this may boil down to giving Siad what he wants.

FRANCE



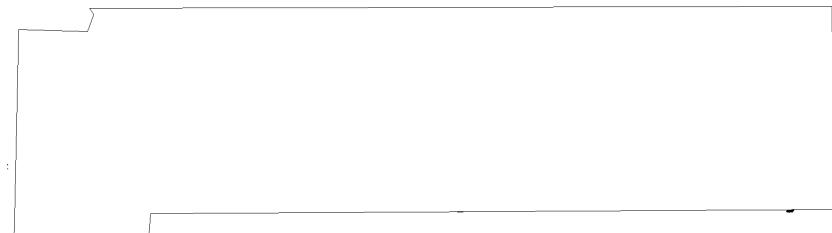
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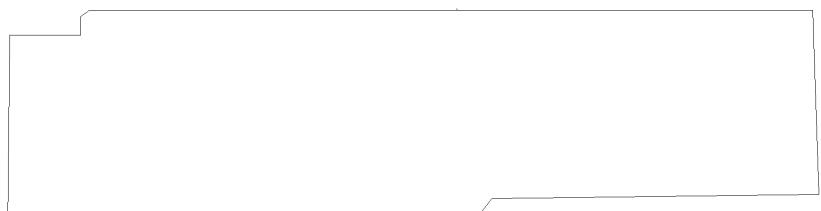
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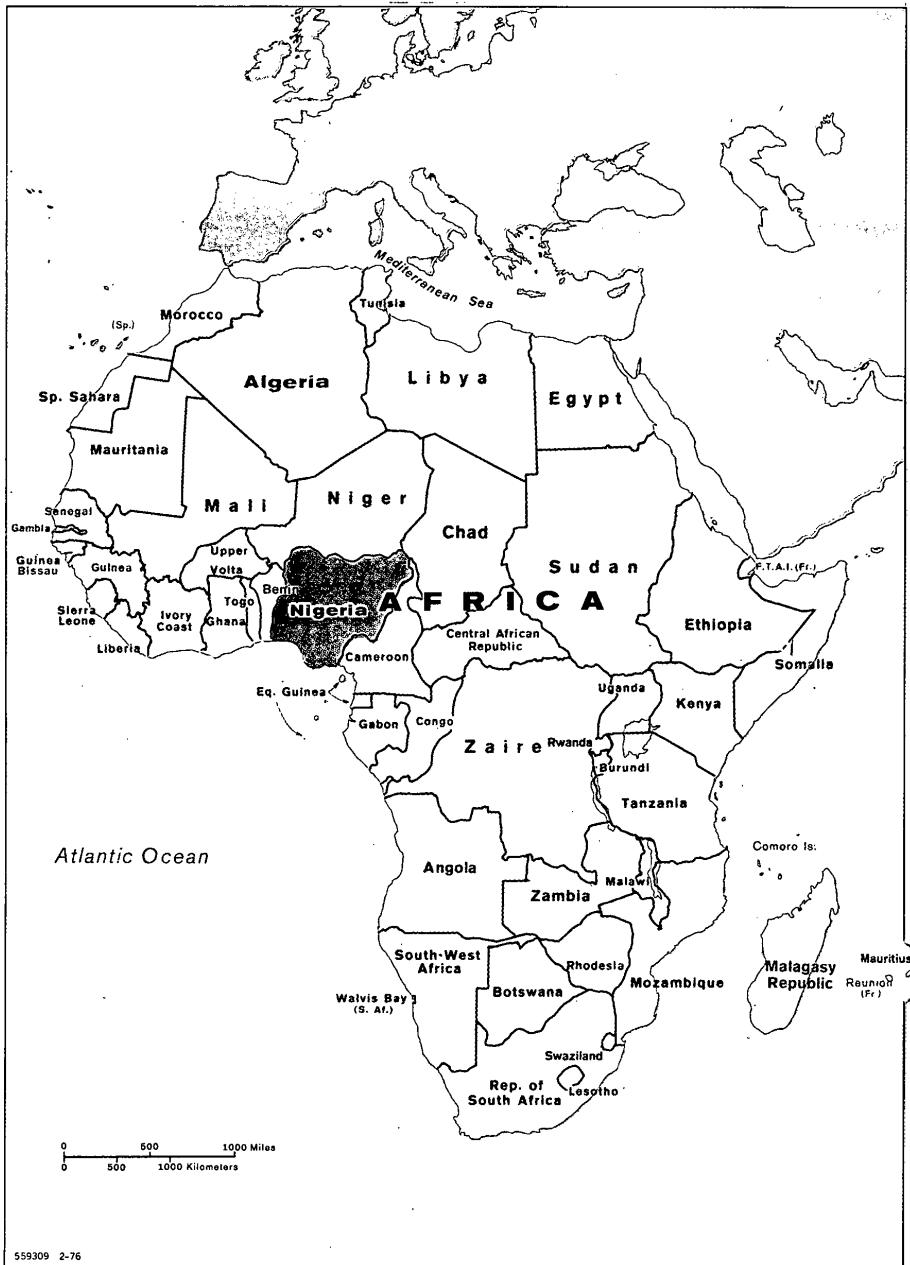
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NIGERIA

The US embassy believes General Murtala Muhammed, the head of state, was killed in yesterday's coup attempt, but this has not yet been confirmed by the government.

A meeting of the ruling Supreme Military Council was under way last night, presumably to pick a new head of state. The second- and third-ranking members of the regime--armed forces chief Obasanjo and army chief of staff Danjuma--were also targeted for assassination but apparently are still alive. One or the other will probably emerge as Nigeria's new leader.

Both men played leading roles in the Muhammed government, and it is unlikely that Nigeria's foreign or domestic policies would change significantly under either man.

The strong support Lagos has given the Popular Movement in Angola may lead anti-US forces in Africa and elsewhere to accuse the US of complicity in the plot.

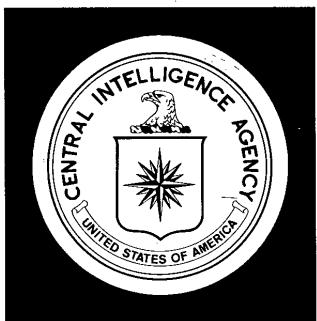
NOTE

Syrian Foreign Minister Khaddam will return to Lebanon this weekend to try to arrange a final agreement among Christians and Muslims on a political settlement.

Prime Minister Karami told reporters earlier this week that a settlement would be announced today following a special cabinet meeting. President Franjiyah, however, has been noncommittal on the timing of an announcement. Some conservative Maronite Christians apparently still are insisting on a written guarantee of their exclusive control of the presidency. Regional committees supervising the truce have been able to contain the violence perpetrated by Lebanese and Palestinian extremists attempting to derail the political negotiations.

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Nigeria: General Obasanjo, the country's new head of state, promised yesterday to continue the policies of his predecessor. (Page 1)

Note: Morocco - Algeria - Spanish Sahara (Page 2)

At Annex we examine the Lebanese political settlement announced on Saturday.

FOR THE PRESIDENT ONLY

NIGERIA

General Olusegun Obasanjo, Nigeria's new head of state, promised yesterday to continue the policies of his predecessor Murtala Muhammed who was assassinated during an abortive coup on Friday. Reportedly named head of state by unanimous vote of the ruling Supreme Military Council, Obasanjo was the number two man and armed forces chief of staff in the previous hierarchy.

Nigeria's new leader was among those who helped to shape Lagos' position favoring the popular Movement in Angola and who tried to develop a Nigerian image of more decisive leadership in Africa. He is strongly anti-South African and can be counted on to continue a hard line on South African issues.

Last month, Obasanjo seemed to suggest to a foreign policy seminar for senior officers that the regime should consider the use of oil as a political and economic lever. He stated that "sooner or later" Nigeria "might have to take into account the tremendous importance of oil" in pursuit of the country's national interests.

Aged 38 and born a Catholic in western Nigeria, Obasanjo is a member of the Yoruba tribe, one of the country's three major tribal groups. The regime's present leadership continues to preserve a good balance among Nigeria's competing tribal and regional interests. Obasanjo himself has a reputation for a non-tribal approach in decision making.

In the wake of the attempted coup, Lagos and the rest of the country are reported to be generally quiet. Borders and airports are closed, and a curfew is in effect. Support for the plotters apparently was limited to a few rebel units in Lagos and in two of Nigeria's 19 states; one military governor was also assassinated. The coup leader still has not been apprehended.

Rumors are circulating in Lagos and elsewhere alleging US complicity in the plot arising from US-Nigerian differences over Angola. University students demonstrated briefly yesterday against the US consulate in Ibadan, a town in western Nigeria.

NOTE

Moroccan King Hassan yesterday challenged Algerian President Boumediene either to accept an internationally guaranteed peace or openly declare war, according to a Moroccan radio broadcast.

King Hassan accused Boumediene of breaking promises not to use Algerian troops in the Sahara. Hassan stated that "Algerian troops" had attacked Moroccan forces Saturday at the Amgala oasis where clashes occurred in late January between Moroccan forces and Algerian troops supporting Polisario Front guerrillas.

Algeria responded today with a statement implying that Polisario guerrillas had carried out the attack. A Polisario spokesman claimed last week that guerrillas had reoccupied the oasis.

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LEBANON

The political reforms announced by President Franjiyah on Saturday meet most of the demands of Lebanon's old-line Muslim leaders, yet they preserve the most important prerogatives of the country's Christian minority. Although the reforms do not include the fundamental political changes sought by the radical leftists and some Muslim religious leaders, they may lead to greater leftist representation in parliament, and they promise a variety of social and economic reforms.

If these reforms are implemented soon, Lebanon may win a period of peace that could last several months or even a few years. If the Christian leaders attempt to delay implementation of the reforms, however, or to introduce qualifications, the fighting probably will begin again. Renewed fighting might prompt Syria and the main Palestinian fedayeen groups to withdraw their support from the present political compromise.

The Reforms

In outlining the reform package, Franjiyah sought to balance concessions for the Muslims with reassurances for the Christians. He promised the Muslims that Lebanon's constitution will continue to "evolve by experience" to accommodate needed changes in the political system, that the government is committed to social justice, and that the country will never abandon its "Arab character." At the same time, he assured the Christians that the 1943 National Covenant will be preserved, that the Palestinians will be expected to adhere to their past agreements with the Lebanese government, and that Lebanon will retain its "sovereignty."

As outlined by Franjiyah, the most important points of the reform package provide for:

- Continuation of the present distribution of top political posts: the president will be a Maronite Christian, the prime minister a Sunni Muslim, and the speaker of parliament a Shia Muslim.

(continued)

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FOR THE PRESIDENT ONLY

--Equal Christian and Muslim representation in parliament and revision of the electoral law to provide for proportional representation of sects within each major religion and for unspecified "better representation" of the population.

--Election of the prime minister by parliament instead of his selection by the president.

--Changes in parliamentary voting procedures requiring a 55-percent majority for the election of the president and a two-thirds majority for unspecified "issues of destiny."

--Transfer of some power from the president to the prime minister.

--Decentralization and a merit system in the civil service.

--Drafting of a new defense policy and strengthening of the army.

--Establishment of a special body to plan economic development and a commitment to "universal social justice" through economic and social reform.

The president did not say when these reforms are to be implemented, nor did he confirm press reports that Prime Minister Karami's cabinet will be expanded to oversee implementation of the accord.

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[redacted] a
[redacted] new cabinet will be formed soon, and [redacted] all parties to the political settlement agree that some action toward implementing each reform will be taken within a month after a more representative government is installed.

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Party and Factional Positions

The old-line Muslim leaders are likely to conclude that the increased representation they have won in parliament is insignificant. Their major gain is in the increased power of the Muslim prime minister relative to that of the Christian president.

Prime Minister Karami, a Sunni Muslim and a strong prime minister, gains most from the new agreement. In the future, the strong control he already exercises over parliament probably will be threatened

(continued)

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FOR THE PRESIDENT ONLY

slightly less by the Christians and only a little more by radical Muslims or leftists. In addition he can claim that he has won the bulk of the reforms he has been seeking since his appointment last July. These include equal Christian and Muslim representation in parliament and the civil service, "reinterpretation" rather than amendment of the national covenant, and a variety of economic and social reforms.

Although the leftists received no satisfaction of their fundamental demands, they are not likely to try to start new hostilities until they see whether the government implements the promised economic and social reforms. Some of the leftists will be satisfied with limited reforms; others will be forced into inaction by the military presence in Lebanon of the Syrian-controlled Palestine Liberation Army and by the decision of the major fedayeen groups to cooperate with the Liberation Army in enforcing the cease-fire.

The only leftist who has promoted a coherent set of political reforms over the past several months has been Socialist leader Kamal Jumblatt. His party platform calls for extensive education and social welfare programs, a merit system in the civil service, proportional representation in parliament, an independent judiciary, electoral reform, and some reduction in the powers of the president.

Although Jumblatt probably will complain that the promised reforms do not fully meet his demands, he may conclude--if the reforms are actually implemented--that he has won as much as he could reasonably expect. If his party--which has the largest leftist militia--is satisfied and counsels respect for the cease-fire, the other leftists almost certainly will find themselves forced to observe it as well.

Leaders of the large Christian political parties presumably decided to accept the reform package because it perpetuates Christian control of the presidency and--theoretically, at least--leaves in force the 30-year-old national covenant. In addition, the Christians, even before endorsing the final version of the package, received Syria's reaffirmation of its guarantee that the Palestinians would respect past agreements limiting fedayeen activities in Lebanon.

(continued)

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A policy statement issued by the right-wing Phalanges Party last August had indicated that the group would approve political concessions if the national covenant were retained, if the Palestinians honored their commitments to the Lebanese government, and if security were restored in Lebanon.

The army is now partially disarmed and wholly demoralized and is unlikely to play an effective role in internal security for several months. Peace in Lebanon will depend on the continued willingness of Syria and the large Palestinian groups to control the Lebanese and fedayeen radicals and on the willingness of the leaders of Lebanon's private militias to cooperate in implementing the current political agreement.

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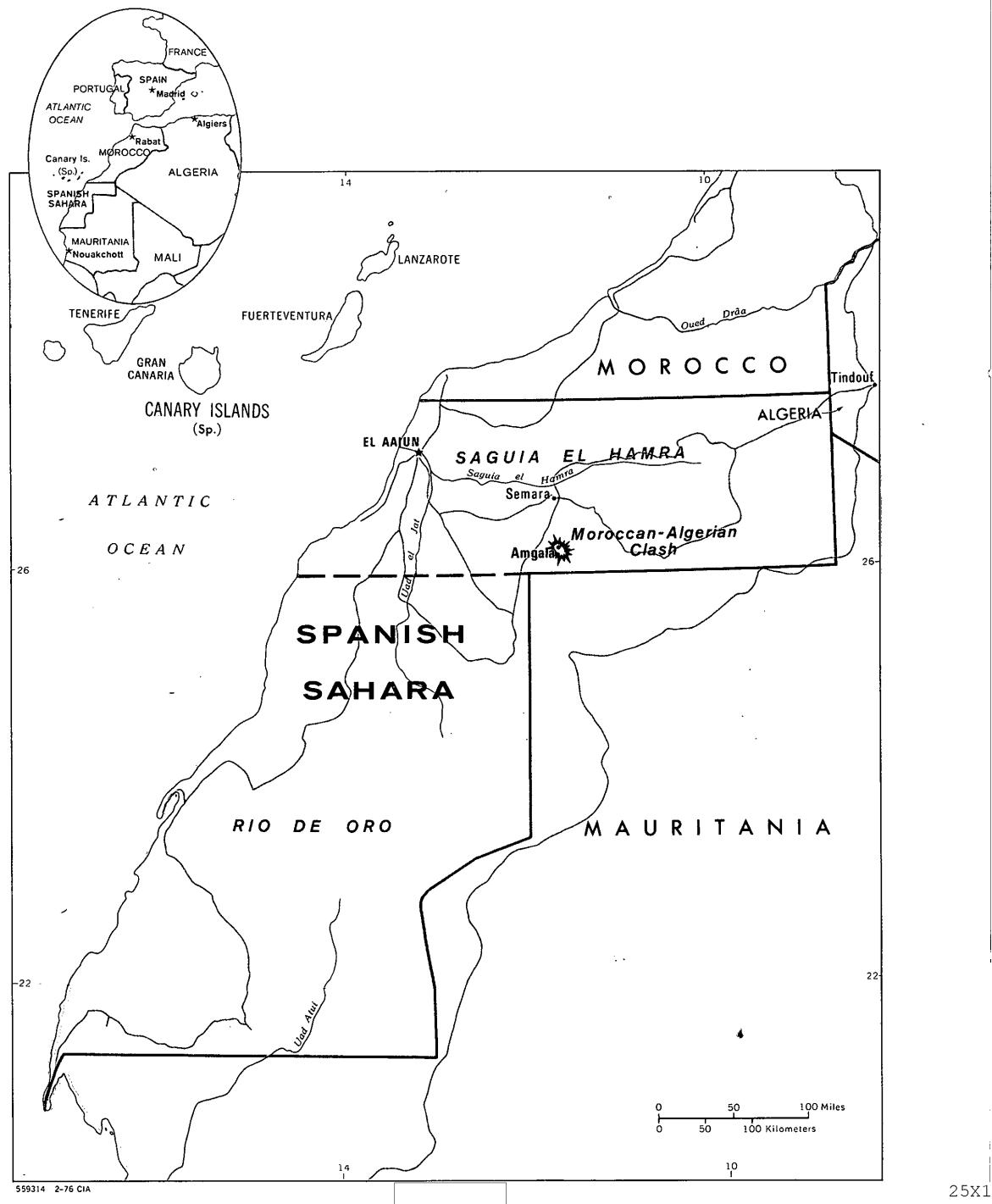
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Spanish Sahara: Moroccan and Algerian forces probably have clashed again in the Spanish Sahara.
(Page 1)

Notes: USSR; EC-Angola (Page 2)

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SPANISH SAHARA

Moroccan and Algerian troops may have clashed again in the Spanish Sahara.

