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The President's Daily Brief

May 1, 1976

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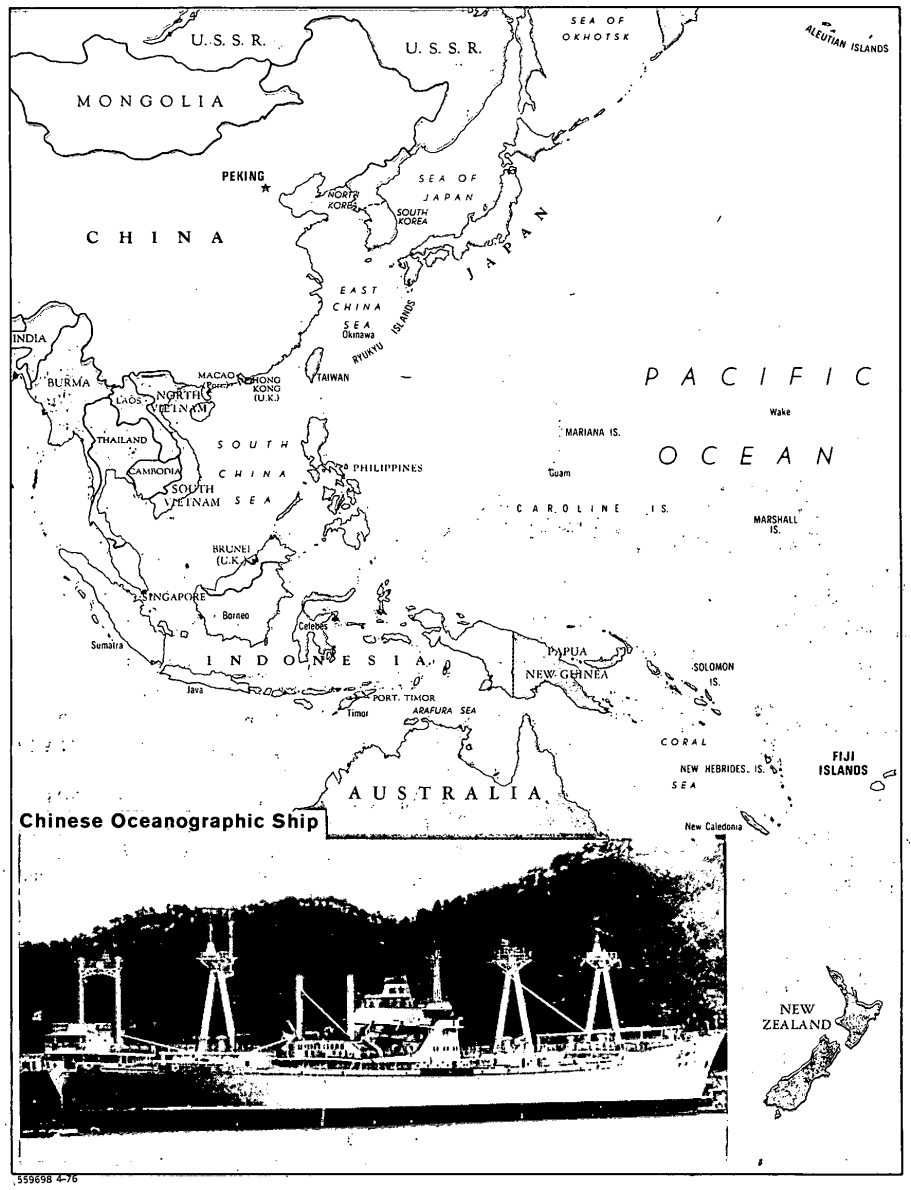

Chinese Oceanographic Ship

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LEBANON: *The presidential election originally scheduled for today will be delayed until next Saturday.*

The speaker of the Lebanese parliament announced the decision yesterday after heavy pressure from leftist leader Kamal Jumblatt, whose preferred candidate Raymond Edde has lost ground in recent days. Jumblatt alleges that Syria is exerting undue pressure on members of parliament to vote for its candidate, Ilyas Sarkis.

Jumblatt may now seek support from uncommitted delegates for a compromise candidate sympathetic to his reform program. The Lebanese Christians and Syrians probably would accept a compromise candidate, although reluctantly.

Damascus so far has not commented on the postponement. Any delay threatens Syria's effort to arrange a settlement and represents embarrassment for President Asad.

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CHINA: *The two Chinese ships now operating off the Fiji Islands in the South Pacific have been identified as oceanographic research vessels.*

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Chinese Foreign Ministry officials arrived in Fiji on April 13 to open an embassy. The two research ships may make a port call while they are in the area.

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PANAMA: *Panamanian reaction to discussion of the treaty negotiations in the US presidential campaign has been split between a generally restrained response to statements by official US spokesmen and harsh words for former governor Reagan.*

Panamanian leader Torrijos recognizes that his own best interests dictate an emphasis on the US commitment to a fair treaty, and he has had the press continue to publicize this point. If Torrijos allowed his public to believe that the US was reneging on its negotiating commitments, the likelihood of anti-American violence would reduce his options.

Secretary Kissinger receives favorable treatment by Panamanian media for his stand on the treaty, although not necessarily for his policies in other areas. In marked contrast, the Panama press consistently derides Mr. Reagan.

Torrijos remains wary of trouble from leftist students and sensitive to their carping about his failure to take a harder line. This was probably a motive--in addition to the purely economic incentive of huge fines--behind the more aggressive policies toward fishing vessels initiated this week. Torrijos has also begun to emphasize that Panama's patience for a new treaty will end in 1977; this line demonstrates resolve to his domestic audience.

* * *

ANGOLA: *A struggle for power is said to be taking place within the leadership of the ruling Popular Movement for the Liberation of Angola. President Neto does not seem to be in any immediate danger, but his room for political maneuver has been restricted by pressure from black radicals within the Movement's military hierarchy.*

Factional strife has been common within the Popular Movement for many years and has centered primarily on policy differences between the political and military wings. These tensions have been exacerbated by the civil war and the Movement's emergence as the sovereign political power in Angola. The organization's military victory strengthened the hand of the military hierarchy.

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There are racial overtones in the dispute because educated mulattos have virtually monopolized the political hierarchy while blacks are predominant in the military structure. Neto heads the faction made up primarily of the traditional mulatto leadership.

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Neto is said to want a reconciliation with the National Union, which is still in the field against him, that will end the threat of an insurgency and thus make a large Cuban force unnecessary. The black radical faction, on the other hand, favors strong ties with Moscow and Havana.

Neto is an adroit politician who has weathered serious political crises in the past, and he may well manage to stay on top in the present struggle. To do so, however, he may have to move somewhat closer to the radicals.

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NOTES

Italian *President Leone opens a round of consultations today to decide how to proceed in the aftermath of Prime Minister Moro's resignation.*

All signs continue to point to a presidential decision to dissolve parliament and schedule an election.

The most likely date for an election is June 20. In order to hold the contest on that date, Leone would have to dissolve parliament by next Thursday.

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Some of the leading Soviet experts on US affairs are attending the Tenth Dartmouth Conference that opened yesterday near Tucson, Arizona.

These unofficial bilateral meetings were initiated at Dartmouth College in 1960 by President Eisenhower. American and Soviet experts have been meeting quietly and at fairly regular intervals since then, with the two countries alternating as host.

The current conference may be of particular interest because the Soviets have made it clear that they want to discuss foreign policy issues during a US election year. Among the Soviet delegates is Georgy Arbatov, director of the Institute of the USA and Canada. Georgy Zhukov, political observer for Pravda who was elected to the party's Central Committee in March, is also participating.

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The Japanese trade surplus continues to grow.

Exports rose at a 72-percent annual rate during the first three months of 1976, while the Japanese import bill remained essentially unchanged. The trade balance with the US during the first quarter of 1976 reached an annual rate of $6 billion in Japan's favor. 25X1

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The EC countries are worried about their rising trade imbalance with Japan. [redacted] In the case of steel, Japan's leading export commodity, the EC has already limited Japanese exports to the Community market in compliance with an agreement reached in late 1975. 25X1

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The President's Daily Brief

May 3, 1976

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Lebanon: Political leaders continue their search for a way to break the deadlock between supporters of the two leading presidential hopefuls. *(Page 1)*

China: Moderate and leftist leaders appeared in Peking for May Day festivities in what appeared to be a calculated show of unity. *(Page 1)*

West Germany: [redacted]

Notes: China; Panama; Rhodesia *(Pages 4 and 5)*

At Annex, we discuss the UN Conference on Trade and Development that opens in Nairobi, Kenya, on May 5.

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LEBANON: *Political leaders continued their search over the weekend for a way to break the deadlock between supporters of presidential hopefuls Ilyas Sarkis and Raymond Edde before parliament meets on Saturday to select a successor to President Franjiyah.*

The speaker of parliament is moving to sound out Christian and Muslim leaders--including Edde's major backer, leftist leader Kamal Jumblatt--on a compromise candidate. A number of deputies reportedly will travel to Damascus today or tomorrow to discuss the presidential succession with Syrian leaders, who favor Sarkis.

Numerous cease-fire violations, meanwhile, continued over the weekend in Beirut, where Christian and Muslim militias exchanged small arms, artillery, and rocket fire. The fighting was particularly severe in the capital's port area, where Muslim leftists reportedly launched an attack on Christian positions.

* * *

CHINA: *All of the active, Peking-based Politburo members except Chairman Mao appeared in the capital for May Day festivities.*

Radio Peking listed them in their usual order of rank, indicating no change in the hierarchy.

In keeping with the practice on May Day in previous years, the leadership broke into small groups to attend celebrations in Peking's parks. The groups were composed of a careful mix of moderate and leftist leaders in what appeared to be a show of unity in the wake of the ouster of Teng Hsiao-ping.

This was the first time that leading moderates Chu Te, Yeh Chien-ying, and Li Hsien-nien--all staunch supporters of Teng--had appeared with leftists in the leadership since Teng's fall. The three moderates had appeared individually, however, on previous occasions.

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WEST GERMANY:

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NOTES

The Chinese *are expanding the Wu-chai missile test center, the second largest in the country.*

The new construction there was first seen in satellite photography last fall. Photography in April confirms that the Chinese are building a large launch site and a control facility. If the present pace of construction continues, the new facilities should be complete in about a year.

The new facilities are generally similar to those built at Shuang-cheng-tzu in the late 1960s. China may be planning to expand and perhaps accelerate development of large, liquid-propelled missiles. The most likely candidate is the CSS-X-4, which the Chinese are developing as an ICBM and space-launch vehicle.