King Hassan, in a message to President Boumediene on Sunday, charged that Algerian troops had attacked Moroccan forces at Amgala the previous day. The oasis was the scene of a clash late last month between Moroccan and Algerian forces supporting Polisario Front guerrillas. A Moroccan officer told our defense attaché in Rabat that an estimated regimental-size Algerian force had overrun the Moroccan defenders at the oasis. The officer speculated that the Algerians wanted to avenge their earlier defeat at Amgala.

We cannot confirm that Algerian troops conducted the attack. The Moroccan version may be accurate, although it probably exaggerates the size of the attacking force. An Algerian broadcast denied that Algerian troops were involved, alleging that Polisario Front guerrillas were responsible. The radio commentary emphasized that Algeria will continue to support the Front in its struggle for independence.

The Algerian reaction suggests that Boumediene still wants to avoid a direct confrontation with Morocco. King Hassan, on the other hand, in his message to Algeria challenged Boumediene either to accept an internationally guaranteed peace in Spanish Sahara or openly declare war on Morocco.

NOTES

The unmanned Soviet Soyuz-20 spacecraft yesterday separated from the Salyut-4 space station and returned to the USSR after 91 days in orbit.

We believe this mission was a precursor to the launch of a manned spacecraft that will attempt to set a new record for manned space flights. The launch probably will occur within the next few months and will last about 90 days. The US Skylab-3 crew was in orbit for 84 days in 1974.

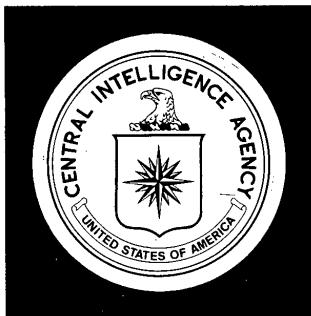
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The EC Nine are moving toward diplomatic recognition of the Popular Movement as the sole government of Angola.

Some reports from the current EC political directors' meeting in Luxembourg indicate that final arrangements are being worked out and the announcement will be made this week.

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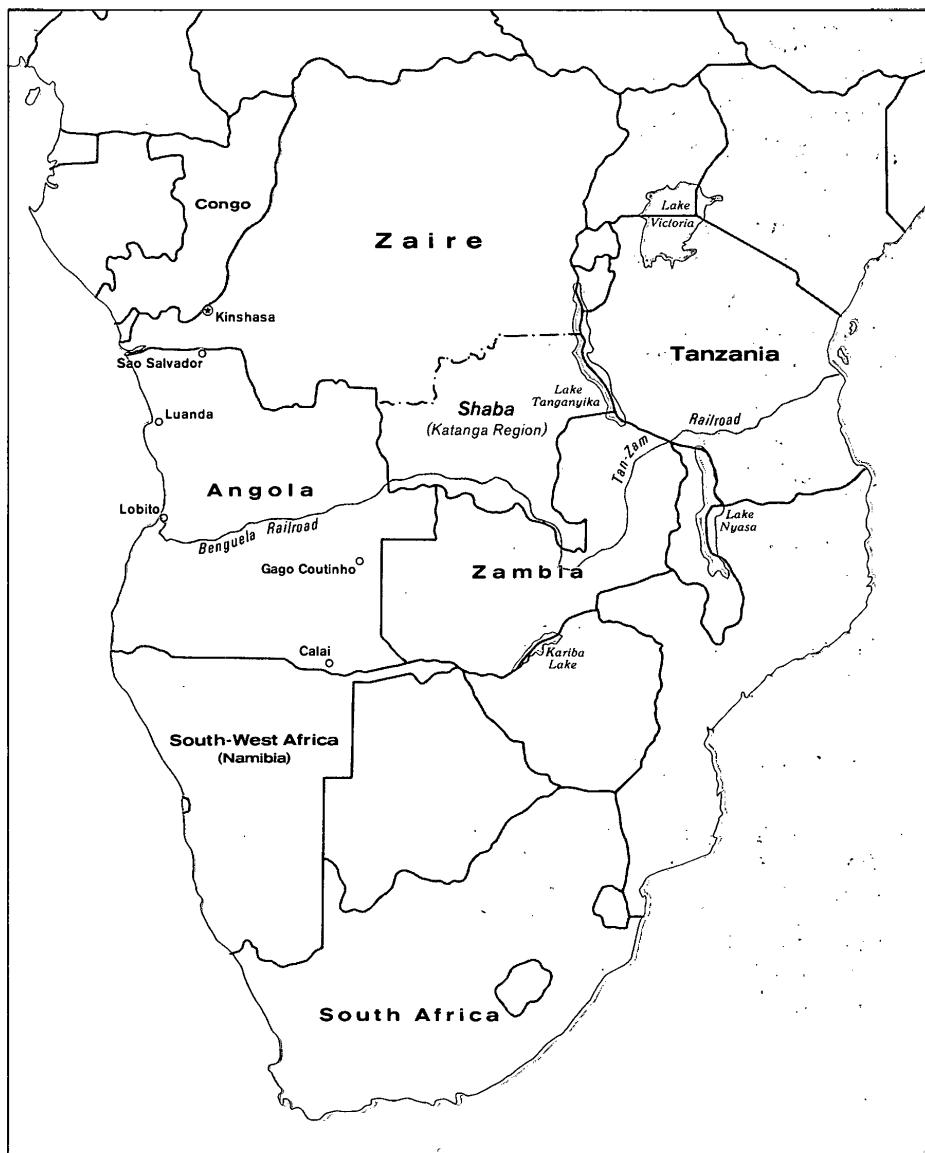
Zaire-Angola: A high official of the Angolan Popular Movement is scheduled to visit Kinshasa on Saturday to discuss Zairian recognition of the regime in Luanda. (Page 1)

Iceland-UK: The Icelandic cabinet voted yesterday to break diplomatic relations with the UK. (Page 3)

Notes: USSR; France-EC; France-USSR; Morocco-Algeria (Pages 4 and 5)

FOR THE PRESIDENT ONLY

Southern Africa



ZAIRE-ANGOLA

The prime minister of the Angolan Popular Movement's regime is scheduled to visit Kinshasa on Saturday to discuss terms for recognition by Zaire.

The official [redacted] will be carrying an answer from Popular Movement President Neto to Zaire's now-public conditions for recognition. The conditions were passed privately to the Popular Movement over the weekend, following a meeting in Kinshasa between President Mobutu and Congolese President Ngouabi. Ngouabi has long supported the Popular Movement and was acting as its intermediary with Mobutu.

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Mobutu wants guarantees that the Popular Movement will take no aggressive actions against Zaire. He may ask for a withdrawal of Cuban and Soviet forces in Angola, but will likely settle for a withdrawal of combat forces alone. Mobutu's other desires include:

--Return to Zaire of some 4,000 exiled secessionists from Shaba (formerly Katanga). These secessionists fled Zaire in 1963 and have been fighting with the Popular Movement in the hope that the Movement would support insurgency in Shaba.

--Access to the Benguela railroad and the port of Lobito, the most efficient route for Zaire's imports and exports.

--Arrangements for the Popular Movement to accept some 1 million Angolan refugees who have fled to Zaire.

Neto, for his part, will want assurances that Mobutu will not underwrite guerrilla operations into northern Angola by the National Front. In fact, the National Front withdrew over the weekend from Sao Salvador, its last major base in the area. With the exception of a few mercenaries and a small group of its own troops near the Zairian border, the National Front has fully retreated into Zaire.

(continued)

In southern Angola, National Union President Savimbi has established his headquarters at the town of Gago Coutinho [redacted]

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[redacted]
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Savimbi's ability to wage effective guerrilla warfare depends to a large extent on whether Zaire and South Africa continue to aid him. South Africa is now exploring the possibility of an accommodation with the Popular Movement. The South Africans are responding to a recent statement by the Popular Movement foreign minister that his regime "would be prepared to cooperate" with South Africa if Pretoria recognizes the Movement's sovereignty over Angola.

ICELAND-UK

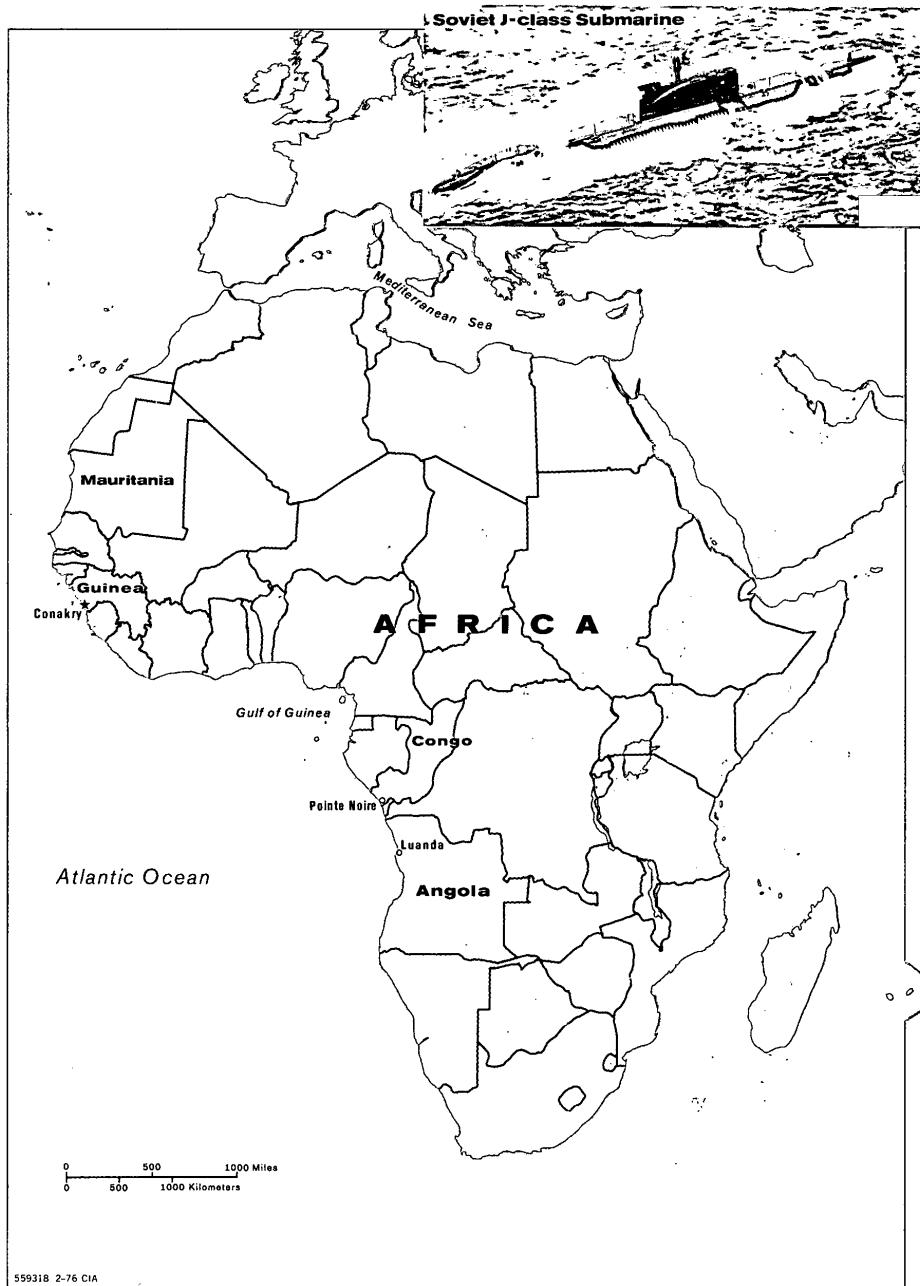
The cabinet voted yesterday to break diplomatic relations with the UK. It will act today or tomorrow.

A motion also to withdraw Iceland's NATO delegation from Brussels was narrowly defeated. The motion was introduced by the leader of the Progressive Party, a member of the governing coalition. Foreign Minister Agustsson broke with other Progressives and voted against the proposal.

Prime Minister Hallgrimsson had worked hard to head off a break with London. His political position has been badly weakened, and he may be out of office soon.

If the coalition government falls, it would almost certainly be replaced by a leftist coalition. Then, withdrawal from NATO would be all but certain.

Hallgrimsson is also faced with the most extensive general strike in Icelandic history. He has been so occupied with the cod war that he has been unable to attend to the labor dispute. The break with London and the pressure for withdrawal from NATO will further divert his attention.



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NOTES

The Soviet Kotlin-class guided-missile destroyer and merchant tanker that left the Mediterranean last Friday are continuing their slow progress down the coast of West Africa and could reach the Conakry area on Friday.

The destroyer will either augment the Soviet naval force off West Africa or relieve one of the warships now in the area. The Kresta II guided-missile cruiser, another Kotlin, and a tanker remain on station about 400 miles west of Pointe Noire, Congo. A landing ship and a tanker are at Conakry.

A Soviet submarine--probably a diesel-powered J-class cruise missile unit--reportedly entered Conakry harbor last Saturday and tied up next to the landing ship.

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* * *

France failed to persuade its EC partners to participate in a joint recognition of the Popular Movement as the government of Angola.

Most, if not all EC members, however, will probably follow France's lead and individually recognize the Popular Movement within the next few days. The Netherlands has already followed suit, and Denmark is expected to make its announcement today.

(continued)

* * *

The French Communist Party has announced that Secretary General Georges Marchais will not attend the Soviet party congress that opens next Tuesday.

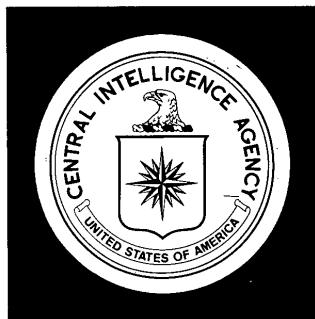
Except for one instance of serious illness, this will be the first time that the top official of the French Communist Party has not been present at a Soviet party congress. Marchais said his decision "follows the line" of his party's congress held earlier this month. The French congress unanimously accepted Marchais' proposal to drop the phrase "dictatorship of the proletariat" and applauded his criticisms of the lack of human rights in the Soviet Union. A five-member delegation led by the secretary of the Central Committee will represent the French party at the Soviet congress.