* * *

Panama *is maintaining a hard public line on alleged violations of its territorial waters by US fishing boats.*

The Torrijos government has officially demanded payment of $100,000 in fines for each of the two US vessels charged with violations and now anchored in Canal Zone waters. Privately, it says it would be willing instead to issue "extraordinary licenses" to the two boats--for $100,000 each. This, of course, would be a legal gimmick designed to get around the US legislation that calls for sanctions against countries that fine US fishing boats.

Even with a new negotiating round on the canal treaty beginning this week, Panama appears prepared to seize the two vessels when they leave the jurisdiction of the Canal Zone.

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Rhodesia *announced this weekend that military reservists who have completed their term of service will be recalled to duty for an indefinite period. The government also is considering extending the term of service for white youths by six months.*

These measures, when fully implemented, will heavily tax the Rhodesian economy by withdrawing civilians from the country's work force for prolonged periods.

Mobilization will probably be followed by new Rhodesian offensive operations against insurgents along the border with Mozambique. An offensive might appear for a while to have succeeded in reducing guerrilla activity [redacted] 25X1

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ANNEX

UN CONFERENCE ON TRADE AND DEVELOPMENT

The atmosphere generated at the 4th Conference on Trade and Development--which opens in Nairobi, Kenya, on May 5--will be more important than any specific decisions the conference may reach.

The meeting is the latest in the dialogue between industrialized and developing states. This dialogue began in 1964 with the creation of UNCTAD and accelerated after the OPEC oil embargo of 1973-74. Frustration with the outcome at UNCTAD could be reflected in a tougher line by developing countries in subsequent economic and political negotiations.

The cornerstone of developing country policy at the Nairobi meeting and the most contentious issue between developing and industrialized states will be the proposal to create an integrated commodity program. This program calls for a common fund of $3 billion--which would come primarily from industrialized states--to help support prices for 18 different raw materials. The program also calls for an expansion of existing mechanisms that provide compensation to developing nations when their earnings from exports of raw materials decline.

With the exception of the Netherlands and the Scandinavian countries, all industrialized countries oppose the program as formulated, but most concede the need to respond to the demands of developing countries for more stable export prices.

Other Issues

The developing countries may accuse the industrialized states of failing to make good on commitments for special treatment of developing states in the multilateral trade negotiations. The latter want the special tariff privileges now available to them expanded and made permanent.

In the realm of monetary reform, the developing countries will press for increases in lending from multilateral institutions. They want a direct link between aid levels and increases in IMF special drawing rights.

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Developing states demand a binding international code on transfer of technology. The industrialized states, for their part, largely agree on the need to improve the access of developing countries to new technology, but most will accept only a non-binding code.

Differences among Developing Countries

Most developing states recognize that unity in economic negotiations remains their major bargaining strength, and they will go to considerable lengths to maintain it. Inevitably, however, differences do exist--primarily between Africans and Latin Americans. These have to do chiefly with which products should be covered by the integrated commodities program and with the preferred access some developing states now enjoy in developed country markets.

Another divisive issue at Nairobi among developing countries could be that of debt problems if proposals should surface for a broad debt moratorium. Credit-worthy Latin American states are afraid that being lumped together with poorer states could damage their ability to borrow internationally. Almost all industrialized states reject a debt moratorium, but some would agree to a conference on debt problems with a limited agenda.

Industrialized States

The industrialized states have largely been reacting to policies advocated by the developing countries rather than forging their own program. Consequently, they have had less success in creating even the appearance of a common policy. Most governments are caught between political recognition of the need to continue a dialogue with the developing states and unwillingness to agree to potentially expensive open-ended programs.

The EC has yet to reconcile financially conservative German and liberal Dutch policy prescriptions. Conflicts within the Japanese government will make it impossible for Tokyo to do anything but line up with the more conservative countries. Any Japanese concessions will be aimed at improving Tokyo's relations with major suppliers of raw materials but will avoid Japanese involvement in broad commodity agreements.

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USSR

Soviet policy will continue to reflect both public support for the third world's striving for economic independence and private contempt for initiatives not bearing Moscow's stamp. Soviet media take the line that Moscow backs efforts by developing countries to defend their natural resources from predatory Western multinational corporations.

Moscow is embarrassed that the developing states now lump some communist states with the other industrialized states when they divide the world into rich and poor countries.

China

Peking will probably regard UNCTAD as another forum in which to blame the superpowers for the economic ills of the third world. China will be wary of any mechanism or agreement that would require significant financial contributions or imply surrender of Peking's right to pursue its own interests in world markets.

Effect of Nairobi on CIEC

A conference that avoids a major row between developing and industrialized states will reinforce discussions in Paris at the Conference on International Economic Cooperation. [redacted] CIEC is the only existing forum for talks between oil producers and importers.

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May 4, 1976

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Lebanon: Fighting continued yesterday in the port area of Beirut; there is no sign of a break in the deadlock between supporters of the two leading contenders for the presidency. *(Page 1)*

Yugoslavia-USSR: Amid reports of a coming visit by Brezhnev, Belgrade is trying to deflate what it believes are Soviet expectations for major Yugoslav concessions. *(Page 1)*

Notes: Iran-Oman; Nigeria; China *(Pages 3 and 4)*

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LEBANON: *Radical Lebanese and Palestinian forces again pressed their attacks against Christian positions in the port area of Beirut yesterday, despite the announcement on Sunday that leftist leader Kamal Jumblatt had agreed to an indefinite extension of the ceasefire.*

The Christians have been forced back, but they still control the main part of the port and reportedly are preparing to counterattack. Although violence subsided elsewhere in Beirut following Jumblatt's announcement, the fighting in the port area is likely to spread soon unless a determined effort is made to bring it under control.

The joint Lebanese-Syrian-Palestinian military committee is scheduled to meet today to search for ways to enforce the truce. The committee might be able to reduce the level of fighting but is unlikely to halt it.

On the political front, Christian leaders reaffirmed their support for Ilyas Sarkis to succeed President Franjiyah in the scheduled balloting in parliament on Saturday. Jumblatt, who strongly supports Raymond Edde, again criticized Syria, which backs Sarkis. Delegations from the Lebanese parliament and the fedayeen may try to find a compromise candidate in talks with Syrian leaders in Damascus this week, but the main backers of Sarkis and Edde do not seem ready to yield.

* * *

YUGOSLAVIA-USSR: *Amid reports of an impending visit to Yugoslavia by General Secretary Brezhnev, Belgrade is trying to deflate what it believes are Soviet expectations for major Yugoslav concessions.*

The Yugoslavs' main concern is that Brezhnev may ask that the Soviet navy be allowed more use of Yugoslavia's Adriatic ports. This issue, as well as that of pro-Soviet subversion in Yugoslavia, are recurrent themes in conversations of Yugoslav officials with our embassy representatives.

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The Yugoslavs also say that some East European countries are engaged in a "campaign" to slow exports to Yugoslavia. There is little evidence to support this claim, and the Yugoslavs may be dramatizing their trade problems with Eastern Europe to wrest a better economic deal from Brezhnev.

In a lengthy interview last week, Stane Dolanc, President Tito's deputy for party matters, publicly rejected recent Soviet statements equating Yugoslavia with the USSR's socialist allies. Dolanc sternly reiterated that Yugoslavia is, and would remain, nonaligned in foreign affairs and an independent factor in international communist party matters.

Soviet media have reported Dolanc's interview in a form that distorts its content and thrust. As conveyed by *Pravda*, *Izvestia*, and *Red Star* last weekend, the interview becomes an unqualified paean of praise for bilateral party relations.

We doubt that Brezhnev will go to Belgrade if the current Yugoslav attacks do not abate.

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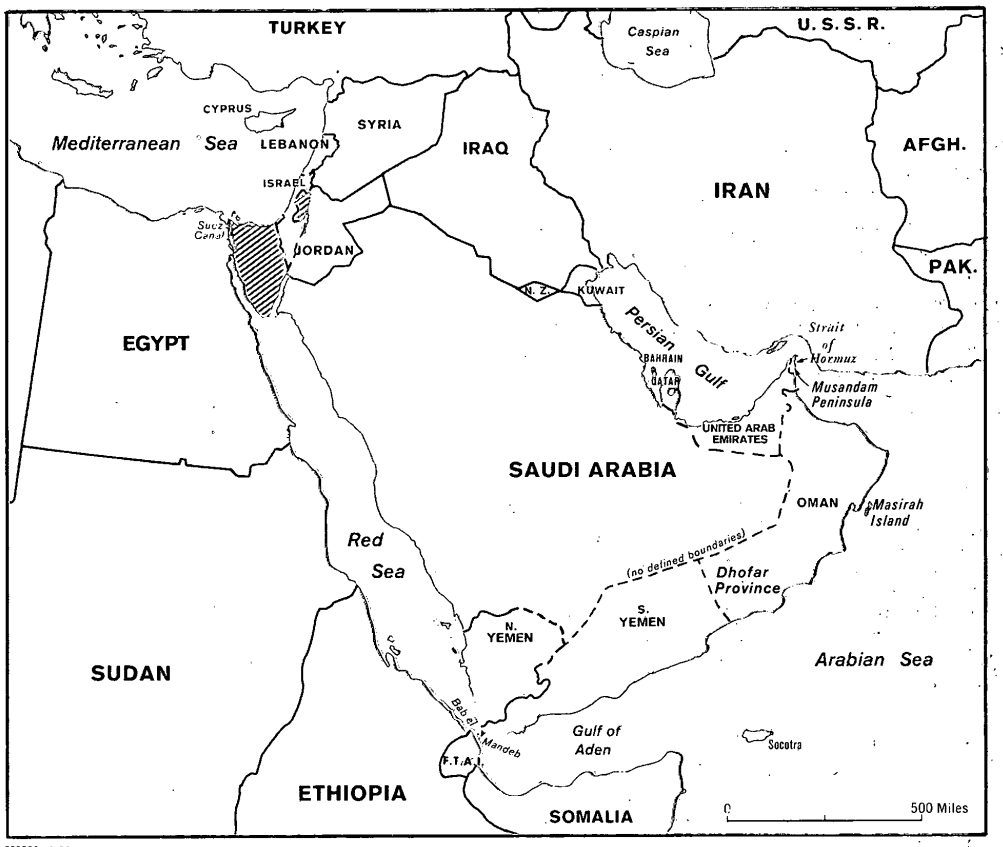

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Iran

Oman

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Dissension among Nigeria's military rulers appears to be growing.

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The Supreme Military Council is badly factionalized Disagreement centers on the extent of economic and political action the government should undertake. Immediate issues are the regime's anti-corruption campaign and alleged coup plotters who remain in custody.

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Major General Obasanjo, the country's head of state, reportedly is still trying to resign.

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China is showing increased interest in some of the smaller nations of the South Pacific.

An advance team from the Chinese Foreign Ministry is in Suva, the capital of Fiji, making arrangements to open an embassy. 25X1

Prime Minister Somare of Papua New Guinea [redacted] will visit China sometime this month, and diplomatic relations will be established. The Chinese, however, probably will not be invited to send a resident ambassador to Port Moresby. 25X1

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Mexico: In a major shift of policy, the government announced yesterday that the country's oil wealth is substantially greater than previous official estimates. *(Page 1)*

Egypt: Minister of War Gamasy claims Cairo's failure to receive substantial military assistance from the US has not hurt morale in the armed forces. *(Page 2)*

Poland-Egypt: Warsaw reportedly has decided not to sell medium tanks to Cairo. *(Page 3)*

25X1

Lebanon: Both the Christians and the leftists are using armored vehicles and heavy artillery, and neither shows signs of running short of ammunition. *(Page 5)*

USSR-Mozambique: President Machel will visit Moscow later this month. *(Page 7)*

Notes: Poland; Cuba; Kuwait-USSR *(Page 8)*

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MEXICO: *In a major shift of policy, Mexico announced yesterday that the country's oil wealth is substantially greater than previous official estimates and that it would join OPEC as soon as it is invited.*

Minister of National Patrimony Alejo stated that Mexican oil reserves probably are on the order of 30 to 60 billion barrels. This would put Mexican reserves on a par with Kuwait's and roughly three times the proved reserves of the US, excluding Alaska.

Our current estimate of Mexican reserves parallels the newly announced figure. We expect, moreover, that Mexico eventually will confirm reserves at the 60 billion barrel level. This would allow Mexico to increase production to 6 million barrels a day by 1985 if it can obtain the necessary equipment to develop its oil fields.

The release of these hitherto closely held estimates probably means that Mexico has decided to develop its oil potential rapidly to bolster its economy. The current pressure on Mexico to devalue its peso has enhanced the arguments of those advocating rapidly increasing oil exports.

The timing of Alejo's announcement apparently was intended to end the flight of speculative capital from Mexico and strengthen the peso on international money markets. This is likely to happen in the short run, but the underlying pressures for a devaluation--Mexico's high rate of inflation relative to its trading partners--will remain.

Yesterday's announcement coincides with the concerted efforts of Mexican officials to convince the international financial community that its economic prospects are bright.

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Mexican entry into OPEC will have little impact on either Mexico or the cartel. Mexico already is marketing its oil at OPEC price levels and probably will not be constrained in its production policy by OPEC membership.

* * *

EGYPT: *Egyptian Minister of War Gamasy told Ambassador Eilts last week that Cairo's failure to receive substantial military assistance from the US has not hurt morale in the Egyptian armed forces. Gamasy said he has advised Egyptian commanders not to expect large-scale US aid. President Sadat, however, still hopes to receive significant amounts of US arms in 1977.*

Despite Gamasy's statements about morale, other recent information has suggested some restiveness in the Egyptian military. Officers reportedly are unhappy with the diminished capabilities of the armed forces following the Soviet Union's refusal to provide Egypt with arms and spare parts.

Gamasy claimed that Egypt has made plans to replace or rehabilitate obsolete Soviet equipment with arms supplies from France, Britain, Yugoslavia, and other unspecified countries, presumably including China. He acknowledged that the military is suffering from degraded equipment and a shortage of spare parts. The problem is most acute in the air force, which does not have enough operational aircraft to permit pilots to maintain a high degree of proficiency.

Gamasy confirmed declining morale in the air force as a result of these cutbacks in flying time, and said that low and middle ranking officers in all services are troubled by the high cost of living and the shortage of low cost housing. He acknowledged that unspecified "outside parties" have tried, but failed, to penetrate the military and create discontent. He observed that there is some extreme

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right-wing sentiment in the military, but insisted that these elements are not disloyal to the government or its policies.

Gamasy's apparently candid assessment of morale in the Egyptian military is distinctly more complacent than other assessments offered recently by leading civilian politicians. 25X1

Despite his professed lack of concern, Gamasy may have been attempting to remind the US that there is a direct connection between good morale and a continuing supply of arms.

* * *

POLAND-EGYPT: *Poland reportedly has decided not to sell T-54 and T-55 medium tanks to Egypt.*

Warsaw probably was pressured by Moscow to back out of the deal. The Poles produce the Soviet-designed tanks under license, and in late 1975 reportedly planned to sell Egypt 150 tanks for $30 million.

It is likely that Cairo wanted the Polish-built tanks to replace equipment that is inoperable because of a shortage of spare parts, rather than to form new armored units. Overhead photography shows that the number of tanks in Egypt's motorized infantry divisions has dropped from 31 to 22 per battalion since the October 1973 war.

* * *

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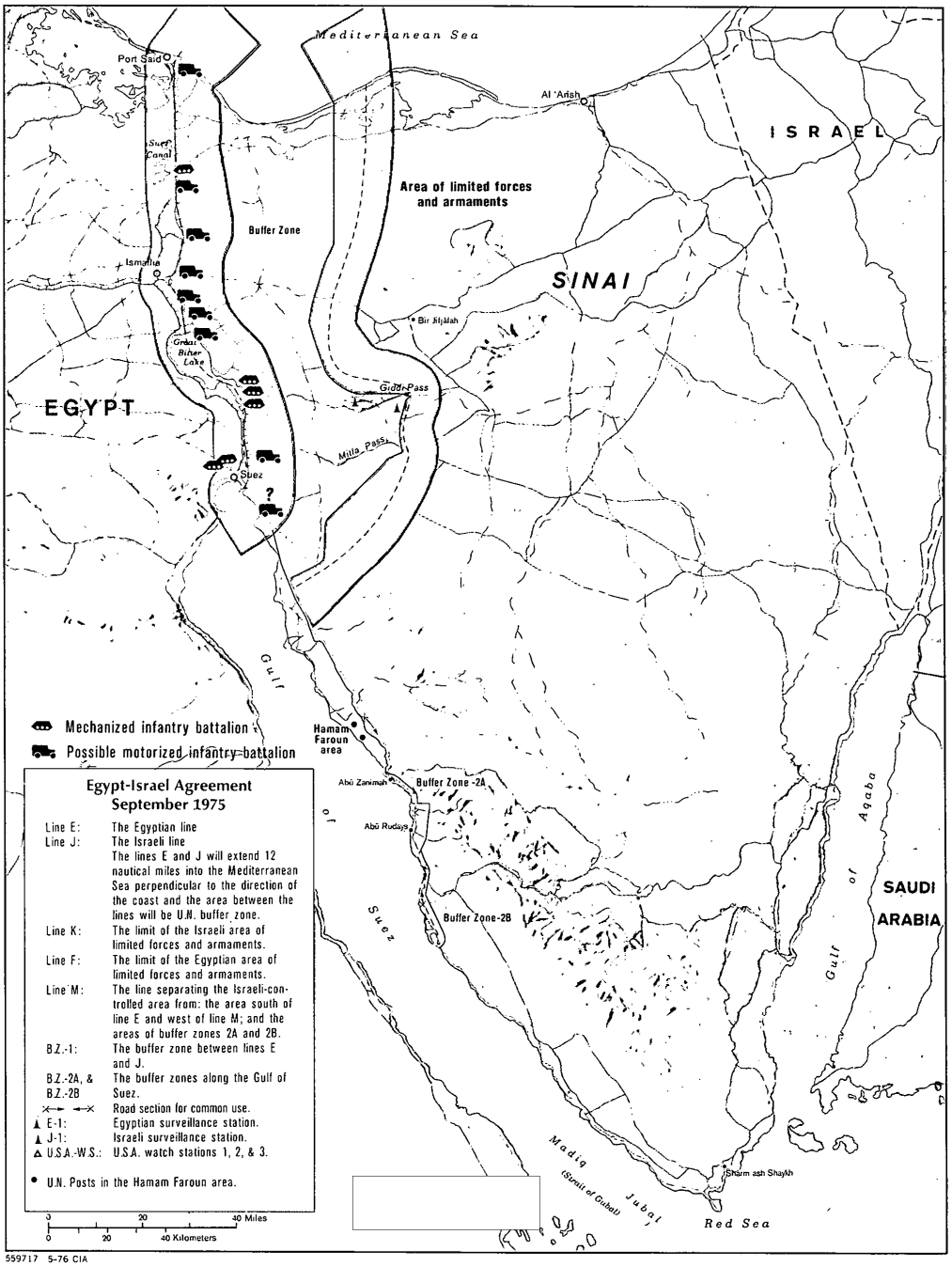

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EGYPT-ISRAEL-SYRIA:

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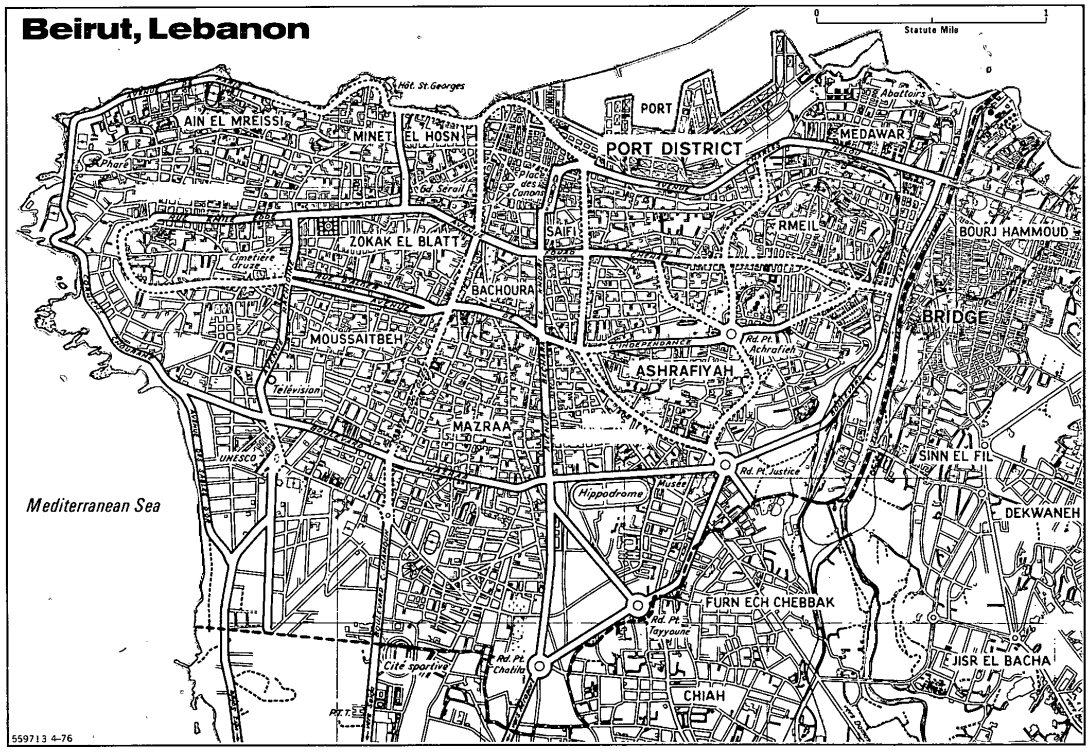

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25X1

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LEBANON: *The struggle between Christian and leftist militiamen for control of Beirut's port intensified yesterday, despite a call from the tripartite truce committee for a new cease-fire. Both sides are using armored vehicles and heavy artillery, and neither shows signs of running short of ammunition.*

25X1

The leftists have made some new advances but still have not penetrated the Christians' main defensive line. 25X1

25X1

The Christians must control the port in order to protect Ashrafiyah, their main stronghold in Beirut, and to maintain a major supply corridor north to Juniyah.