* * *

The Moroccans have so far provided no evidence to substantiate their charge that Algerian troops were involved in the fighting in Spanish Sahara last weekend.

Algeria's initial denial was somewhat equivocal, however, and reports from both Algiers and Rabat suggest that Algerian forces may have been involved. Neither side seems to want a wider dispute, but new incidents are likely.

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MBFR: The Warsaw Pact presented a new proposal on Tuesday at the force reduction talks in Vienna.
(Page 1)

Iceland-UK: Iceland apparently hopes the US, West Germany, and Norway will continue efforts to settle the fishing dispute. (Page 2)

Notes: USSR; Turkey; Yugoslavia; Morocco-Algeria
(Pages 3 and 4)

FOR THE PRESIDENT ONLY

MBFR

The Warsaw Pact presented a new proposal on Tuesday at the force reduction talks in Vienna.

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The proposal calls for force reductions to take place in two stages. In the first stage, which would be carried out this year, the US and USSR would reduce their forces in Central Europe by 2 to 3 percent of the overall numerical strength of their respective alliances. The units withdrawn would be disbanded. Force strengths of the other participating states would be frozen at their present levels.

The proposal also calls for equal reductions of US and Soviet armaments--aircraft, missiles, and tanks--including nuclear weapons and delivery systems. This is the first time the Soviets have officially acknowledged that they have nuclear weapons in the reduction area. The size of force reductions in the second stage was not stipulated.

The new proposal is intended to counter the "Option III" introduced by NATO last September. It is essentially a reworking of previous Warsaw Pact reduction programs, however, and retains the Pact's approach of equal percentage reductions and its rejection of NATO's concept of asymmetrical reduction to a "common ceiling."

Even though the Pact now accepts the Western idea of phased reductions, with US and Soviet forces being cut back first, and goes into more detail regarding the armaments to be reduced, the new package is even more disadvantageous to the US than earlier proposals, because the proposed reductions involve second-rate Soviet systems as opposed to more advanced American equipment.

The Soviets are under no illusion that their proposal will be acceptable to the West or that the NATO countries will regard it as a substantial concession. They evidently hope they can use it to capitalize on NATO's willingness to include nuclear elements in the reductions. A sensitive source has indicated that Moscow may entertain the idea of a package trade of additional Soviet tank reductions in return for more American nuclear elements.

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ICELAND-UK

Iceland apparently hopes that its decision to break diplomatic relations with the UK will encourage the US, West Germany, and Norway to continue efforts to settle the fishing dispute.

If the break in relations does not lead to progress, however, the cabinet may vote to withdraw its NATO delegation from Brussels. A motion to do just this was defeated by only one vote on Tuesday. A complete break with NATO does not seem likely at this time. Reykjavik needs NATO as a forum for its dispute with London, and Icelandic leaders are aware that concern and sympathy for their position would end with a NATO break.

At stake, as far as the US and NATO are concerned, is the US-manned NATO base at Keflavik, which serves primarily as an anti-submarine warfare and early warning site. In addition, Iceland's withdrawal from NATO would have a certain psychological impact on the other member countries.

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NOTES

Soviets

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* * *

Turkish Prime Minister Demirel's shaky, four-party coalition government has survived a major effort by parliamentary opposition leader Ecevit to bring it down.

The government won a vote on the budget yesterday by a comfortable margin. Turkish parliamentary rules now call for separate consideration of each budget item and then another vote on the entire bill. A turnaround seems unlikely.

* * *

Despite his latest illness, planning continues for Yugoslav President Tito's trip to Latin America in mid-March.

His visit to Cuba has been canceled because Castro will not be in Havana at the time of Tito's tour. Castro reportedly plans to see Tito and other East European leaders early next month after he attends the Soviet party congress.

Tito yesterday talked with Portuguese Communist leader Cunhal, the first foreign figure he has seen since he was reported ill in January.

(continued)

FOR THE PRESIDENT ONLY

* * *

Arab League Secretary General Riad will try today to revive the Arab mediation efforts aimed at resolving the dispute between Morocco and Algeria over Spanish Sahara.

Riad has resisted suggestions in the past that he attempt to mediate the dispute since he regarded such an effort as having little chance of success. His about-face may have resulted from Egyptian pressure.

Both Rabat and Algiers remain unwilling to compromise, and Riad's effort indeed seems unlikely to prosper. Little is expected either from the recently concluded five-day visit to Spanish Sahara by the personal envoy of UN Secretary General Waldheim. The UN will probably try to limit its involvement in the dispute to pro forma consideration of the UN mission's report.

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Egypt - Saudi Arabia: President Sadat begins a six-day visit to Saudi Arabia on Saturday to seek financial aid and moral support for his sagging leadership position in the Arab world.
(Page 1)

Notes: Pakistan; Nigeria; Jordan-Syria *(Pages 2 and 3)*

FOR THE PRESIDENT ONLY

EGYPT - SAUDI ARABIA

President Sadat begins a six-day visit to Saudi Arabia tomorrow to seek financial aid and moral support for his sagging position of leadership in the Arab world. The Saudis are likely to give Sadat some gesture of public support. The conditions attached to any large new aid agreement, however, may be more stringent than in the past.

Saudi Arabia has disbursed nearly \$2 billion in cash to Egypt during the past two years and is wary of making more money available to Cairo without obtaining some accounting of how this aid is spent.

[REDACTED]

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[REDACTED]

Although Sadat may succeed in wheedling some money out of the Saudis, he is likely to face some hard questioning--on political as well as economic matters.

[REDACTED]

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Sadat has occasionally stated that the internationalization of Jerusalem would be acceptable to him, but he has not pushed this idea or raised it for some time.

[REDACTED]

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[REDACTED]

Sadat should have little difficulty in reassuring the Saudis on this score. Even his toughest questioners will probably offer him some expression of continued Saudi friendship. The Saudis are unlikely to cut off economic aid, if only because they are convinced that any change in Cairo would be for the worse.

NOTES

Pakistani [redacted]

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* * *

The Nigerian government is concerned that tribal and religious tensions, generally absent from the scene in recent years, will be rekindled by last week's coup attempt.

The ruling Supreme Military Council [redacted]

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[redacted]

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The council is now taking measures to reassure northern Muslims that the regime intends to preserve a regional and tribal balance. It is also using influential Muslim leaders to convey the message that the coup attempt had no anti-Muslim connotations.

(continued)

FOR THE PRESIDENT ONLY

* * *

Two days of talks in Amman this week between the Jordanian and Syrian prime ministers failed to produce any results to support press speculation--especially in Israel--that the two countries are moving toward an early "confederation."

Jordanian Prime Minister Rifai told our ambassador that the lengthy, bland communiqué issued at the conclusion of the talks fully reflected the discussions. The next meeting between the two countries is scheduled to be held in Damascus in May. The UN forces' mandate on the Golan Heights expires at the end of that month, and the Jordanians may hope to influence or get a better reading of President Asad's plans concerning its renewal.

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China: A party official in Peking has said that Teng Hsiao-ping retains his job as party vice chairman and that he was not named premier because his party duties are heavy. (Page 1)

25X1

Syria-Israel: In an effort to secure some diplomatic return for agreeing to renew the UN observer force mandate on the Golan Heights, Syria is already beginning to sow doubts about its intentions when the mandate comes up for renewal on May 30. (Page 5)

Angola: Military operations have declined throughout Angola.

25X1

(Page 6)

25X1

Lebanon: Syrian Foreign Minister Khaddam left Lebanon yesterday after conducting the first round of bargaining among Muslims and Christians toward the formation of a new cabinet. (Page 8)

FOR THE PRESIDENT ONLY

CHINA

Chinese officials in Peking are attempting to put the best face on an obviously confused and heated leadership situation. For the first time since Teng Hsiao-ping came under attack, a party official in Peking has said that Teng retains his job as party vice chairman and that he was not named premier because his party duties are so heavy.

Other Peking officials have already confirmed that Teng retains his government and military positions. Although these statements may be an attempt to quash speculation outside of China about Teng's status, it seems likely that the leadership has not yet reached firm decisions, and that at least for now Teng does indeed retain all his posts.

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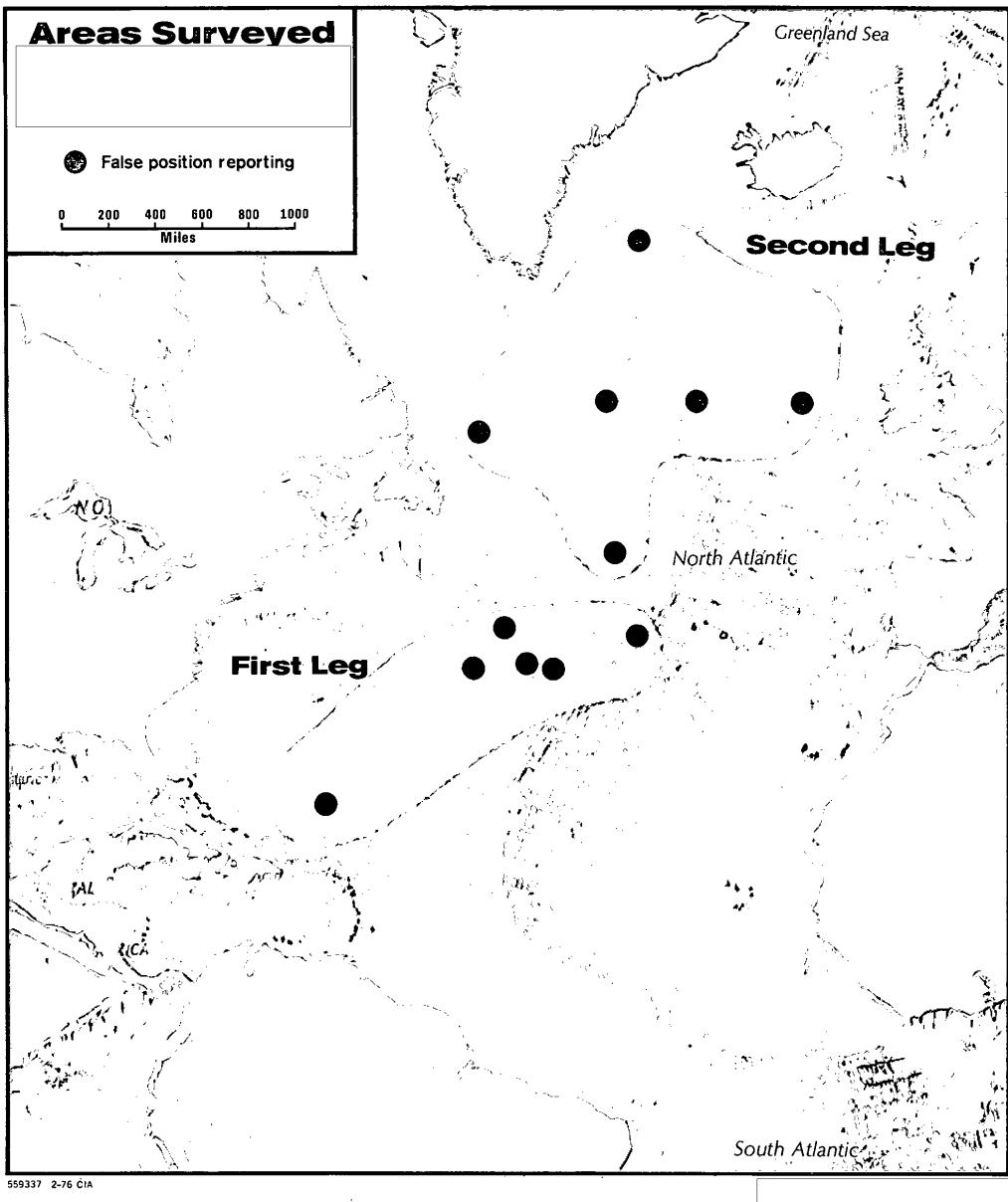
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The status of Defense Minister Yeh Chien-ying, who, like Teng, was closely associated with Chou En-lai, is not clear. Peking reportedly issued a directive in early February announcing the temporary replacement of Yeh because of his poor health. The Defense Ministry, however, has said Yeh retains his post. Rumors are circulating in China and in Hong Kong that actually Yeh resigned in protest over the treatment of Teng Hsiao-ping.

(continued)

There are tenuous signs in the propaganda that acting premier Hua Kuo-feng may himself be under attack, perhaps from the party's left wing. Hua seems to have some responsibility for science, and a propaganda debate over how to conduct scientific work may be aimed at him. Similarly, an article in People's Daily attacking the Soviet security minister may have been an indirect attack on Hua, who is China's security minister. People's Daily has also attacked those who put three instructions from Mao on an equal footing, claiming that one is more important than the other two. Hua seemed to give equal emphasis to all three in a speech last fall and therefore could be a target.



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USSR

A hydrographic survey ship has

conducting surveys of the ocean floor
that can be used for submarine navigation
and missile targeting.

25X1

The ship, which carried out this survey work off
the US east coast from September to December 1975,

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The area mapped by the first leg of the survey
partially overlaps recently adopted patrol areas for
Y-class submarines. These areas are up to 600 miles
closer to the US east coast than those previously
used.

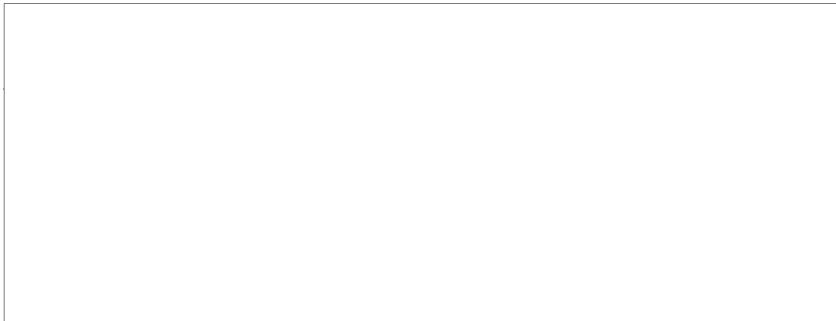
The second leg of the survey does not cover any
present missile submarine operating area. It may
reflect future Soviet plans for patrol of the expand-
ing D-class force of submarines.

Missile range is not now a reason to shift D-
class operations, since these submarines are armed
with SS-N-8 missiles, which have a range of 4,200
miles and can strike nearly all the US from ports
in the northwestern USSR.

The Soviets are developing a new submarine-
launched missile, the NE-2, probably for the D-class.
This missile, which carries MIRVs, has flown to only
3,000 miles and, whatever its actual capability, may
not have the range of the SS-N-8. The Soviets may,
therefore, face a future need to move D-class opera-
tions closer to the US.