Although fighting on the ground has not yet spread beyond the port district, artillery fire was exchanged throughout the night between adjacent Christian and Muslim neighborhoods. The presence of Palestine Liberation Army troops in many disputed areas of the capital has probably helped contain the fighting.

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25X1

Jumblatt issued a statement yesterday in which he called for a "roundtable conference" in France following the presidential election. Jumblatt has suggested this before in an effort to gain concessions from the Syrians, who adamently oppose any proposals that would loosen their control over political negotiations.

Jumblatt's announcement of the proposal just after a meeting with Ambassador Brown may prompt fresh charges from Syria of US interference.

* * *

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USSR-MOZAMBIQUE: *Mozambican President Machel will make an official visit to the USSR at mid-month. His planned trip to Moscow follows closely upon visits to the Soviet Union by Mozambique's ministers of defense, commerce, and information.*

Machel will almost certainly request increased Soviet military and economic assistance. Moscow--eager to increase its influence in Maputo at the expense of Peking--is likely to respond affirmatively. The question of Soviet aid to Rhodesian insurgents based in Mozambique will also probably be discussed.

Soviet media have alleged that Machel refused an invitation from Washington to meet Secretary Kissinger during his current African tour. The announcement by Tass of Machel's coming visit to Moscow may have been intended to embarrass the Secretary.

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NOTES

Dissident intellectuals in Poland *are circulating documents calling for more democracy, freer travel, the unimpeded right of public expression, and a foreign policy more independent of the USSR.*

An undated, unsigned typewritten manifesto comprehensively criticizing Polish foreign and domestic policy was obtained by our embassy in Warsaw last week. The document does not urge any direct, specific action, nor is it a call to violence. The regime has so far avoided reacting strongly to this and similar documents circulated over the past six months.

* * *

Cuba's *trade deficit will reach an estimated $850 million in 1976, nearly double the 1975 level. This anticipated rise underscores Cuba's continued dependence on massive foreign economic assistance.*

About $550 million of the trade deficit will be covered by drawings on Western trade credits. To square its account with the Communist world, Havana will require about $235 million in direct Soviet balance-of-payments support and $65 million in credits from Eastern Europe. In addition, Soviet subsidies of Cuba's sugar exports and petroleum imports will amount to approximately $1.2 billion.

* * *

Kuwait

USSR

new arms agreement.

25X1

The Kuwaitis have said that the agreement, which may be worth up to $300 million, will be formally signed when Soviet Foreign Minister Gromyko eventually visits Kuwait. It would be Kuwait's first major arms deal with a Communist country and Moscow's first major arms sale to one of the conservative Arab sheikhdoms. The accord probably would include SA-7 missiles.

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Portugal: Agreement may be near on a consensus presidential candidate. The Socialist Party's plan to form a minority government seems to be picking up support. *(Page 1)*

Rhodesia: The Smith government is making new efforts against the country's guerrillas and their Mozambican allies. *(Page 2)*

Notes: China; Panama; USSR-China; Ghana; USSR-Turkey *(Pages 4 and 5)*

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LEBANON: *Lebanese politicians are increasingly pessimistic about the prospects for a presidential election by parliament this weekend.*

The delegation of uncommitted parliamentary deputies that went to Damascus earlier this week apparently was not able to persuade Syria to shift its support from Ilyas Sarkis to a compromise candidate. 25X1

[redacted] no word on the result of Yasir Arafat's efforts to resolve the dispute between Lebanese leftist leader Jumblatt and the Syrians over the presidential succession. If Arafat fails to persuade Jumblatt to accept Sarkis and to withdraw his demand for immediate Syrian military withdrawal from Lebanon, there is little chance that the election will be held on schedule. 25X1

[redacted]

* * *

PORTUGAL: *Agreement may be near on a consensus presidential candidate. The Socialist Party's plan to form a minority government seems to be picking up support.*

25X1

Speculation on a consensus candidate increasingly centers on Army Chief of Staff General Ramalho Eanes. [redacted]

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25X1

The 41-year-old infantry officer was one of the key organizers of the coup in April 1974 that overthrew Caetano. He also masterminded the military's successful riposte to the leftist paratrooper rebellion. Since his appointment to the army's top post last November, he has worked to depolitic 25X1 the army and restore military discipline.

Both military and party leaders appear more receptive to the Socialists' proposal to form a government after the presidential election of June 27. Last week Revolutionary Council spokesman Captain Sousa e Castro endorsed the plan, arguing that it had sound constitutional grounds and was consistent with the assembly election results, which gave the Socialists a plurality.

* * *

RHODESIA: *The Smith government's recent announcement of military mobilization measures has been accompanied by new efforts by Rhodesian security forces against the country's guerrillas and their Mozambican allies.*

25X1

since late last month Rhodesian forces have made several forays across the border into Mozambique. Such Rhodesian operations are not uncommon, although attacks across the border apparently had been suspended for several weeks.

Mozambican President Machel denounced earlier Rhodesian forays into Mozambique when he announced

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the closure of his country's border with Rhodesia in early March. The renewed attacks almost certainly will influence Machel's discussions in Moscow later this month.

Mozambique needs conventional military equipment and training to upgrade its armed forces. If the Rhodesian attacks continue, Machel's concern could lead to a sizable Soviet involvement with the Mozambican military--involvement that could be used to aid the Rhodesian insurgents.

The insurgents, meanwhile, continue to be beset by tribal and personal rivalries, in some cases violent. The persistence of these frictions among the Rhodesian black nationalists could hamper their efforts to expand the insurgency against the Smith government.

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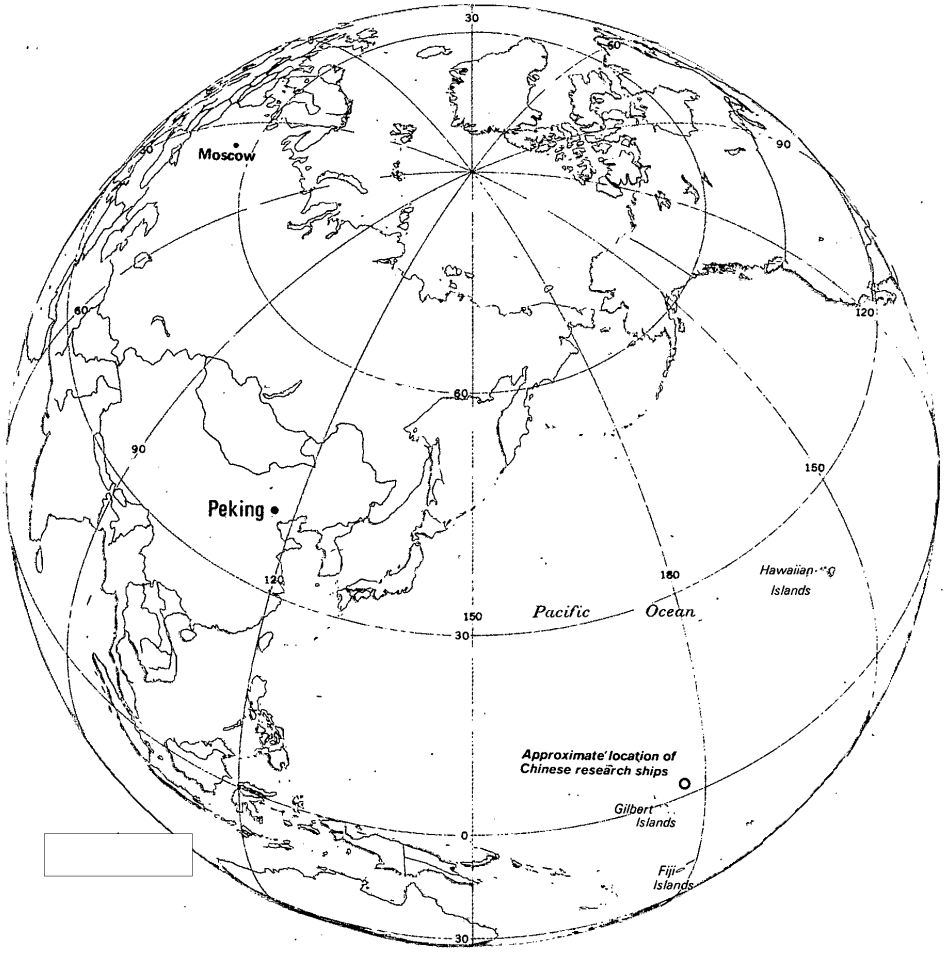

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NOTES

The two Chinese *oceanographic research ships in the South Pacific have moved east of the Gilbert Islands and will probably conduct additional survey work before going home.*

The ships had previously spent approximately a week north of the Fiji Islands, apparently doing scientific research and surveying the ocean bottom.

25X1

* * *

Panama *has apparently backed away from its plan to impose the maximum fine of $100,000 on boats charged with illegal fishing. Two US tuna vessels that have been charged with fishing illegally are still in the Canal Zone.*

Government chief Torrijos now appears willing to allow such boats to purchase retroactive licenses based on tonnage for about $20,000 each. This solution may avoid the automatic reduction of US aid or cutoff of US military assistance.