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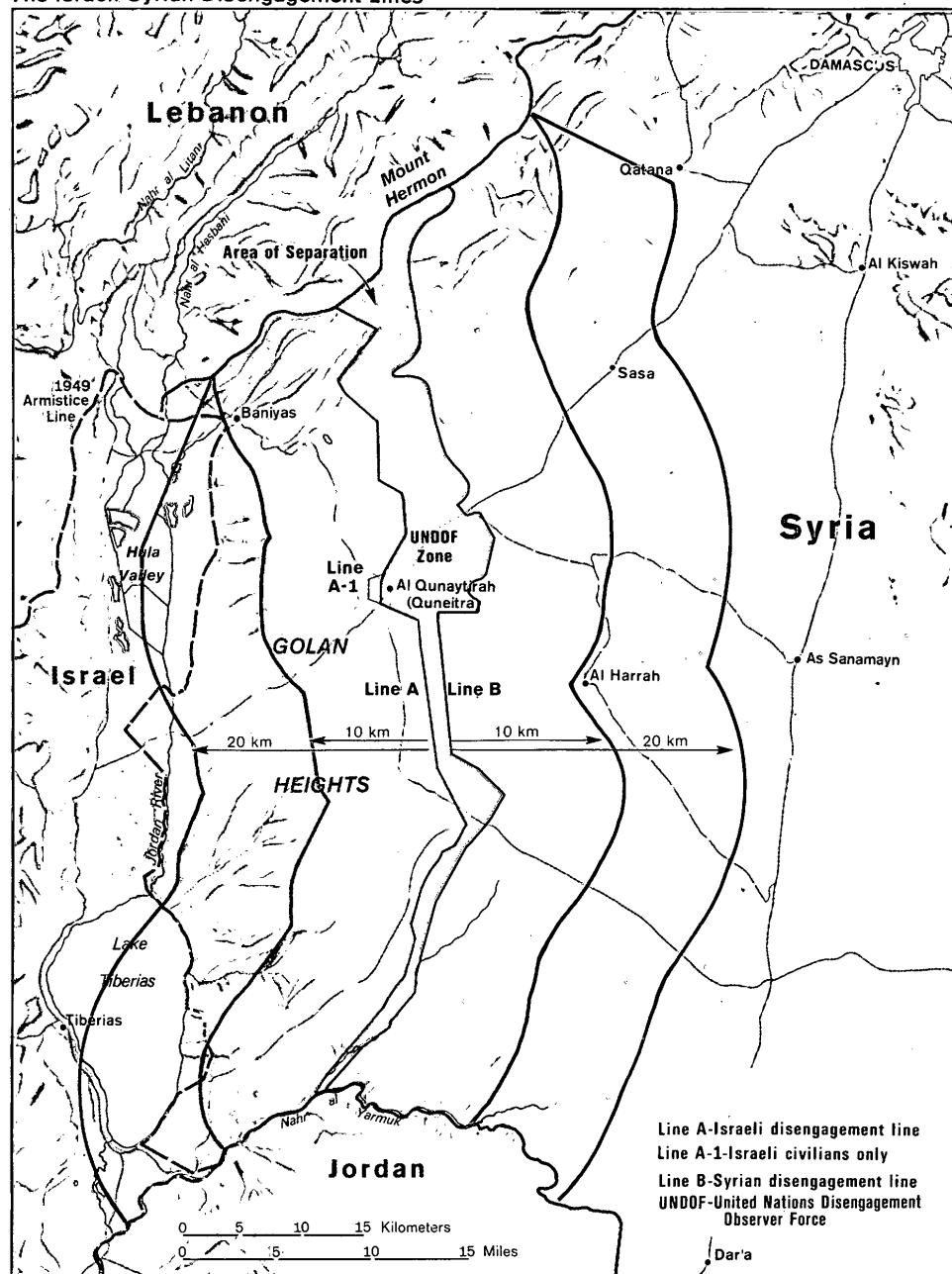
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FOR THE PRESIDENT ONLY

The Israeli-Syrian Disengagement Lines



SYRIA-ISRAEL

Syria, in an obvious effort to secure some diplomatic return for agreeing to renew the UN observer force mandate on the Golan Heights, is already beginning to sow doubts about its intentions when the mandate comes up for renewal on May 30.

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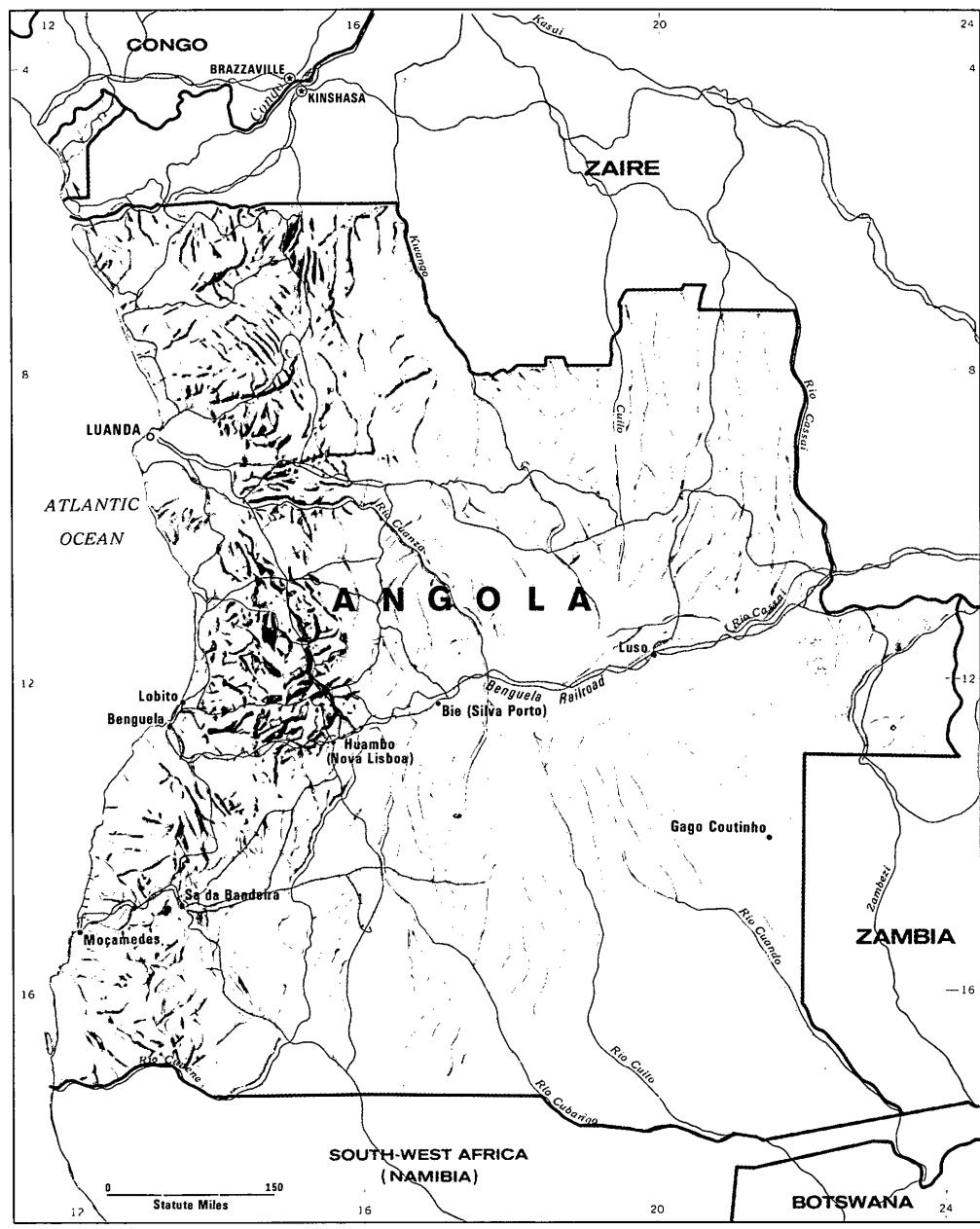
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The Syrians probably have not yet made a decision on whether to let the mandate lapse, although they undoubtedly have contingency plans for repositioning their forces. Over the next few months we anticipate that Syria will engage in some military posturing to reinforce its efforts to exert psychological and diplomatic pressure on the US and Israel.

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There are good indications that the Syrians are strengthening their ground defenses in the south, and that they have recently constructed three SA-2 missile sites south of Dara, close to the Jordanian border--the first time missile sites have been built south of the town. The Syrians also may have moved some additional forces into the southern Golan area. A buildup in this area would reflect Syrian concern about a possible Israeli flanking maneuver through northern Jordan should there be another round of hostilities.



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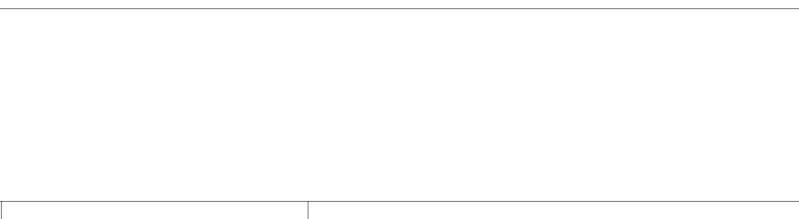
ANGOLA

Military operations have declined throughout Angola. Cuban and Popular Movement forces so far have not moved against National Union headquarters at Gago Coutinho or southward toward the Namibian border. Some low-level skirmishes apparently are still taking place in the northern and central regions.

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LEBANON

Syrian Foreign Minister Khaddam left Lebanon yesterday after conducting the first round of bargaining among Muslims and Christians toward the formation of a new Lebanese cabinet.

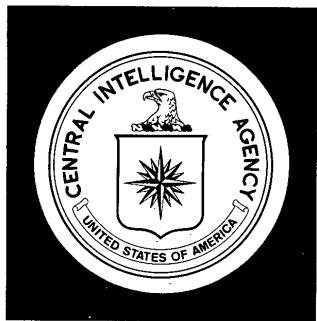
Creation of a coalition government that would include representatives of the Christian Phalanges Party and the large left-wing groups is the first step toward implementing the reform program announced by President Franjiyah last weekend.

Khaddam, according to press accounts, hopes to persuade Phalanges chief Pierre Jumayyil and Socialist leader Kamal Jumblatt, the principal spokesman for the left, to accept positions as senior ministers without portfolio along with several other Muslim and Christian notables. Jumblatt announced yesterday that his party would not join a new government unless major adjustments favoring the Muslims were made in the reform program.

Before leaving Beirut, Khaddam told reporters he hoped a new cabinet could be announced before the end of the month. Khaddam will probably seek permission from Damascus to put new pressure on Jumblatt. The Syrians have less leverage to use on Jumayyil, who also appears reluctant to be represented in the cabinet.

Feuding between Jumblatt and Jumayyil was a major cause of the rise in tensions last year and could have a similar effect on the present situation.

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Cyprus: The latest round of intercommunal talks did not result in any progress on the major issues. (Page 2)

Note: Turkey-Greece (Page 3)

FOR THE PRESIDENT ONLY

CHINA-AFRICA

China's standing with Tanzania and Mozambique does not appear to have been affected adversely by differences over Angola. Tanzanian President Nyerere remains China's closest African ally. He and President Machel of Mozambique, however, have been among the leading African supporters of the Soviet-backed Popular Movement in Angola.

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Last summer Peking created a minor diplomatic flare-up when it tried to ship arms to opponents of the Popular Movement through Dar es Salaam. This incident and its implications for China's relations with other African backers of the Popular Movement probably played a major part in Peking's subsequent decision to stop support of any of the Angolan liberation groups.

A particular reason for China's not wanting a disagreement over Angola to affect relations with Tanzania and Mozambique is the importance of these two countries in Peking's dealings with other liberation movements in southern Africa

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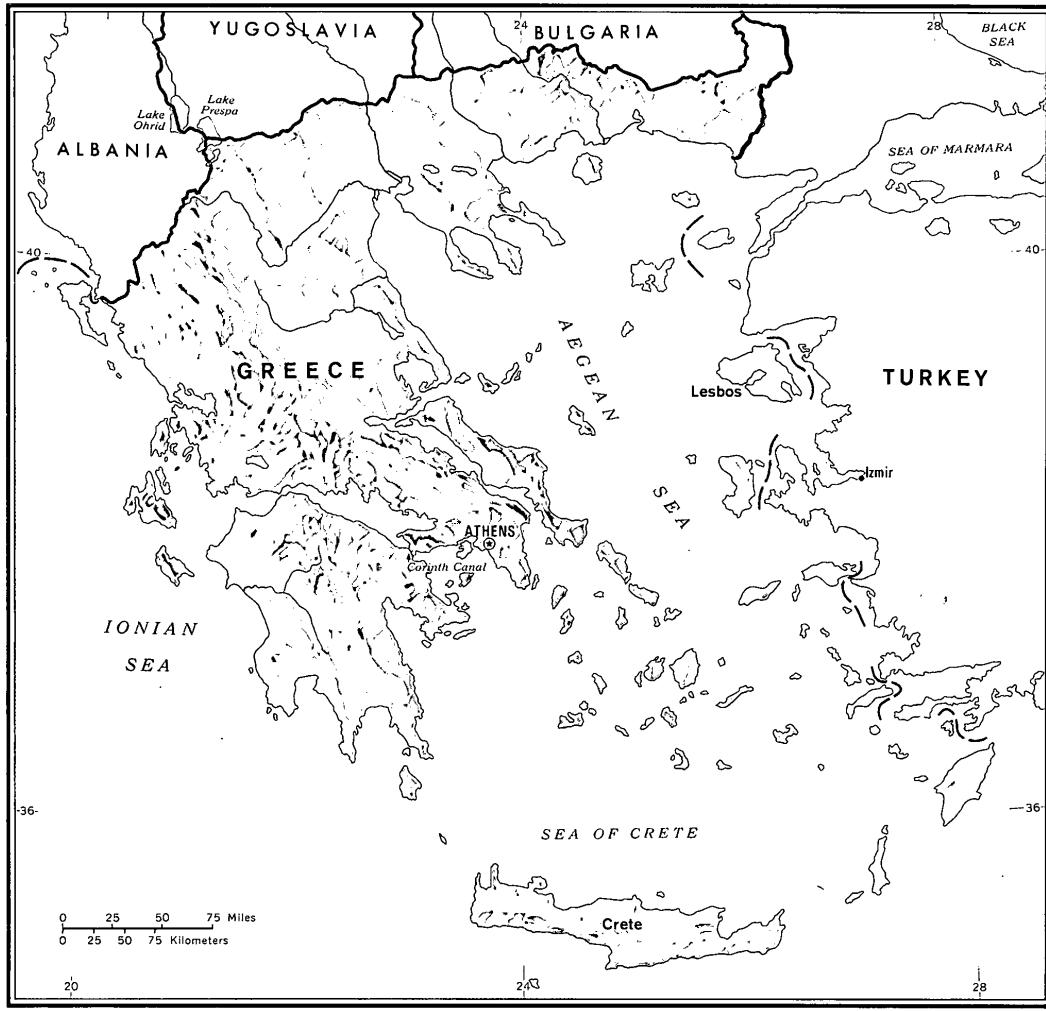
A major Chinese concern arising from Angolan developments has been that Soviet support of the Popular Movement would lead other liberation groups to regard Moscow, rather than Peking, as an ally. Recent visits to the Soviet Union by several black revolutionary leaders, combined with increased coverage of the liberation groups by the Soviet media, can only have sharpened Chinese apprehensions.

CYPRUS

The latest round of intercommunal talks which ended in Vienna on Saturday did not result in any progress on major issues. UN Secretary General Waldheim, under whose auspices the talks were held, managed to get the two sides to agree to a procedural formula for subsequent negotiations.

The Greek Cypriot and Turkish Cypriot negotiators went to Vienna committed to an exchange of views on all the issues at stake, including the territorial question which the Turkish Cypriot side had refused to discuss in earlier rounds. Greek Cypriot negotiator Clerides proposed as an opening position that the Turkish Cypriots cede enough territory to leave them in control of about 25 percent of the country--they now control about 37 percent. Turkish Cypriot negotiator Denktash countered with only a statement of principles for a settlement. Efforts by Waldheim to get a dialogue going were not successful, according to a UN official.

According to a procedural formula agreed to for later meetings, Clerides will present written proposals to which Denktash must make written counterproposals. The two negotiators will meet with Waldheim again in May.



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NOTE

Turkey's air and naval exercise, scheduled for Wednesday and Thursday near the Greek island of Lesbos, raises the possibility of an incident in the Aegean.

[redacted] 25X1

[redacted] The Greeks claim a ten-mile air space, while the Turks recognize only a six-mile limit and have informed the Greeks that the exercise area would come within eight miles of the western coast of Lesbos. Recent Greek-Turkish negotiations on air space rights and other matters of dispute in the Aegean ended without progress.

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The Turks conducted a similar exercise last May without incident, although the Greeks were prepared to intercept Turkish planes with antiaircraft guns and aircraft. Greek pilots at that time were under orders not to open fire without the approval of the defense minister.

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<u>EC:</u> [redacted]	25X1

Notes: Japan; USSR; Turkey (Pages 7 and 8)

FOR THE PRESIDENT ONLY

ZAIRE-ANGOLA

*Popular Movement leader Neto and
Zairian President Mobutu may be close to
a political accommodation.* [redacted]

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Both Neto and Mobutu have good reason to work out a compromise. The Benguela Railroad carries the major portion of Zairian imports and exports, and the loss of this traffic during the fighting has deprived the Luanda government of substantial revenue, as well as contributed to Zaire's economic slump. Moreover, Neto would prefer to come to grips with the problem of political consolidation without the threat of external aggression. He would expect Mobutu to keep the National Front from engaging in guerrilla operations from Zaire.

SYRIA

Syrian influence in Lebanon has increased sharply as the result of Damascus' decisive moves last month to put a stop to the fighting, and--much to the annoyance of the Egyptians--President Asad's peace-making efforts have boosted his stature in the Arab world. Damascus now faces the task of propping up and helping to reorganize Lebanon's fragile political structure and demoralized security forces.

Asad has played his hand well so far--using the right proportions of force and persuasion to impose his will on the various warring parties.

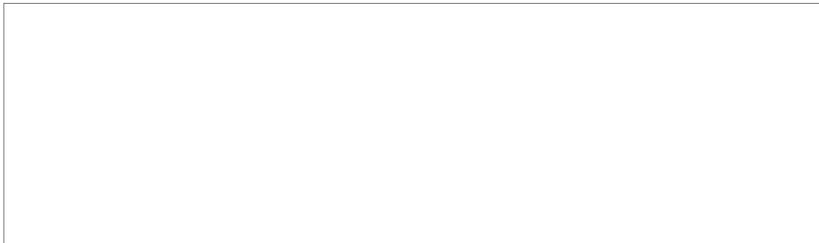
His efforts could still fail. The Syrians must continue to ride herd over the more recalcitrant leftist and fedayeen militants while at the same time soothing the major Palestinian guerrilla groups. These groups are becoming increasingly uneasy about Syrian intentions and are anxious to see Syria's Palestine Liberation Army forces withdraw.

Above all, Asad will have to prod Lebanon's Muslim and Christian leaders to implement and abide by the recently concluded political accord. Asad has too much at stake now to allow another resumption of fighting. The collapse, now or later, of the Syrian-imposed peace would not only be a severe blow to Syria's prestige but could also create political problems for Asad at home.

Mindful of this, Asad is unlikely to withdraw the Liberation Army forces under his control from Lebanon until he is satisfied that the security situation is stable and that political reforms are being implemented in good faith. Even then, a small contingent is likely to remain indefinitely to help regulate fedayeen activities.

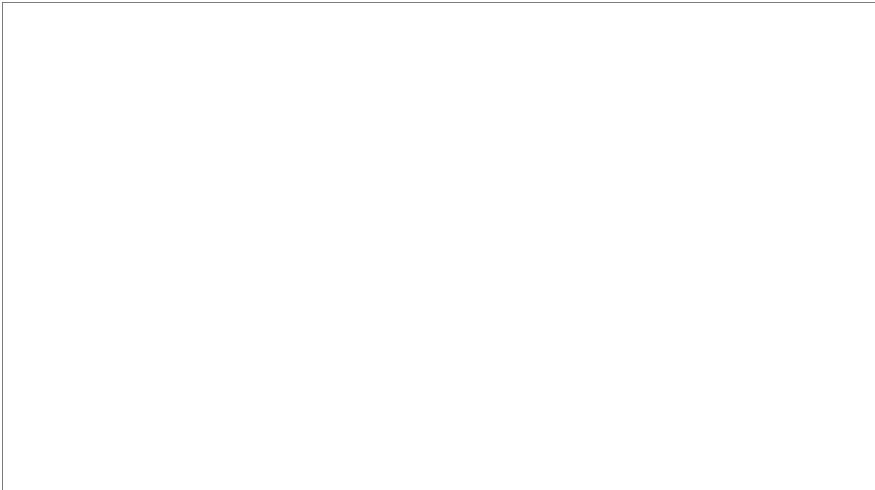
THAILAND



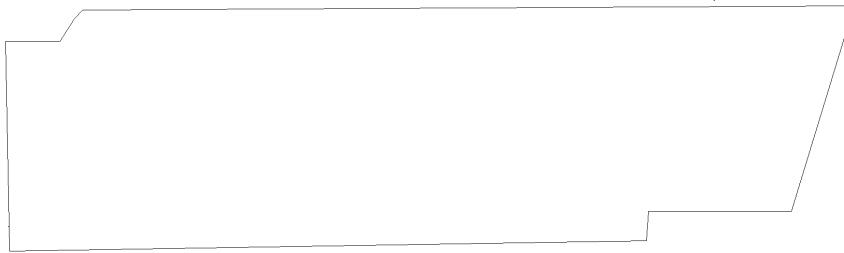


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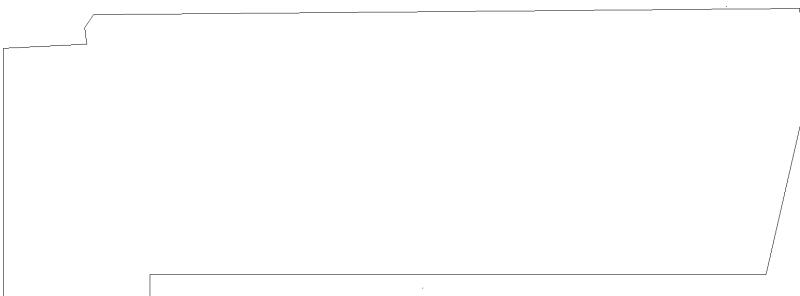
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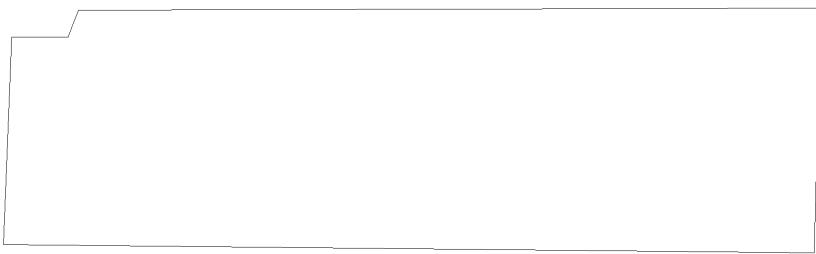
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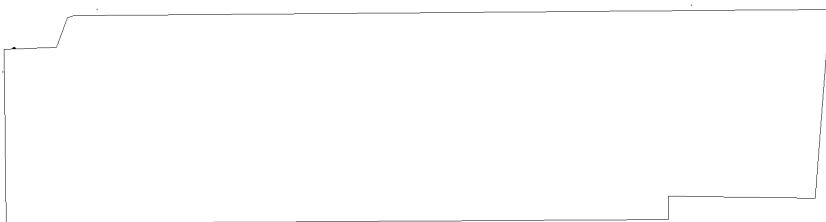
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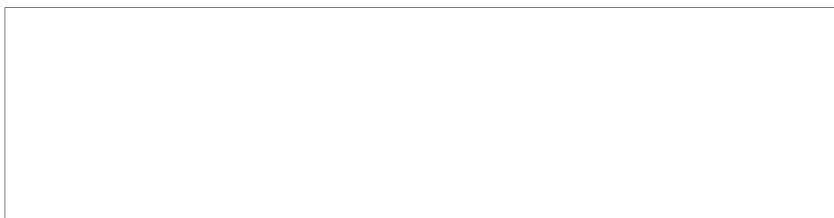
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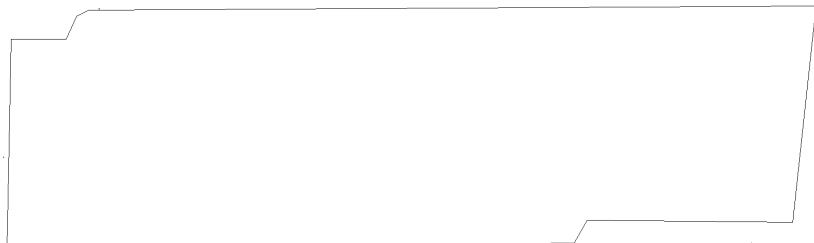
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NOTES

The Japanese Foreign Ministry reportedly is preparing a letter to be sent to you by Prime Minister Miki requesting full US cooperation in clearing up the Lockheed bribery affair.

A resolution passed by both houses of the Diet yesterday urged full US cooperation and called on the Japanese government to send a special envoy to the US to pursue the matter.

The ruling Liberal Democratic Party hopes that the resolution--which is a concession to the opposition--will allow the resumption of normal Diet business, particularly passage of the budget.

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Soviet

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* * *

The Turkish government, already hard pressed to deal with continuing student disorders, may soon be faced with widespread urban terrorism.

Turkish National Police officials have told US embassy officers that the Turkish Peoples' Liberation Army--an underground Marxist-Leninist group--has plans for an extensive terrorist campaign directed primarily against Turkish security forces, but US diplomatic and military personnel and their dependents would also be targets. Security officials believe they are confronted by a serious threat and reportedly have placed all their personnel on alert. They have urged US officials to take all precautions, including repainting official vehicles and encouraging US military personnel to wear civilian clothing.

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FOR THE PRESIDENT ONLY

USSR

General Secretary Brezhnev gave an impressive performance in delivering his five-hour report to the Soviet party congress yesterday. His stamina, enunciation, and aura of command seemed better than at any time during the past two years, according to our embassy.

Brezhnev devoted unusual attention to foreign policy. He stressed continuity and said that detente has been successful and will be maintained. The Soviet leader characterized this policy, despite its problems, as the leading trend in world affairs. He was realistic, however, and underscored Soviet concern over the difficulties detente has encountered in the West.

On China, Brezhnev was abrupt and tough. He even omitted standard Soviet references to eventual rapprochement in implying that all concessions must come from Peking.

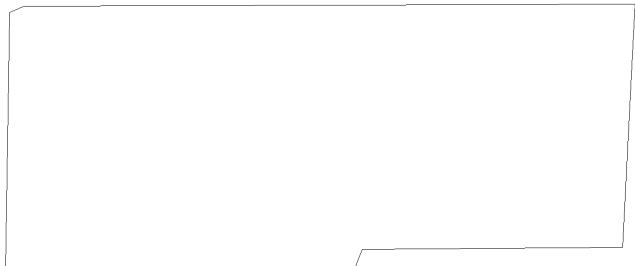
Brezhnev gave considerable emphasis to "proletarian internationalism," a phrase that connotes Soviet leadership of the Communist world. This clearly was meant as a retort to the French, Italian, and other parties that have been making increasing efforts to emphasize their "independence" of Moscow. Brezhnev stated unequivocally that there can be no compromise on views that contradict communist ideology.

In his discussion of domestic affairs, Brezhnev reasserted past policies, gloried in his leadership's successes, and defended traditional ideological positions. He focused particular attention on the Central Committee meeting of May 1972 which approved former president Nixon's visit to Moscow, despite the war in Vietnam. Brezhnev hinted that there was opposition at this "turning point" and boasted of his correct decision.

(continued)

Brezhnev's review of economic performance and plans hit the same themes as outlined to the USSR Supreme Soviet in December. He was disappointed in last year's results in the agricultural and consumer sectors but promised to do better during this five-year plan period. Brezhnev referred to the 15-year plan and the new constitution he had once promised for the Congress, saying that work on these items had not been completed.

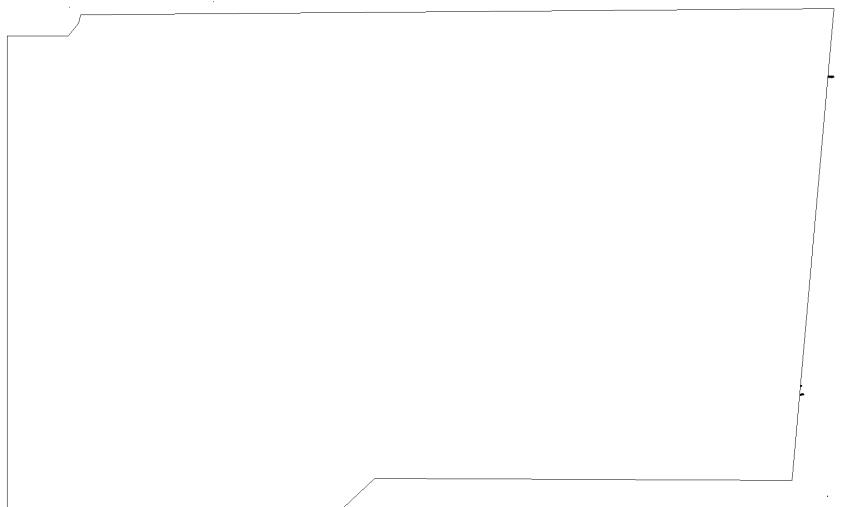
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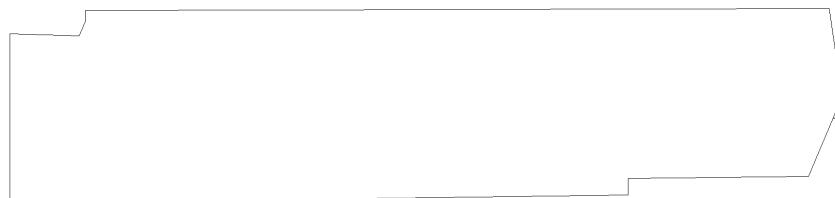


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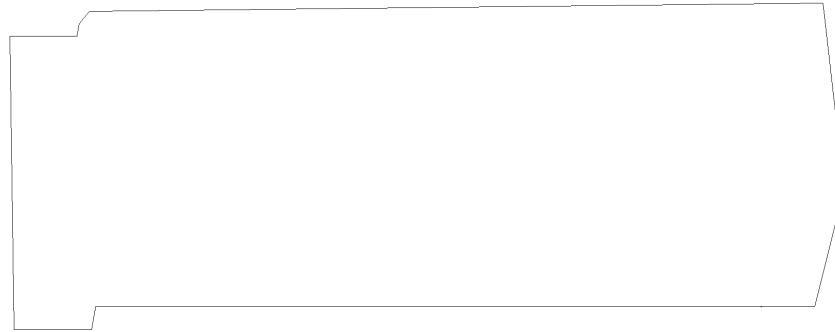


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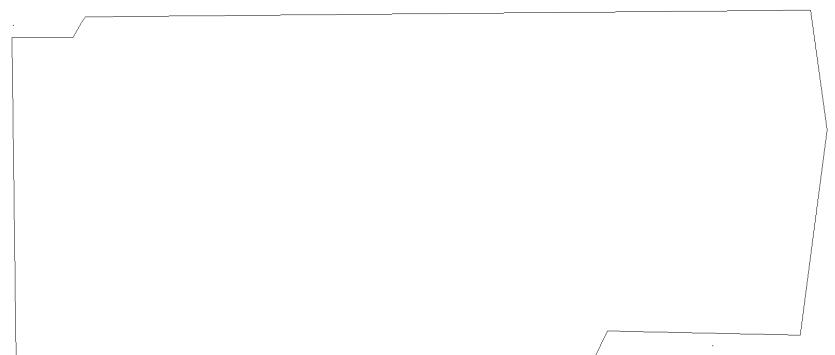
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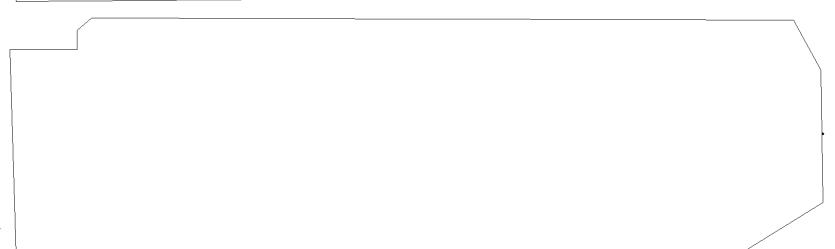
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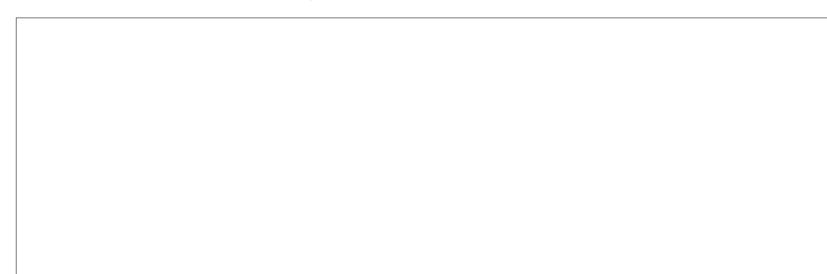
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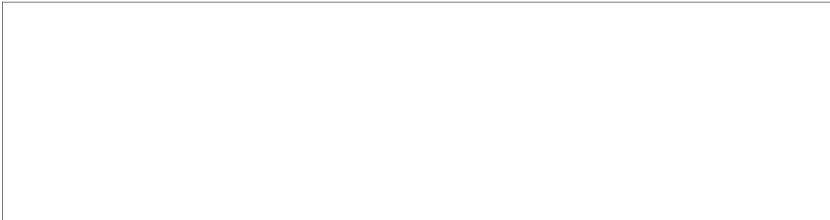


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EGYPT-USSR

Egypt and the USSR may have reached an informal understanding last December that could resolve, at least temporarily, the problem of Cairo's debt for economic and military assistance.