* * *

The USSR *has made little comment about the explosion last week outside the gates of the Soviet embassy in* China.

Although the USSR lodged a protest immediately after the incident, Soviet officials in Peking now say that the Chinese government was not directly involved.

The Soviets have not hinted that the explosion could have been prompted by factional infighting in Peking over policy toward the USSR. That possibility, however, is probably one reason they are playing the incident in relatively low key.

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25X1

Ghanaian

25X1

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USSR

Turkey

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China: Since the ouster of Teng Hsiao-ping, incidents of violence such as occurred in Peking on April 5 are reported to have been fairly widespread throughout the country. *(Page 1)*

USSR-Cuba: General Secretary Brezhnev and senior party ideologist Suslov met with Cuban First Deputy Prime Minister Raul Castro several times this week in Moscow. *(Page 2)*

Notes: Rhodesia; Panama; India-Pakistan; Morocco - Western Sahara; Egypt-Iran *(Pages 3 and 4)*

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LEBANON: *Leftist leader Kamal Jumblatt yesterday requested a postponement of the presidential election scheduled for tomorrow. Jumblatt, who has already caused a week's delay, again cited Syrian interference in the campaign as his reason for wanting to put off the election.*

The general mood in parliament is to proceed with the vote if security appears adequate.

This eleventh-hour pressure may persuade Jumblatt not to disrupt the convocation of parliament, but he probably will not participate himself.

Jumblatt has virtually no chance of getting the Syrians to withdraw their support from Ilyas Sarkis. Sarkis can now count on close to a majority of the votes in parliament.

The success or failure of Jumblatt's move to postpone elections depends largely on whether the Syrians and Palestinians can enforce the uneasy cease-fire in Beirut. Troops of the Palestine Liberation Army have enlarged the buffer zone between warring factions in the capital, and, for the time being, have silenced the heavy artillery of both Christians and Muslims.

* * *

CHINA: *Since the ouster of former vice premier Teng Hsiao-ping, incidents of violence such as occurred in Peking on April 5 are reported to have been fairly widespread throughout China. The debate in Peking over Teng's fate and related issues has exacerbated long-standing local tensions.*

The disruptions, although far less severe than during the Cultural Revolution and the campaign in 1974 to criticize Lin Piao, have prompted Peking to issue at least two central directives on the subject and numerous orders to tighten discipline and increase vigilance against sabotage.

Provincial broadcasts have implied, and at least three have admitted, that incidents similar to the riot

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25X1

in Peking have taken place in the provinces. The most serious disruptions appear to have occurred in Fukien--the coastal province facing Taiwan.

* * *

USSR-CUBA: *General Secretary Brezhnev and senior party ideologist Suslov met with Cuban First Deputy Prime Minister Raul Castro several times this week in Moscow.*

Castro represented Cuba at Marshal Grechko's funeral late last month and stayed on for talks. The Soviets described the meetings as "cordial and comradely"--a formulation often used to suggest some disagreement--but shed no light on the substance of the talks.

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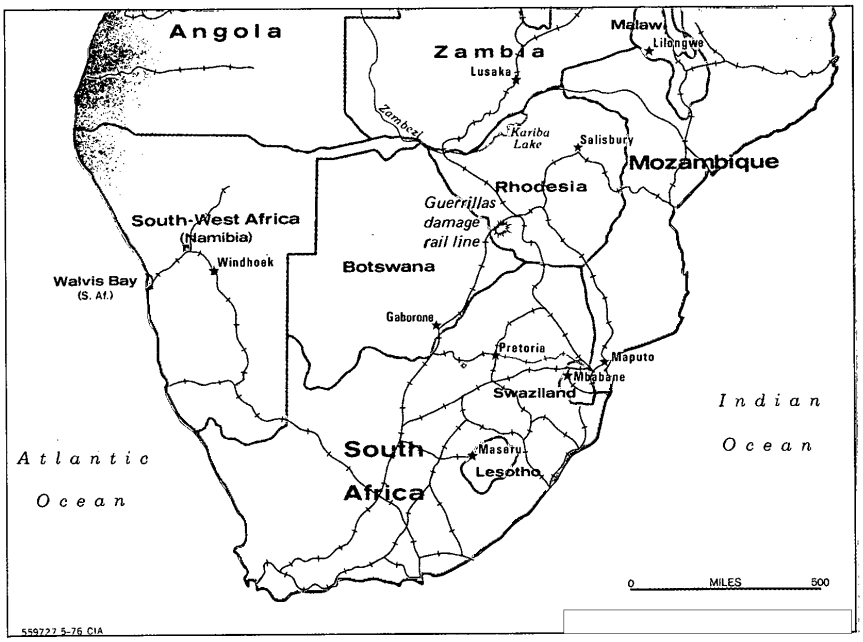

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NOTES

Rhodesia's *secondary rail line linking the country with Botswana and South Africa reportedly has been damaged by guerrillas.*

A communique released by the Smith government said that the rail line was sabotaged yesterday near the Botswana border but that the minor damage was repaired without disrupting traffic. There have been no previous indications of any guerrilla activity in this area. 25X1

* * *

Panama *allowed the two US tuna boats that were confined in the Canal Zone for over a week to leave unmolested Wednesday night.*

Torrijos followed through on his reported decision to let the boats purchase retroactive licenses based on tonnage for about $20,000 each rather than fine them $100,000.

The payment permits the boats to fish in Panamanian waters for six months. Torrijos is now faced with the delicate problem of explaining his actions to the Panamanian public.

* * *

India *and* Pakistan *are scheduled to open talks on May 12 in Islamabad.*

The discussions will cover the possible restoration of diplomatic relations, the resumption of transportation links, and a review of trade and shipping agreements.

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25X1

Morocco

Western Sahara

Rabat conducted sweeps against the guerrillas recently in southern Morocco. sporadic Polisario raids are continuing in that area, indicating that Rabat's efforts fell short there

25X1

25X1

25X1

* * *

25X1

Some Egyptian *pilots may receive training soon in* Iran.

President Sadat is known to have asked the Iranians to provide training on US-made fighters and C-130 transports.

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25X1

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Israel: Rabin should survive a policy debate in the cabinet tomorrow regarding Jewish settlements in the occupied territories. *(Page 1)*

Notes: Jordan-Syria; Egypt; Yugoslavia-USSR; Laos-USSR. *(Pages 3 and 4)*

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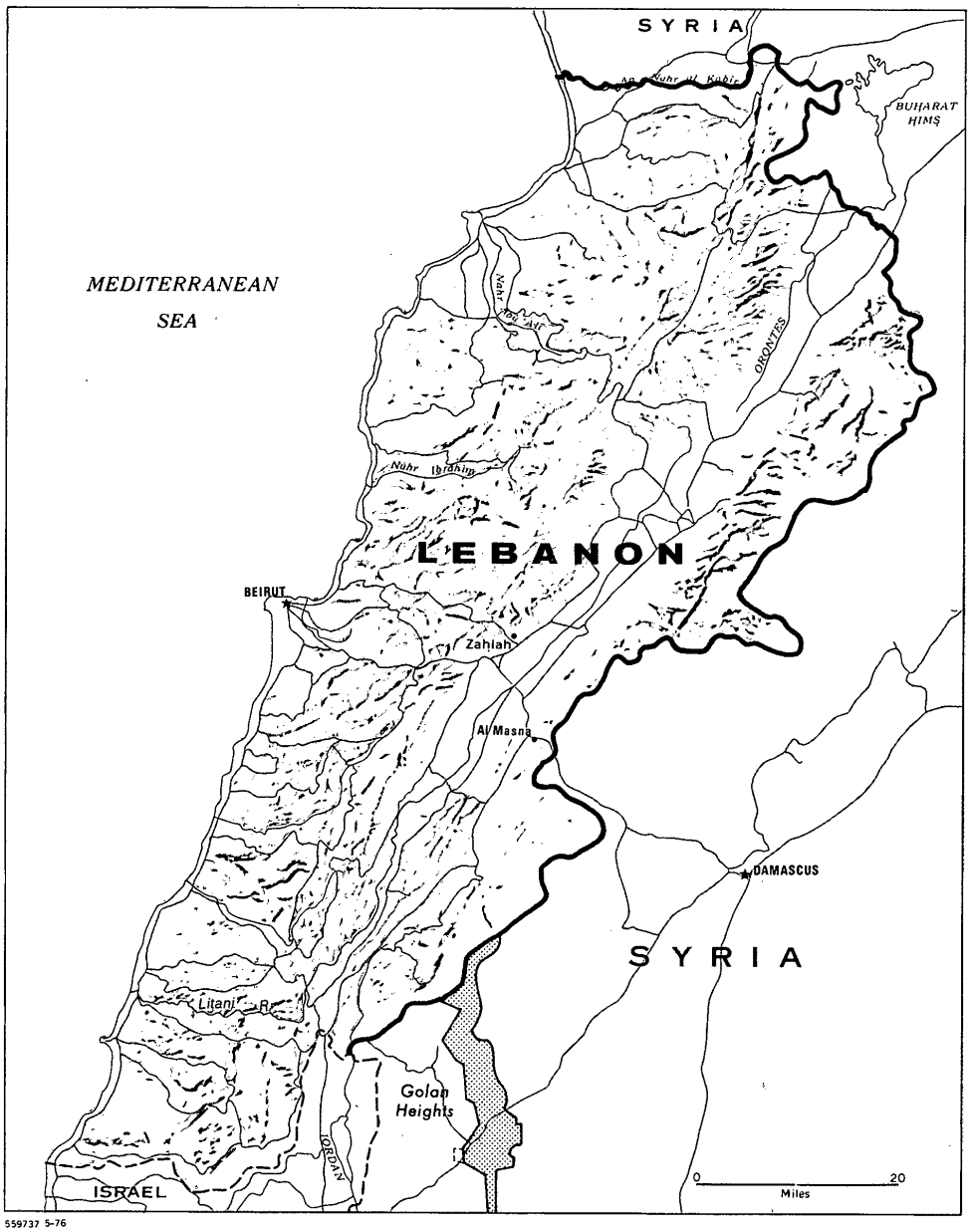

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LEBANON: *Ilyas Sarkis, the candidate backed by the Syrians and the Christian Phalanges Party, seems likely to become the new president today, if the cease-fire holds and parliament can convene for the election.*

Early this morning security in Beirut seemed tight enough, but fighting is heavy in the mountains northeast of the capital and could provoke flare-ups elsewhere.