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[redacted]
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The Egyptians do not acknowledge their own agreement, but the understanding apparently has been incorporated into the 1976 Soviet-Egyptian trade protocol which assumes an Egyptian surplus of about \$140 million. This would continue the arrangement on debt retirement that has been employed since 1973.

High cotton prices in 1974 gave the Egyptians a trade surplus with the USSR that permitted retirement of \$165 million of their debt. Last year, Cairo sold most of its cotton crop to the USSR and Eastern Europe, creating the probability of a sizable trade surplus again.

Cairo undoubtedly hopes to buy time with these repayment terms. As long as the Western cotton market remains weak and the USSR is willing to buy large amounts of Egyptian cotton, repayments would not constitute a serious economic burden for Egypt.

Soviet officials still consider the debt question unresolved and see it as a source of pressure on Cairo. As Western armaments are gradually integrated into the Egyptian military and Western export markets recover from the current recession, Egypt's bargaining position will improve. When that time comes, Cairo may balk at meeting annual debt repayments to the Soviet Union.

EGYPT - USSR - WESTERN EUROPE

Cairo is continuing to try to reduce its dependence on the Soviets for maintaining front-line combat equipment.

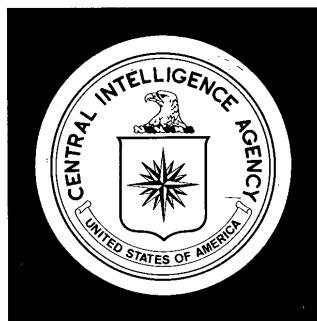
President Sadat told our ambassador last week that Egypt has signed a contract with Rolls Royce of Britain to overhaul MIG-17 and MIG-21 aircraft engines. The work is to be carried out in Egypt. The move to sign the engine overhaul contract with Rolls Royce undoubtably was prompted by Moscow's decision last month to stop servicing the engines.

Last year the Egyptians were seeking Italian and British electronics equipment to equip or modernize many of their fighters and naval craft.

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As a result of the changeover from Soviet arms to a mix of Communist and Western equipment, the short-term outlook for Egypt's military is one of reduced effectiveness. The cutback in Soviet arms deliveries already has impaired Egypt's military readiness. Moreover, substantial deliveries of many types of West European arms are still a long way off.

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February 26, 1976

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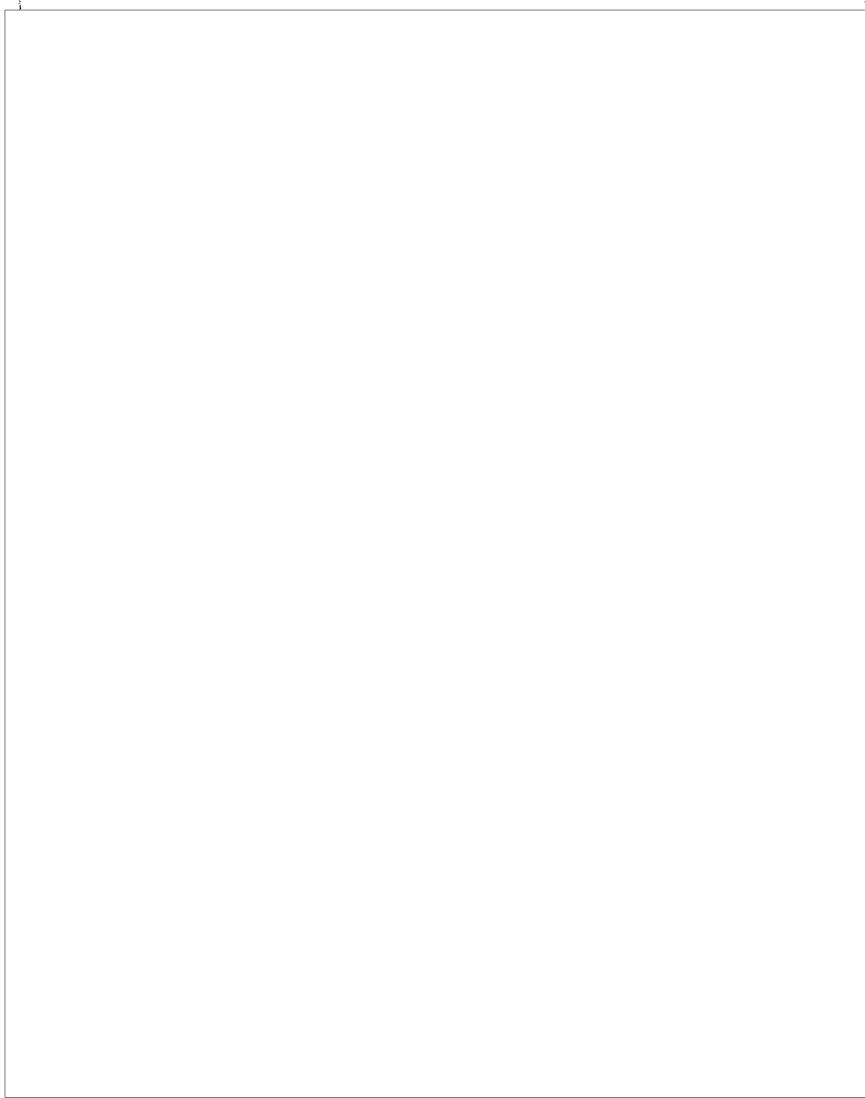
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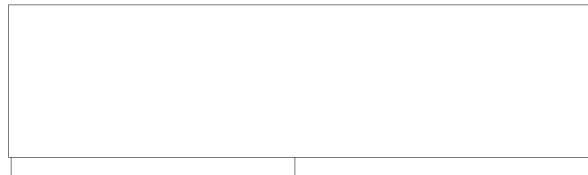
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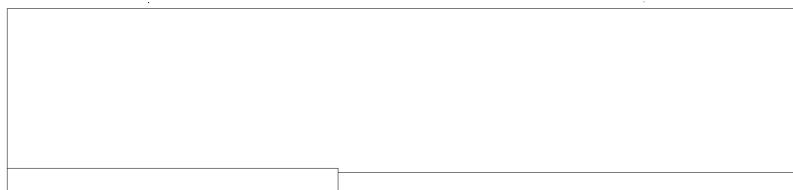
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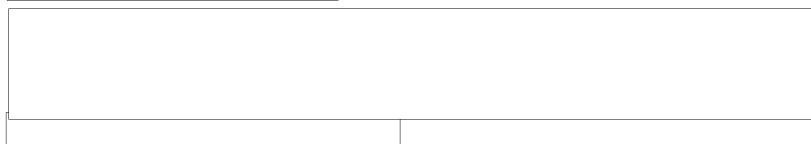
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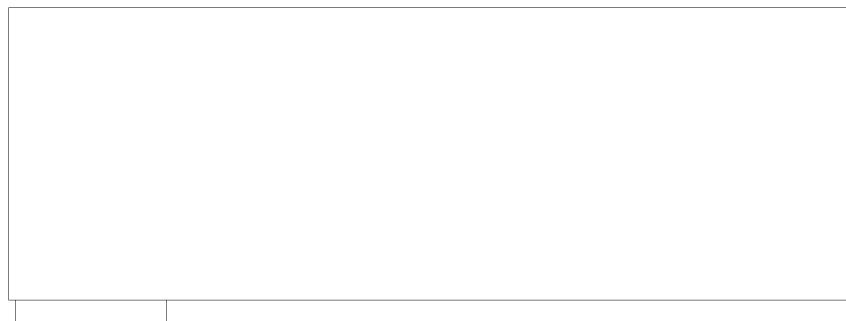
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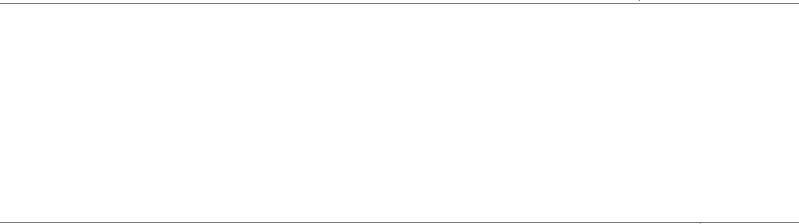
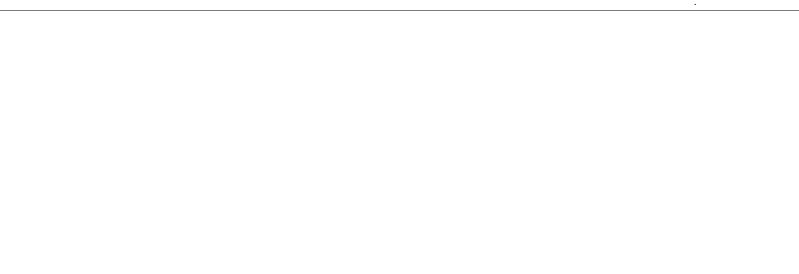
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FRANCE

France has decided to postpone devaluation of the franc relative to other currencies in the European joint float until fall

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[redacted] Paris apparently opted for the delay because West Germany has refused to couple a revaluation of the mark with a franc devaluation.

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French inflation--running two to three times the West German rate--has reduced the competitiveness of French exports. With economic recovery getting under way, French current account balances are likely to deteriorate by roughly \$4 billion this year. These factors, combined with a spill-over from the recent run on the lira, have pushed the franc toward the bottom of the European joint float.

Having decided on the necessity of devaluation, Paris had hoped to convince West Germany to revalue the mark at the same time. At their meeting last week, West German Chancellor Schmidt told French President Giscard that for the present Germany would not revalue. Giscard hopes to persuade Bonn to revalue after the German elections in October.

Market pressures could still force Paris to devalue unilaterally before fall. The run on the franc in late January and early February cost Paris about \$2 billion in foreign exchange reserves. Deterioration in France's trade position or continuing problems with inflation could trigger further speculative pressure within the next few months.

NOTES

A special British envoy is currently in Rhodesia to determine if Prime Minister Smith is prepared to advance quickly toward majority rule.

Foreign Secretary Callaghan has sent a personal message to black nationalist leader Joshua Nkomo to try to reassure him that London has no intention of striking a deal with Smith that would undermine the nationalists' position. There have been some indications that London would be willing to provide financial assistance to ease the transition to majority rule if a breakthrough were to occur in the stalemated negotiations.

* * *

Lebanon's socialist leader Kamal Jumblatt, [redacted], reportedly has agreed to participate in a coalition cabinet. His acceptance may clear the way for a new government.

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The Christians, nevertheless, still are concerned over the extent of leftist participation in the government. The Christians are fearful of the close alliance between the Palestinians and the Lebanese far left and are worried that Syria will relax its tough attitude toward both groups.

(continued)

* * *

Spain's role as co-administrator of Spanish Sahara under the tripartite agreement it concluded with Morocco and Mauritania formally ends on Saturday.

The legal status of the territory remains a contentious issue, however, because, even though Morocco has set up an extensive administrative apparatus in the Sahara, Spain insists that transferring administrative control does not resolve the question of sovereignty. Algeria has pressured Madrid to maintain its legal responsibility as the administering state of a non-self governing territory. Algiers continues to demand a referendum on self-determination and wants the Sahara dispute discussed in the UN.

The situation in Spanish Sahara has been calm this week, although Polisario guerrillas reportedly have harassed Moroccan forces in a few scattered areas. Guerrilla activity may increase as the date for the Moroccan-Mauritanian takeover approaches.

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USSR: [redacted]

(Page 3)

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Argentina: [redacted]

(Page 4)

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Notes: Israel-Egypt; Cuba-Angola; Portugal; OPEC
(Pages 5 and 6)

At ANNEX we present a dollar comparison of Soviet and US defense activities.

FOR THE PRESIDENT ONLY

USSR-TURKEY

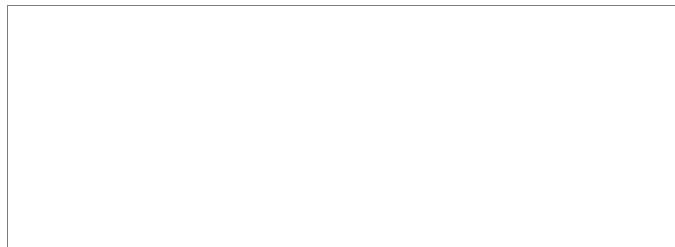
The first known visit by Soviet navy ships to a Turkish port is taking place this week.

Two naval hydrographic research ships arrived at Antalya in southern Turkey on Monday and are expected to stay until Saturday. The visit underscores the Soviet navy's continuing policy of showing the flag wherever possible around the Mediterranean.

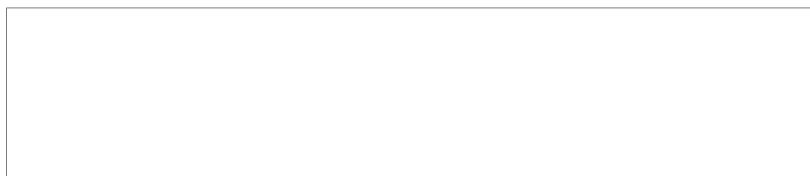
The visit appears to be part of broader contacts between the USSR and Turkey. The port call follows by two months Soviet Premier Kosygin's trip to Ankara. Turkish officers were invited--under the terms of the Helsinki agreement--to attend Soviet military maneuvers in the Caucasus earlier this month, and General Kenan Evren, the deputy chief of the Turkish General Staff, reportedly has been invited to visit Moscow this spring.

Since late 1975, the Soviets have been involved in low-key efforts to exploit Turkish-US friction. The Turks have been receptive to the Soviet overtures, in part because of the growing acceptability of detente and in part out of a desire to remind the US that it cannot take Turkey for granted.