Leftist leader Kamal Jumblatt failed in his last-minute bid for a postponement of the election. As a result, he and his preferred candidate, Raymond Edde, have announced they will boycott the parliamentary session, which probably means that at least 16 deputies will not participate in the vote.

A simple majority of the 98-member assembly constitutes a quorum, but Edde and Jumblatt--exploiting an ambiguity in the constitution--argue that two thirds of the membership is required for the presidential vote.

25X1

* * *

25X1

ISRAEL: *Prime Minister Rabin's coalition probably will remain intact after the cabinet's policy debate tomorrow regarding Jewish settlements in the occupied territories, but the debate itself will produce further tensions among the Arab population.*

The National Religious Party has threatened to leave the coalition if the government tries to evict some 100 squatters who have set up an unauthorized settlement in Samaria. The left-wing Mapam Party has threatened to vote against the government if the squatters are not evicted.

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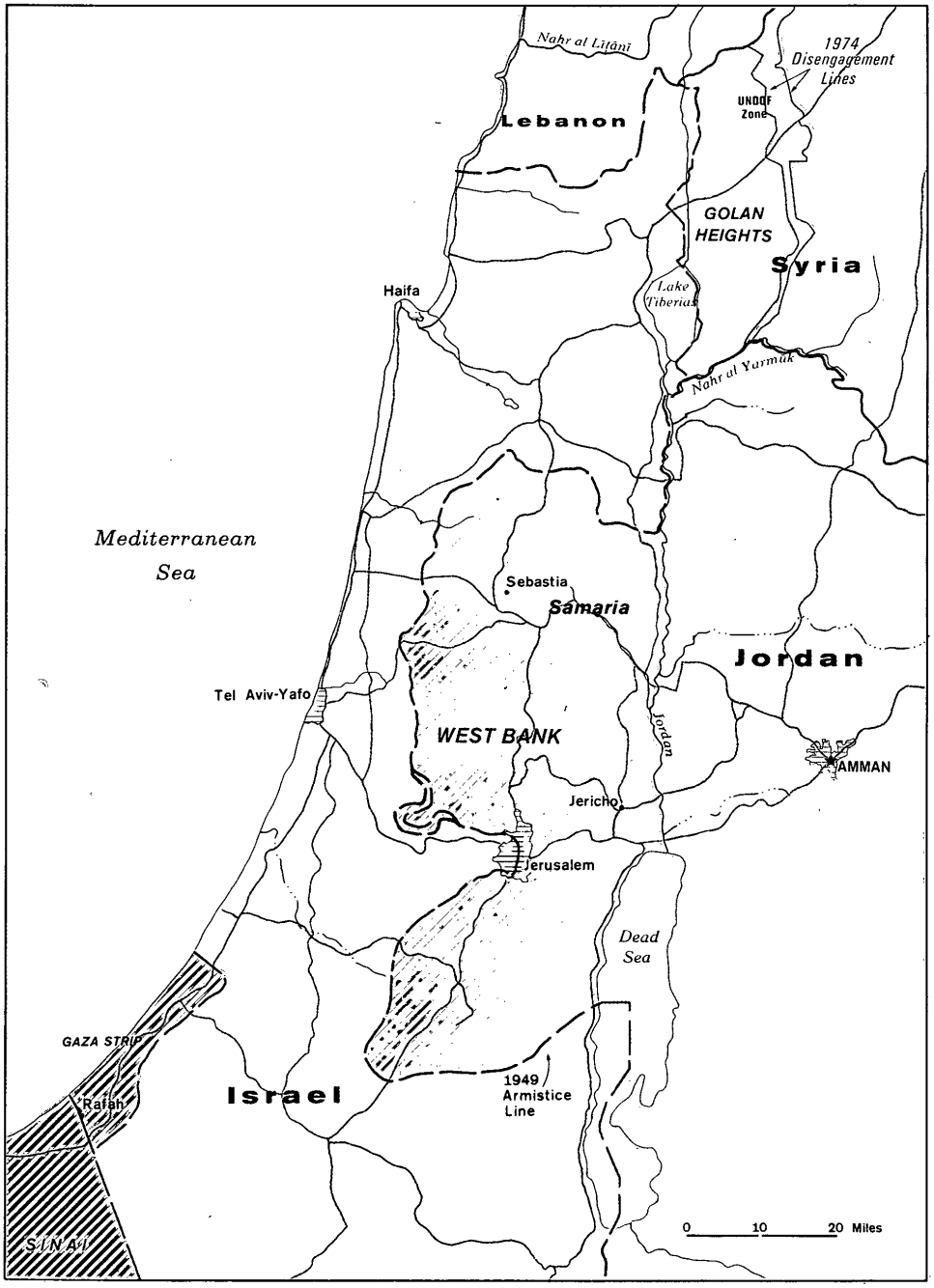

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Rabin has been working on a compromise that will offer the Samaria settlers the option of moving to an authorized site elsewhere in the occupied territories. It stands a reasonable chance of being accepted by the coalition.

Whatever the outcome, the Arabs are likely to view the debate as further proof that Israel is bent on establishing a permanent Jewish presence in the occupied territories, and more Arab protest demonstrations are certain.

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NOTES

Jordanian *King Husayn will be in Damascus today for one of his periodic policy consultations with* Syrian *President Asad.*

The two leaders are likely to discuss Husayn's recent trip to the US, the Lebanese situation, and Syria's attitude toward renewing the mandate of the UN observer forces on the Golan Heights. The present mandate expires on May 30.

They may also discuss the current status of the Jordan-US Hawk missile deal. The visit to Jordan later this month of the chief of the Soviet air force was officially announced in Amman yesterday. The visit is intended to be another warning that Husayn could turn to the USSR if the deal with the US fails.

The press has speculated that Husayn and Asad might announce plans for a confederation between Jordan and Syria. Such a step would be only symbolic, if it occurs at all.

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Egypt

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Yugoslavia Soviet Union

25X1

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Laos reaffirmed its increasingly strong ties with the USSR at the end of Prime Minister Kaysone Phomvihan's visit to Moscow on May 5.

During the two-week visit the two sides signed a series of accords, probably including a new Soviet aid commitment. The extent of new aid was not revealed, but in the communique the Lao extravagantly praised the Soviets for their assistance and support. None of this will help Laos' relations with China.

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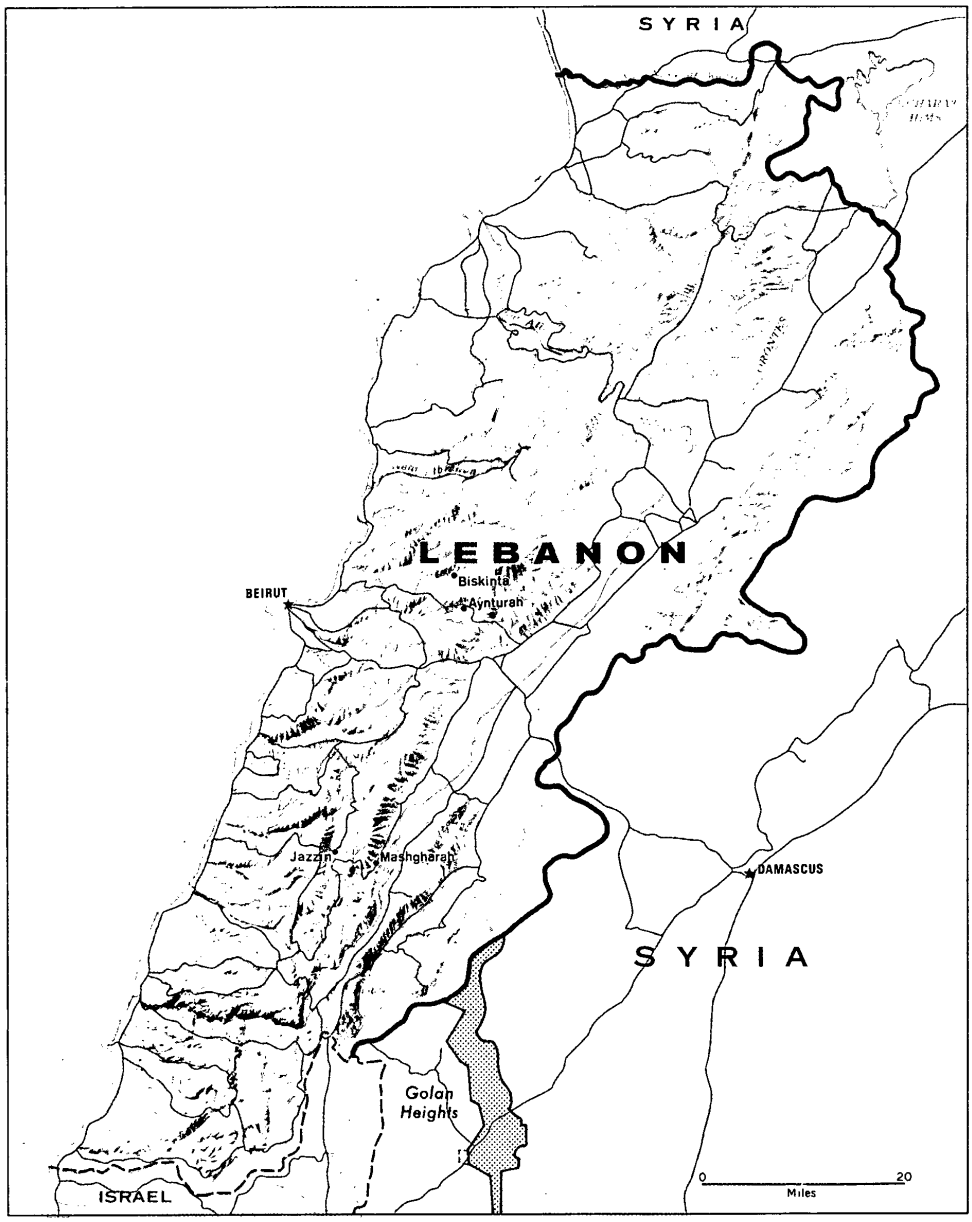

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LEBANON: *Ilyas Sarkis' near unanimous endorsement as president on Saturday was a major political setback for leftist leader Kamal Jumblatt, who attempted to impede the vote.*

Fierce fighting in Beirut on Saturday near Sarkis' hotel and parliament's temporary headquarters has died down. Our embassy in Beirut has expressed concern, however, that Jumblatt is becoming increasingly irrational in his campaign to thwart Syrian influence in Lebanon and may be prepared to press his fight.

Sarkis' victory, on the other hand, has given a much-needed boost to Syrian policy in Lebanon and should strengthen Damascus' hand in dealing with Jumblatt. The Syrians recently have become frustrated by the elusiveness of a political settlement. The success of the election should ease their frustration and give fresh momentum to their recent efforts to isolate Jumblatt politically.

There are tentative indications that at least a battalion of Syrian regular troops began moving toward Beirut yesterday. It is not clear whether these forces crossed into Lebanon over the weekend or are a contingent from the Syrian force that has been based in eastern Lebanon since April 9.

The Syrian battalion reportedly has taken a southerly route through Mashgharah and Jazzin rather than the Beirut-Damascus highway. Although the Syrians generally have avoided using the southern access to Beirut in order not to raise Israeli suspicions, they have decided to take the risk this time to avoid fighting in the mountains between Christian and leftist forces.

The Syrians have been reluctant to use their regular forces in a blatant way that would increase

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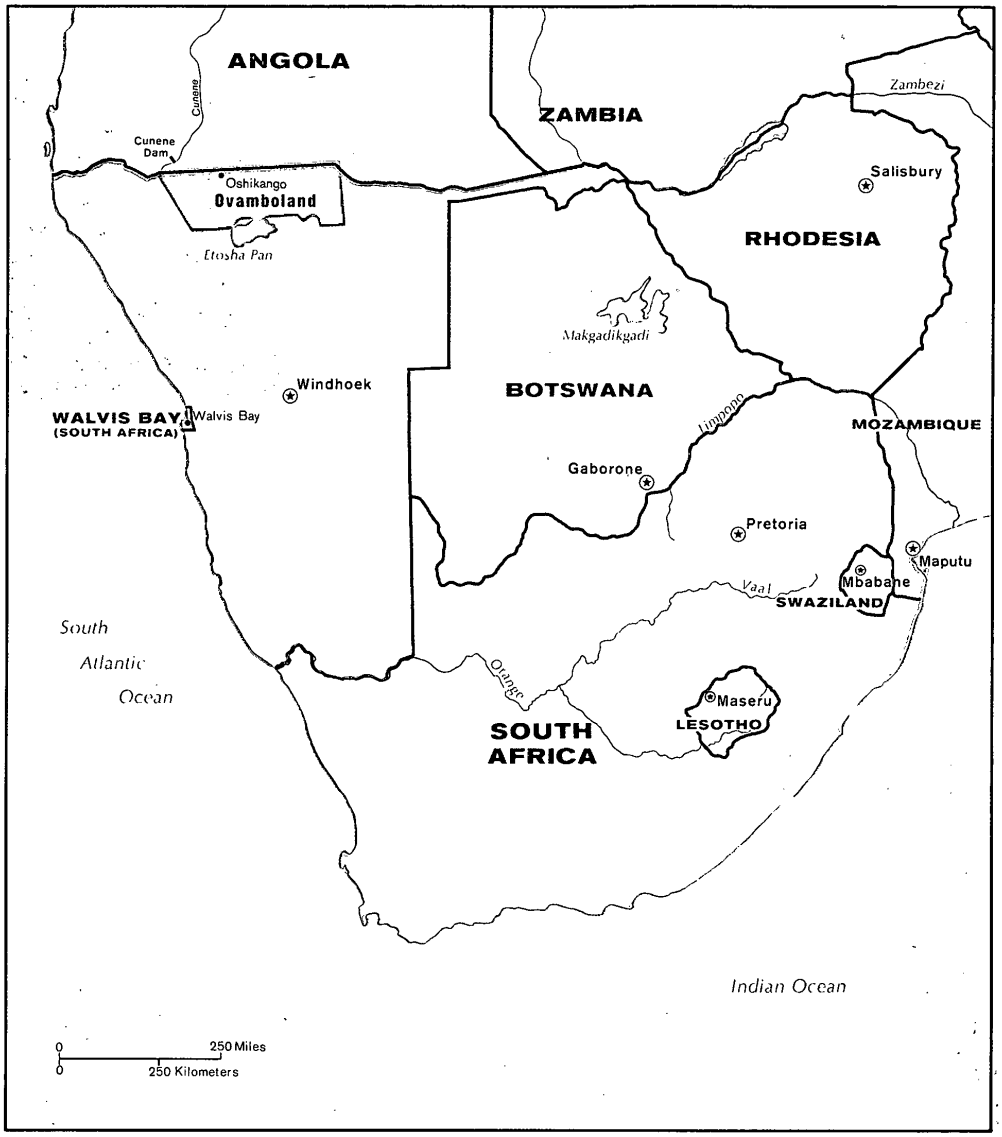
NAMIBIA
(SOUTH-WEST AFRICA)



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animosity toward their presence in Lebanon. Damascus may now feel, however, that an open show of force is necessary not only to ensure Sarkis' installation in office but also to intimidate Jumblatt's forces.

If Sarkis is able to assume office without the cease-fire collapsing, his leadership could provide significant new impetus to a political solution. He is respected in broader Christian circles, and unlike most Lebanese politicians, he has few enemies within either the Christian or Muslim establishments.

Sarkis also has had frequent personal contact with Jumblatt over the past several weeks and apparently is trying to arrange further dialogue. His understanding of Jumblatt's position and willingness to deal with him directly could be important ingredients for future reconciliation.

* * *

NAMIBIA: *South Africa has announced that it is establishing a security buffer zone along the Namibia-Angola border. The buffer zone will be one kilometer wide and is intended to prevent guerrilla incursions by the South-West African People's Organization that operates out of Angola.*

According to Pretoria, all tribesmen living in the buffer zone will be resettled. Border crossings from Namibia to Angola will be restricted to Oshikango and two other locations for personnel working on the Cunene River project.

South Africa reportedly first considered establishing the security zone last fall but decided against it. Since September, however, there have been a series of small scale attacks in northern Namibia that South Africa blames on intruders from Angola.

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ITALY: *Party leaders are beginning to plot campaign strategy following the collapse of the Moro government and President Leone's decision to hold an election on June 20-21.*

The Christian Democrats are divided and disoriented on the eve of the campaign. They continue to disagree among themselves on the question that will be at the center of campaign debate: the future role of the Communist Party. In addition, the Lockheed scandal has become a problem of major proportions for the party.

The campaigns of the Communists and Socialists, by contrast, have already begun to take shape. While they will be competing with each other, both are likely to emphasize that the Christian Democrats are worn out, corrupt, and unresponsive to the country's needs after 30 years in power.

Three of the smaller parties--the Social Democratic, Republican, and Liberal--have taken tentative steps toward presenting joint lists of candidates. Fundamental differences between them, however, will make maintaining a united front through the campaign difficult.

The campaign is almost certain to produce further politically motivated violence by left and right extremists who operate outside the regular political parties.

The Communists, who seem to be viewed by an increasing number of Italians as the only party capable of restoring order, appear best positioned to benefit politically from an upsurge of violence during the campaign.

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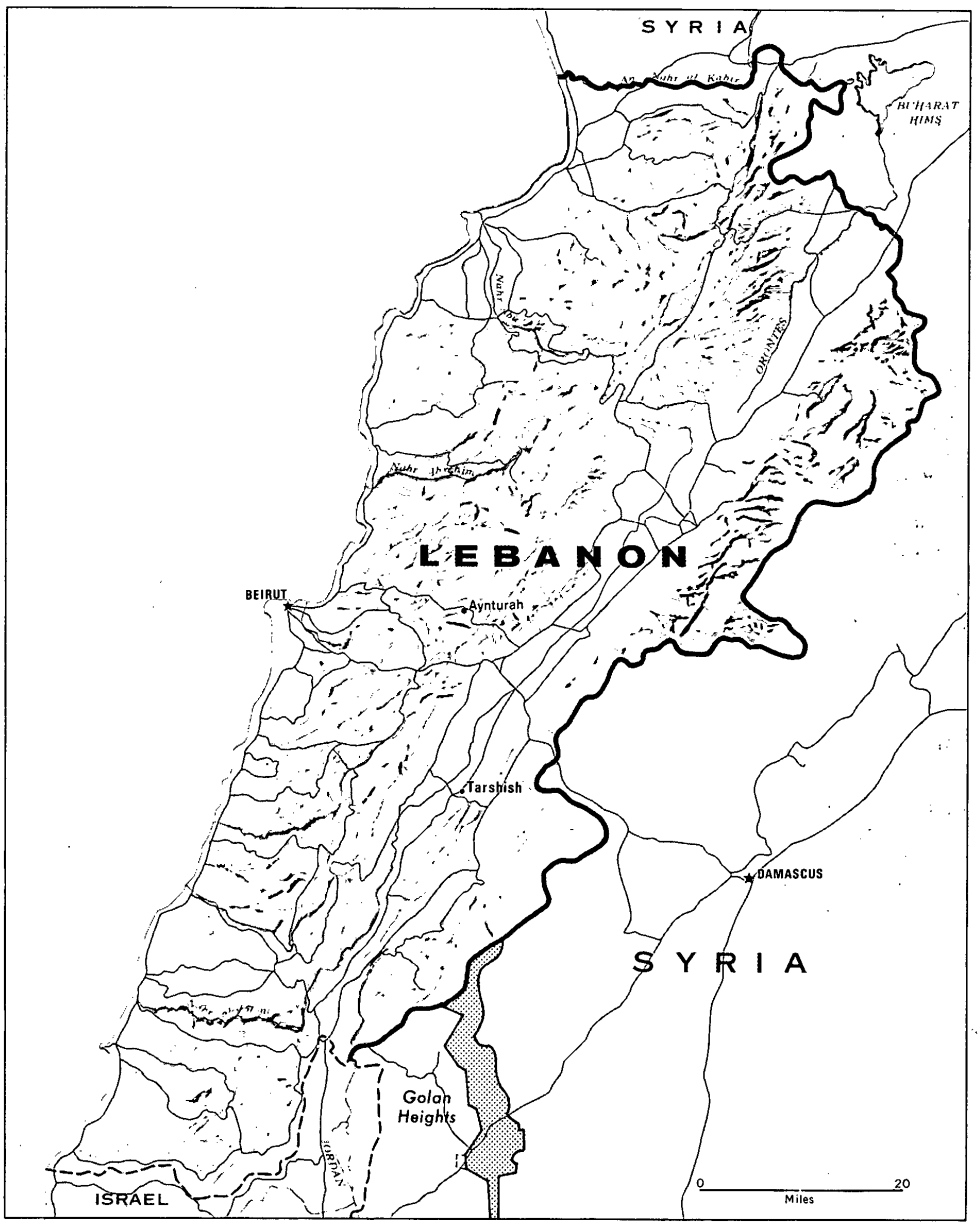

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LEBANON: *Christian forces continue to press their offensive in the mountains east of Beirut, apparently hoping to recapture a number of villages and improve their bargaining position in future peace talks.*

With neither side willing or able to stop the fighting, it could spread, jeopardizing the Christians' political victory over Muslim leftists in the presidential election last weekend. The greatest danger in the current situation is that Fatah commandos based at Aynturah will be drawn into the battle.