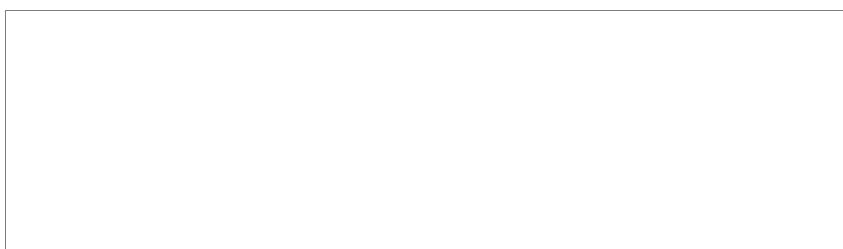
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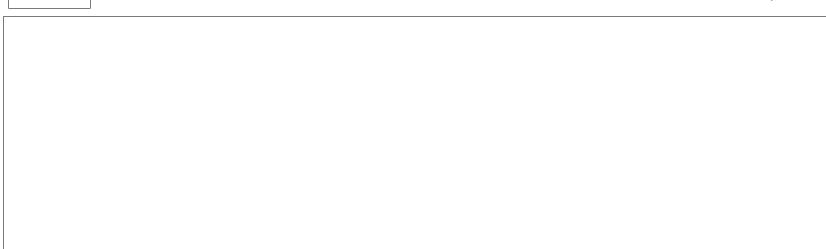
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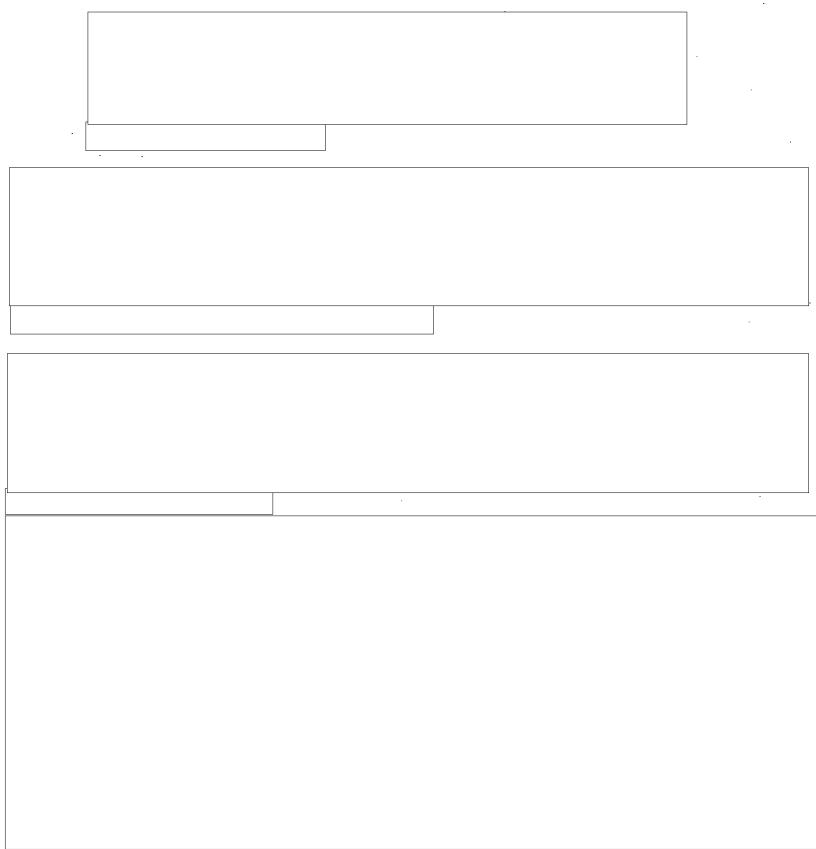
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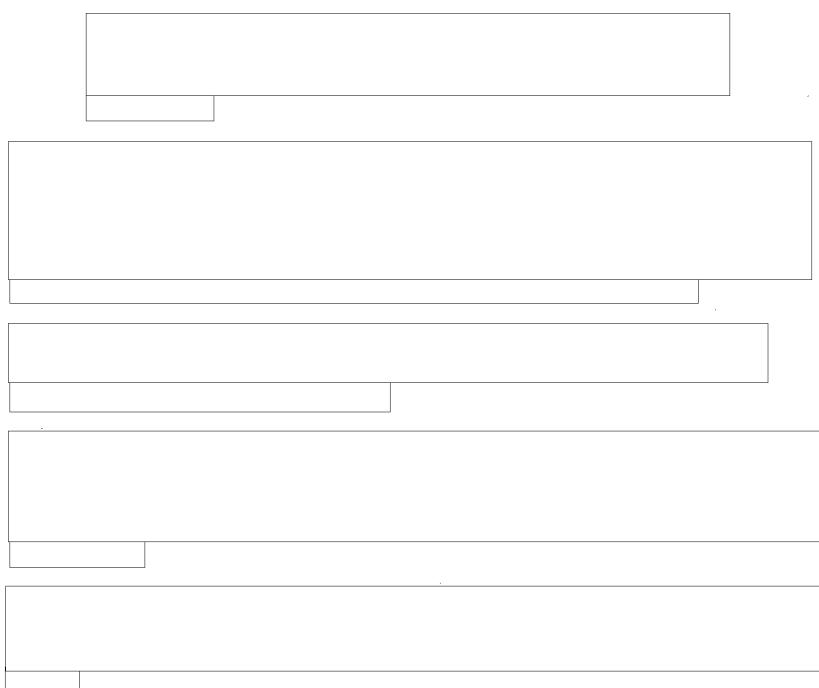
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NOTES



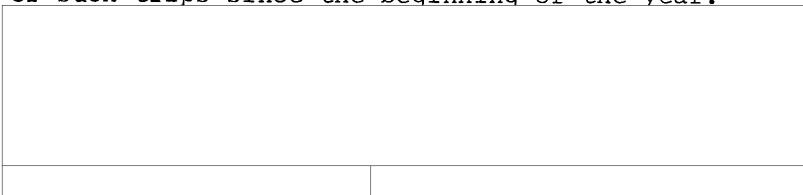
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Eight Cuban ships are en route to the Congo-Angola area or have recently arrived. The voyages now under way will bring to 25 the number of such trips since the beginning of the year.



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FOR THE PRESIDENT ONLY

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Portuguese political parties and military leaders yesterday signed an agreement to return the country to civilian rule.

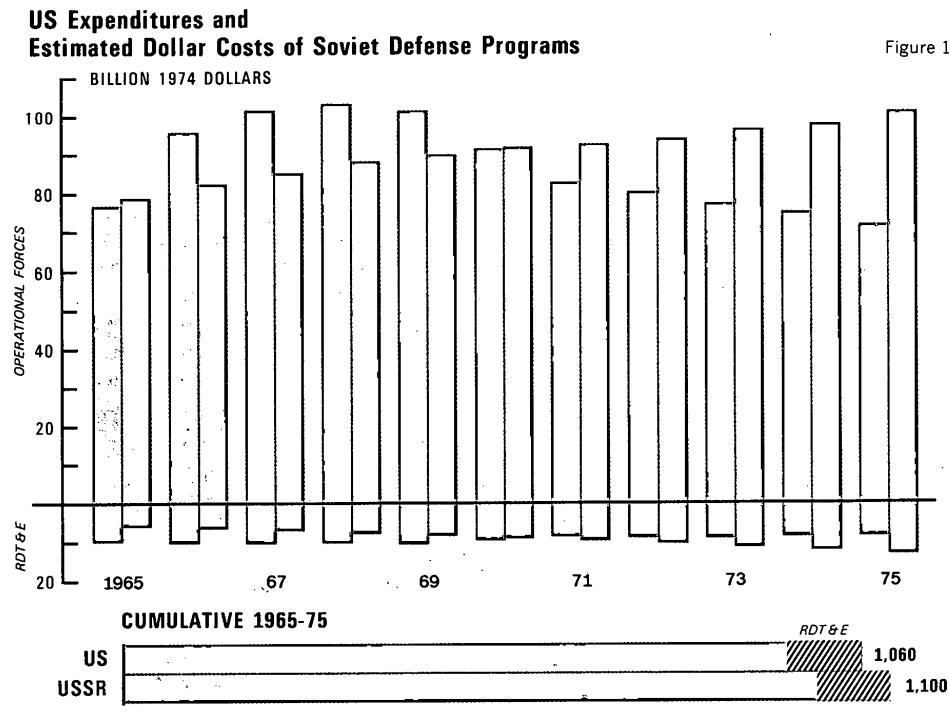
Preliminary reports on the pact indicate that the president will have wide-ranging powers to oversee a parliamentary system of government. Several political parties are expected to support the candidacy of a military officer for president in order to ease the transition to civilian rule. The president is to be chosen by direct popular election no sooner than two months after the parliamentary election. The only political responsibilities left to the military will be to advise the president and to guarantee the operation of the elected government.

* * *

The Organization of Petroleum Exporting Countries can be expected to institute another general price increase in July unless the Saudis are willing to expend a good deal of political capital to prevent it.

Iran and its supporters are likely to press hard for an increase of 10 percent or more and may demand a further OPEC price review at the end of the year. Venezuela and Iran now face worse financial prospects than they did last September, when they led a drive that resulted in a 10-percent price hike. Both countries are beset by sharply reduced liftings of heavy crudes, and both feel they are in a revenue squeeze.

Figure 1



NOTE: The dollar figures for the USSR are estimates of what the Soviet forces and programs would cost if developed, purchased and operated in the US. For operational forces the figures are obtained by costing directly individual Soviet forces and programs. The estimated dollar costs of Soviet RDT&E are derived in the aggregate using a less certain methodology and should be viewed only as rough measures. For this reason they are shown separate from the dollar costs of operational forces. The US defense expenditure series is based on Total Obligational Authority (TOA) data from *The Five-Year Defense Program, January 1976* (Department of Defense). The US data are in fiscal year terms and the estimated dollar costs of Soviet programs are in calendar year terms.

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DOLLAR COMPARISON OF SOVIET AND US DEFENSE ACTIVITIES

In this annex we present the results of CIA's latest "dollar cost" comparison of Soviet and US defense activities. This comparison provides a general appreciation of the relative size and trends of the defense programs in the two countries during the past decade. The approach is to estimate how much individual Soviet military programs would cost in dollars if they were reproduced in the US, and then to compare these estimates with US defense expenditures. All values are given in constant US 1974 prices to cancel out the effect of inflation and show magnitudes and trends in real terms.

A note of caution: this cost analysis does not measure actual Soviet defense expenditures or their burden on the economy. These questions are addressed by different analytical techniques yielding estimates of the ruble costs of Soviet military programs. Also, dollar cost figures alone are not a valid index of military capabilities.

The overall trend in recent years, as illustrated in Figure 1, is a widening gap between the growing dollar costs of Soviet programs and diminishing US defense authorizations. The estimated dollar costs of Soviet defense programs have increased continuously at an average rate of about 3 percent per year over the period 1965-1975. The US, in contrast, has experienced a decline in defense authorizations (expressed in constant dollars) since the peak of 1968, and in 1975 they were lower than they were a decade earlier.

The crossover point was in 1970, when the estimated dollar costs of Soviet defense programs were about equal to US defense authorizations. After that the Soviet total moved increasingly into the lead, and by 1975 it was more than 40 percent higher than the comparable US authorization. (If the costs of pensions are subtracted from both sides, the gap would be closer to 50 percent.) Because of the initial US lead reflecting large Vietnam

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FOR THE PRESIDENT ONLY

costs, however, the estimated dollar costs of Soviet defense programs for the entire period are not significantly different from the cumulative US total.

In Figure 1, the costs of Research, Development, Testing, and Evaluation (RDT&E) are segregated from those of other programs because the analytical problems involved in estimating the dollar costs of Soviet RDT&E are much more difficult than for the other elements of Soviet defense and the uncertainty in these estimates is substantially higher.

To give an appreciation of the composition of the dollar costs of the defense programs (including nuclear warheads) of each country we have developed comparisons by military missions and by resource categories. (Figure 2.) For comparative purposes, the Soviet estimates are shown as a percent of US defense expenditure authorizations in each year.

Comparisons by Mission

Intercontinental Attack. The estimated dollar costs of Soviet intercontinental attack programs, excluding RDT&E costs, have exceeded the US figures since 1966, when deployment programs for most of the current US systems had been completed. This trend reflects the ambitious Soviet programs for fielding new strategic missile systems which began in the mid-1960s and have continued unabated to the present. For the 1965-75 period as a whole, the estimated dollar costs of these Soviet programs were about 50 percent greater than the US level and in 1975 were twice as large.

Most of this disparity is accounted for by the heavy and continuing Soviet emphasis on ICBMs. Over the entire period Soviet ICBM program costs, expressed in dollar terms, were more than four times higher than the comparable US figure, and in 1975 they were seven times the US level. In their ballistic missile submarine programs, estimated Soviet dollar costs begin to exceed US totals in 1968, and in 1975 they were 30 percent greater.

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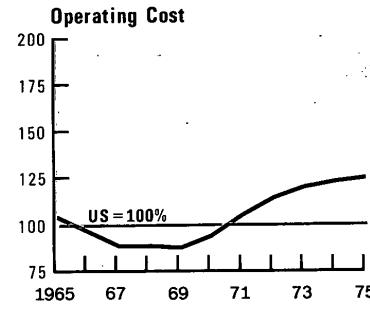
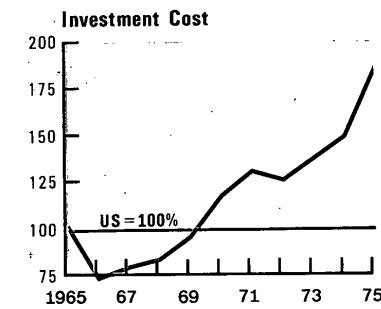
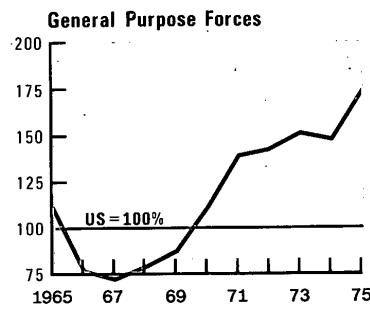
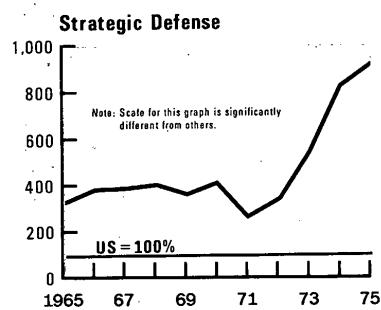
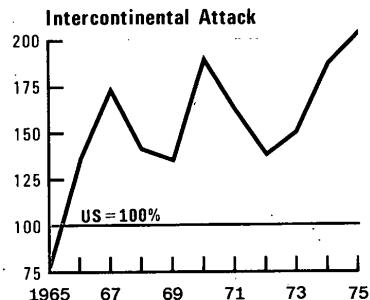
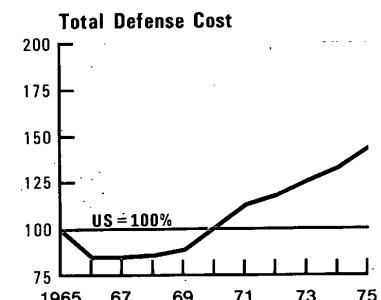
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FOR THE PRESIDENT ONLY

Dollar Cost of Soviet Programs as a
Percent of US Defense Expenditures*

Figure 2

1974 DOLLAR VALUES



*Department of Defense Total Obligational Authority data have been
adjusted to attain comparability with the Soviet data.

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These differences are offset to some extent by the consistently greater emphasis the US has given to intercontinental bombers. The estimated dollar costs of Soviet intercontinental bomber programs have averaged only about one fifth the US total during the entire period.

Strategic Defense. The Soviet Union has traditionally maintained much larger strategic defense forces than the US. The cumulative dollar costs of Soviet programs over the 1965-75 period were four times the US figure, the biggest difference being in surface-to-air missile and fighter-interceptor programs. By 1975, the ratio reached approximately nine to one.

General Purpose Forces. The estimated dollar costs of Soviet general purpose forces surpassed the level of the US in 1970. In 1975 they exceeded the US by 70 percent. The US level grew rapidly during the Vietnam involvement but by 1971 had declined to the 1965 level.

Among the factors that account for this disparity, the most significant one is the much larger size of Soviet ground forces--particularly in manpower. The estimated dollar costs of Soviet ground forces were three times the US figure in 1975. In general purpose naval forces, the 1975 figure for the Soviets is about 25 percent higher than for the US. Soviet tactical air forces have grown rapidly since 1970, but their estimated dollar costs were still less than three quarters of the US level in 1975.

Command, Support, and Other. This covers activities involved in command and general support, as well as all other activities--except RDT&E--which cannot be allocated among combat missions. It also includes nuclear weapons programs. The trends in dollar costs for this category parallel those of the combat missions, and in 1975 the dollar costs for Soviet programs were slightly higher than those of the US.

Comparison by Resource Category

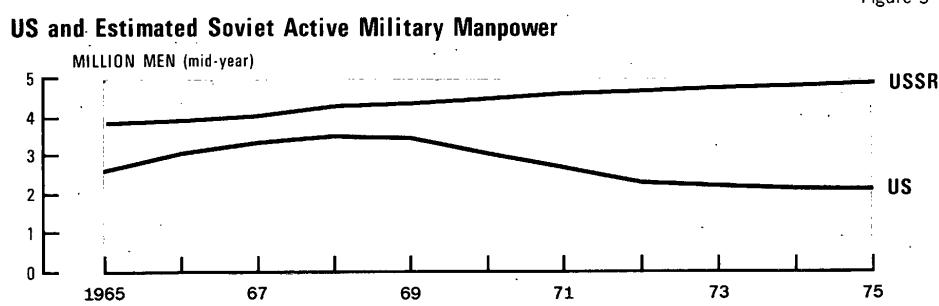
Dollar costs of military forces can also be expressed in terms of investment and operating costs.

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Figure 3



NOTE: The manpower series for the USSR includes border guards, internal security troops, and construction troops, for which the US Armed Forces have no counterpart.

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Investment. It is in this category, involving investment in new military equipment and facilities, that Soviet and US dollar-cost trends have diverged the most sharply. The estimated dollar costs of Soviet military investment programs (excluding RDT&E) have exceeded the US level for comparable programs since 1970. The dollar costs of Soviet investment have risen rapidly, beginning in 1973. US authorizations have declined sharply in the wake of the Vietnam buildup. The estimated costs of Soviet investment programs in 1975 exceeded the 1972 level by 15 percent, while US authorizations in 1975 were nearly 25 percent less than in 1972. In 1975, the estimated investment costs of Soviet programs were 85 percent greater than those of the US.

One of the key factors here has been the procurement of new generation Soviet ICBMs beginning in 1973, while US procurement of missiles has declined. The estimated dollar procurement costs for Soviet missile systems in 1975 were about three and a half times higher than those of the US. Similarly, the dollar costs of Soviet aircraft procurement have remained high while that of the US had dropped, and in 1975 the Soviet figure was 30 percent higher than the US total. In the procurement of naval ships, the dollar-cost estimate for the Soviets in 1975 was 90 percent higher than for the US.

Operating Costs. The major component of operating costs is the cost of military personnel. The estimated level of Soviet military manpower has exceeded that of the US in every year from 1965 to 1975. (Figure 3.) Soviet military manpower grew about 1 million men during the period. Most of this increase has been in the ground forces, although there were some increases in strategic forces as well. On the other hand, US manpower in 1975 was below its 1965 level.

The Soviets have historically maintained a large military force with a broader range of responsibilities than the military has in the US. The Soviet manpower series includes border guards, internal security troops, and construction troops--activities for which the US has no counterparts. The Soviet manpower total is higher than that of the US throughout the period, however, even if these forces are excluded.

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February 28, 1976

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China: Teng Hsiao-ping is now being attacked by name in wall posters in several parts of China, apparently with official endorsement of some leaders in Peking. (Page 1)

South Africa: Prime Minister Vorster is pessimistic about recent developments in southern Africa, but offers no new policy suggestions. (Page 3)

Notes: India; Angola-Zaire; Algeria; Saudi Arabia - Jordan; Argentina; Congo-USSR (Pages 5, 6, and 7)

FOR THE PRESIDENT ONLY

CHINA

The beleaguered Teng Hsiao-ping is now being attacked by name in wall posters in several parts of China, apparently with the official endorsement of some leaders in Peking. The public attacks make Teng's position more precarious and reduce the likelihood that he can retain all of his present positions.

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While Teng's mounting troubles cast further doubt on his political future, they also illustrate his long-standing vulnerability in any succession plans. China's leaders, we now know, became aware that Chou En-lai was terminally ill in 1972. At the time, the leadership had been drastically reduced by the fall of defense minister Lin Piao and his associates.

Given the paucity of choices at the time, Mao and Chou probably had little choice but to bring Teng back from political obscurity. Teng's built-in liability as a once-disgraced official was immediately seized upon by the political left. Teng was rehabilitated in 1973 amid a leftist propaganda barrage defending the "fruits of the cultural revolution," a theme that re-emerged last December in the context of the education debate and which seemed aimed indirectly at Teng.

It is obvious now that Teng's ascension to power was opposed at every step by the left. Chou--and Mao--undoubtedly wanted to put Teng on the Politburo at the party congress in August 1973. Teng, however, was not elevated to that body until

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December of that year--an appointment made with some urgency because the premier was dying.

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It was not until the party and government meetings in January 1975--meetings that apparently were delayed by backstage wrangling--that Teng finally emerged as a leading figure in the party, government, and military bureaucracies and the man in line to succeed Chou.

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Teng's new power gave him enormous confidence, and his behavior throughout 1975 bordered on cockiness. He seemed oblivious to his political vulnerability as the only man in the top leadership who had been ousted during the cultural revolution. Instead of trying, as Chou did, to placate his opponents, he seemed to go out of his way to antagonize them.

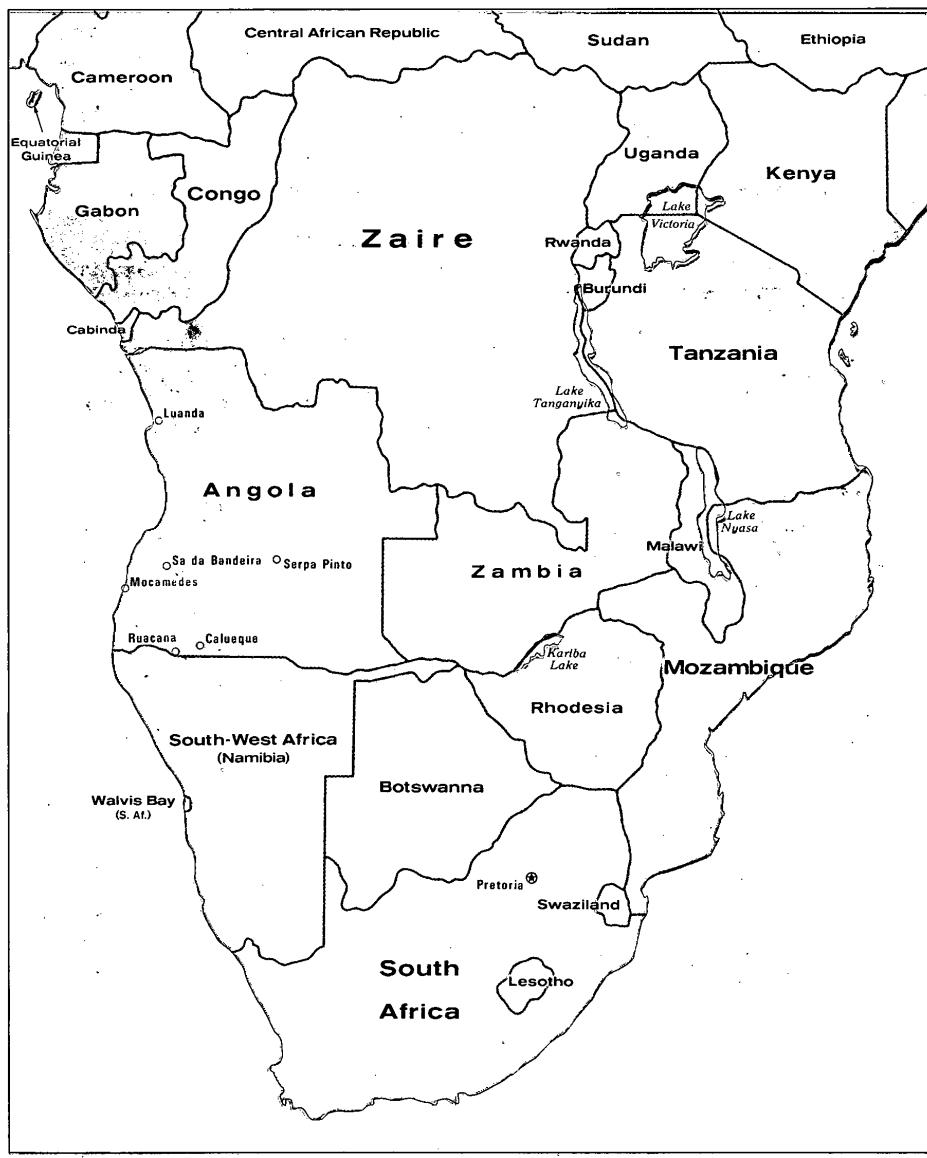
Starting with his speech at the party plenum in January 1975, which included an attack on the cultural revolution, Teng moved to discredit the left in ways that Chou never would have. Teng presumably felt it necessary to pursue this course in order to neutralize his opposition and consolidate his own power. These heavy-handed tactics probably only stiffened leftist opposition to him when the time came to name the new premier.

Teng may also have generated opposition to himself within the Politburo. He probably incurred the enmity of Politburo member Chen Hsi-lien by apparently planning to replace him as commander of the Peking Military Region. Politburo member Chang Chun-chiao could have been instrumental in discrediting Teng because this would leave Chang as the only major figure with important posts in the party, government and army. In addition, Chang, who rose to prominence during the cultural revolution, may have been dismayed at Teng's high-handed treatment of the left.

Finally, Teng has not been as deferential to Mao as Chou was. Foreign visitors have been surprised at Teng's total lack of reference to him, and the Chairman has complained over the past year that no one listens to him. This was a complaint Mao made specifically about Teng prior to the cultural revolution--a concern he did not express when Chou was active.

The array of forces against Teng thus could be quite considerable and may well have been partly of his own making. The propaganda attacks on people in the party taking the capitalist road--a pointed reference to Teng--and the wall poster criticism of him confirm that the left is now engaged in an all-out effort to purge him. Others may merely want to reduce his power.

Southern Africa



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SOUTH AFRICA

Prime Minister Vorster, in a conversation last week with our ambassador, conveyed a strong note of pessimism and disillusionment about recent developments in southern Africa, but offered no new policy suggestions.

Vorster said that South African troops are stationed just inside Angola and at four refugee camps "along or near" the Angolan-Namibian border. He said that Popular Movement and Cuban forces are located some 120 miles from the South African positions. Vorster expects any further advance southward by Popular Movement forces to be done cautiously.

The Prime Minister emphasized that his government had had no direct contacts with the Popular Movement, but said other countries have offered their assistance in helping the two sides reach an understanding. He stated that any agreement would have to include:

--Assurances that Pretoria can complete construction of the Ruacana-Calveque hydroelectric and irrigation projects, which will take another two years, and agreement on the joint use of these projects.

--Arrangements for the care of Angolan refugees, whom the South African government has been supporting at a cost of some \$5 million in four camps along the border.

--Assurances that Namibian insurgents would not be given sanctuary in Angola from which to launch attacks across the border.

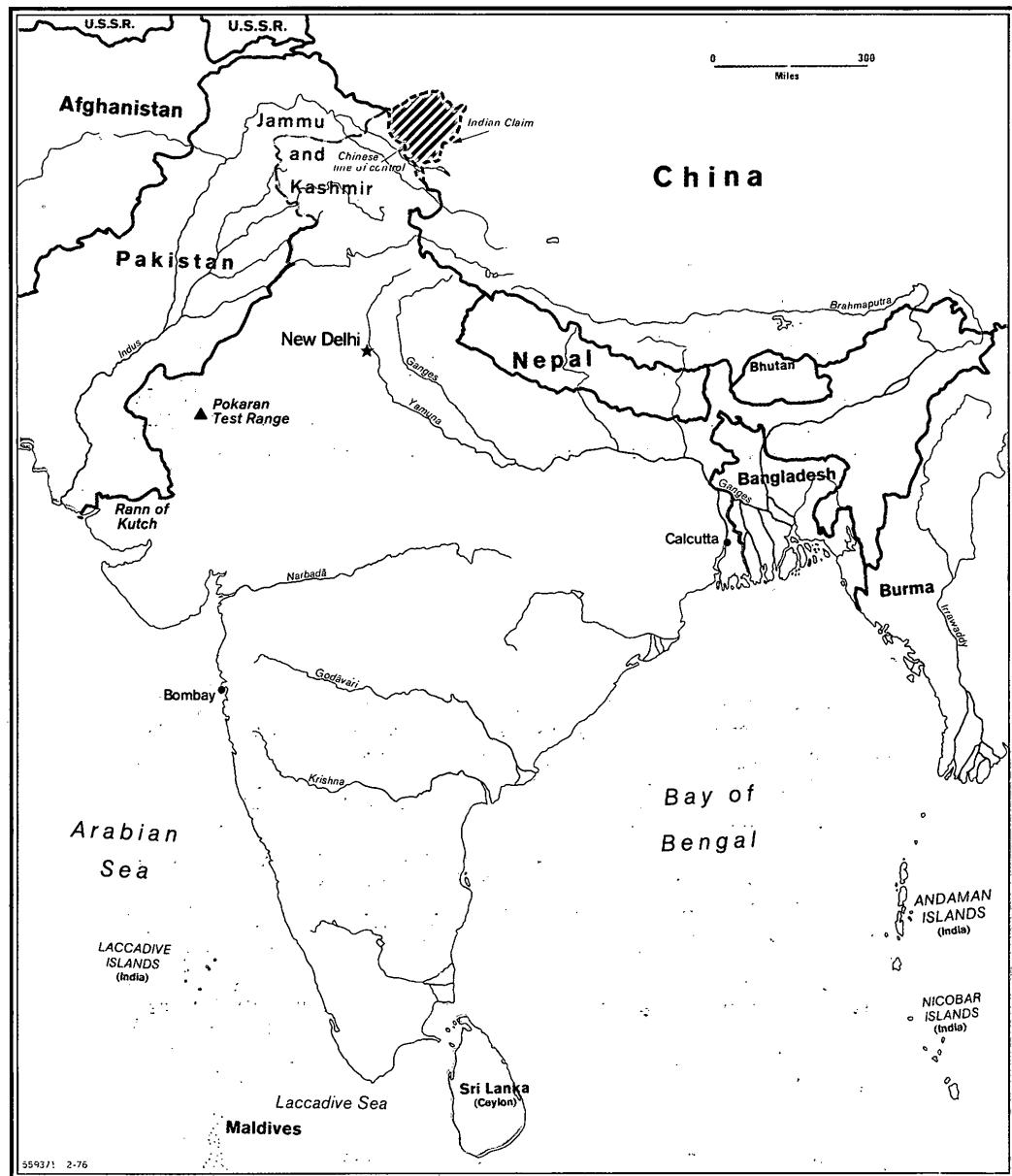
Regarding Namibia, Vorster said that events in Angola had not convinced him that he should accelerate the pace of constitutional changes to allow greater participation in government by the territory's different ethnic groups. The Prime Minister still believes that two to three years is a realistic time frame.

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Vorster believes that the next target for insurgency will be Rhodesia rather than Namibia. He noted the upswing of guerrilla activity there already and said that in time the Soviets and Cubans would be involved in the same way they have been in Angola.

Vorster declared that he has gone as far as he is prepared to go to pressure Prime Minister Ian Smith into arranging a negotiated settlement with Rhodesian nationalist leader Nkomo. Vorster stated emphatically that he would not try to coerce Smith with "sanctions." He has, however, again told Smith that Rhodesia cannot count on South African assistance in the event of a stepped-up insurgency.

Vorster believes Smith is gambling that public opinion in South Africa will force Pretoria to support Rhodesia, particularly if insurgency escalates to a point where white women and children are being killed. He admitted that in this case there would be intense pressure from within South Africa, but gave no hint whether it would cause him to change his policy.



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NOTES

The head of the Indian Department of Atomic Energy has revealed that India has definite plans for a second nuclear test.

He refused to discuss its timing with US mission officials and indicated that a test site had not yet been selected. If a site has not been chosen, a test could not occur for two or three months.

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Negotiations on the resumption of Canadian nuclear aid to India--suspended after the first test--are scheduled to begin next week. The Canadians have said that they will suspend aid indefinitely if a second test is conducted.

* * *

Radio Angola announced yesterday that Popular Movement President Agostinho Neto will meet with Zaire's President Mobutu in Brazzaville this weekend.

The two presidents, ideological foes for more than a decade, have been working through interme-diaries for several weeks in an effort to reach a political accommodation.

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The Algerian-backed Polisario Front proclaimed the formation yesterday of the Democratic Saharan Arab Republic, according to Algeria's official news agency.

The Front controls little territory and has in effect set up a government in exile. The announcement is intended to detract from the Moroccan-dominated Saharan territorial assembly's endorsement on Thursday of the agreement with Spain dividing control of the territory between Morocco and Mauritania.

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Moroccan officials are jittery about the possibility of a major Algerian attack in Sahara to back the Polisario guerrillas. [redacted]

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