President-elect Ilyas Sarkis is reportedly working with the tripartite truce committee and Yasir Arafat to arrange a new cease-fire in the mountain area. Sarkis will meet with Christian leaders today or tomorrow; his ability to persuade them to accept a new truce will be the first major test of his leadership.

Leftist leader Kamal Jumblatt issued a statement yesterday in which he toned down his earlier sharp warnings about the consequences of electing Sarkis. Sarkis' efforts to arrange a meeting with him have been unsuccessful. Jumblatt probably will wait until he can more accurately determine the political repercussions of the fighting before deciding on a meeting with Sarkis.

* * *

We have no further information on the movement of an unidentified battalion of Syrian troops toward Beirut that we reported on yesterday. According to an intercepted message, Damascus has sent additional troops to the Tripoli area, where Iraqi-sponsored fedayeen apparently have sparked new fighting. Syria has had a large contingent of regular forces in Tripoli since March.

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SYRIA: *Syria has not yet indicated what it intends to do about the mandate of the UN observer force on the Golan Heights, but tentative indications are that Damascus does not plan to provoke a confrontation with Israel by letting the mandate, which expires May 30, lapse.*

The Syrians, absorbed in the Lebanese crisis, almost certainly are still working on their strategy for handling the mandate issue. They probably will resort to their usual last-minute bargaining tactics and insist on some kind of quid pro quo to justify another extension. This time Damascus evidently wants the renewal linked to Security Council action on Palestinian rights. The Palestine committee's report is due sometime this month. 25X1

An Egyptian weekly magazine has asserted that the Syrians have already decided to renew the mandate, but there has been no reporting that would confirm the claim.

* * * 25X1

VIETNAM-CHINA: *Relations between Hanoi and Peking appear to have declined further.*

Rumors of trouble along the border have circulated in the past, but neither Hanoi nor Peking has publicized border problems. 25X1

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[redacted] 25X1

difficulties have developed over the extent of Chinese economic aid to Vietnam. Hanoi previously has expressed dissatisfaction with the level of Chinese assistance and has complained that the Chinese are applying economic pressure to alter Hanoi's pro-Soviet policy positions. An additional long-standing conflict is the dispute over the Paracel and Spratly islands.

Underlying these disagreements are the more fundamental competition between the two states for influence in Southeast Asia and Hanoi's increasingly warm relations with Moscow.

* * *

USSR: *Relations between Soviet party secretary Ponomarev and Foreign Minister Gromyko have improved markedly in recent months* [redacted] *because of Ponomarev's acceptance of Gromyko's larger role in foreign policy. The slower pace of US-Soviet relations has probably also contributed to a lessening of strains.*

Ponomarev, who handles relations with non-ruling Communist parties and third-world movements, reportedly is no longer openly clashing with Gromyko. Perhaps as a consequence, Ponomarev's international department in the Central Committee is described as working more congenially with the Foreign Ministry. 25X1

Ponomarev may be finding less to criticize in the conduct of foreign policy and could be preoccupied with international Communist affairs. In addition, the lost momentum in the policy of "detente," which is associated with Gromyko, may have made him feel somewhat vulnerable. Gromyko may be trying to avoid disagreements with colleagues in the Politburo. 25X1

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ISRAEL: *The Israeli cabinet's decision on Sunday barring the establishment of a permanent Jewish settlement in Samaria on the West Bank leaves unresolved the explosive issue of finding an alternative government-approved site for the settlers.*

The extremist religious group which sponsors these settlers yesterday launched what may be the first of a series of mass demonstrations protesting the cabinet's decision and demanding that the government support the right of Jews to settle anywhere on the West Bank.

The ruling coalition's left-wing Mapam Party is likely to organize counter-demonstrations. It favors limiting settlements to strategically important locations in order to leave open the option of territorial compromise in peace negotiations with the Arabs.

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NOTES

Soviet *Jewish emigration declined in April to its lowest monthly rate for 1976, although the average for the first four months is still slightly ahead of last year's pace.*

The downturn in April suggests that the modest increase in exit permits in February and March was intended to reduce the risk of embarrassment during the 25th party congress rather than to signal a more liberal emigration policy.

* * *

Egyptian *Prime Minister Salim and* Syrian *Prime Minister Ayyubi will meet in Riyadh next week under Saudi and Kuwaiti auspices in an attempt to ease the severe strain that has characterized Syrian-Egyptian relations since the signing of the second Sinai agreement last September.*

This will be the first high-level Syrian-Egyptian contact since last summer. The meeting could help ease tensions, but it will take more than a single meeting by two essentially powerless prime ministers to resolve the deep-seated differences between Damascus and Cairo.

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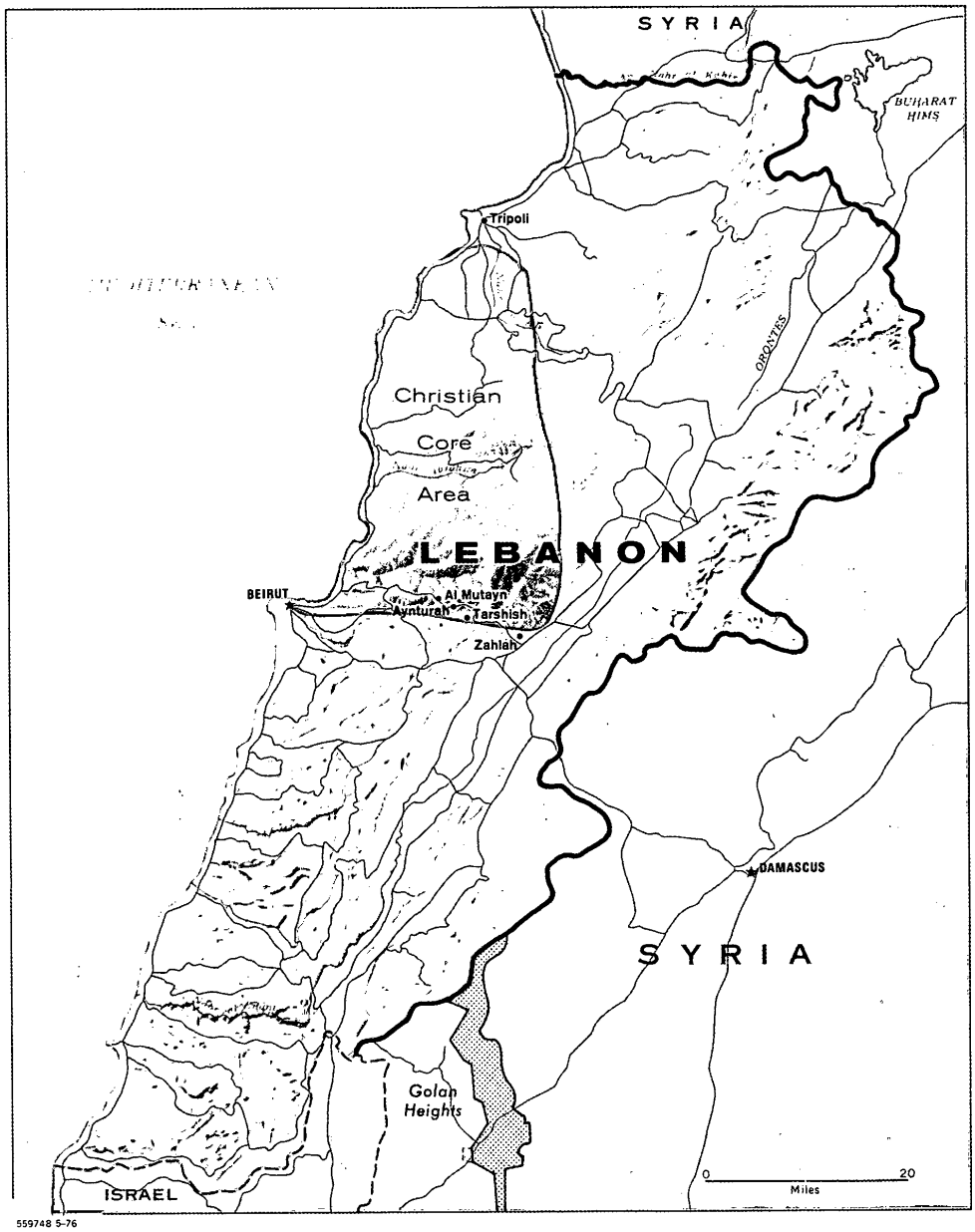

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25X1

LEBANON: *The Christians slowed their offensive in the mountains east of Beirut yesterday*

Fighting intensified yesterday in the far north around Tripoli. Iraq's agents there apparently are trying to reverse the progress toward a Lebanese settlement, but so far have been unable to trigger broader fighting between Christians and Muslims. 25X1

President Franjiyah, meanwhile, is once again saying that he will not resign until security improves. President-elect Sarkis met with Franjiyah yesterday and apparently planned to press him for an immediate resignation. Several aides close to the President expect him to acquiesce by next week, according to our embassy in Beirut.

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JORDAN:

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CHINA: *The situation in the Chinese leadership and throughout the country remains tense more than a month after the riots in Peking and Teng Hsiao-ping's ouster.*

The party's left wing would like to continue its offensive--especially while the frail Chairman Mao is still alive--by stripping Teng of his party membership and purging other unnamed "capitalist roaders." Party moderates have thus far succeeded in preventing this.

The Chinese leaders are making no secret of the divisions among them. Three leading moderates failed to appear with the rest of the leadership at a reception on April 26 for those who put down the Peking disturbances. These three appeared in public just prior to and immediately following the reception, strongly suggesting that they deliberately stayed away from the ceremony.

There is evidence of a feeling among large segments of the populace that the continuing anti-Teng campaign is besmirching the memory of Chou En-lai. A massive effort

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to root out Teng's supporters could well prompt a new and larger round of political turmoil and further incidents of violence such as the explosion last month at the Soviet embassy--something that leaders of all political stripes would like to avoid.

The bitterness caused by Teng's dismissal suggests that the current stalemate cannot go on indefinitely and that another major leadership struggle will occur before some degree of stability is achieved in the upper ranks of the party.

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Soviets

Cuba

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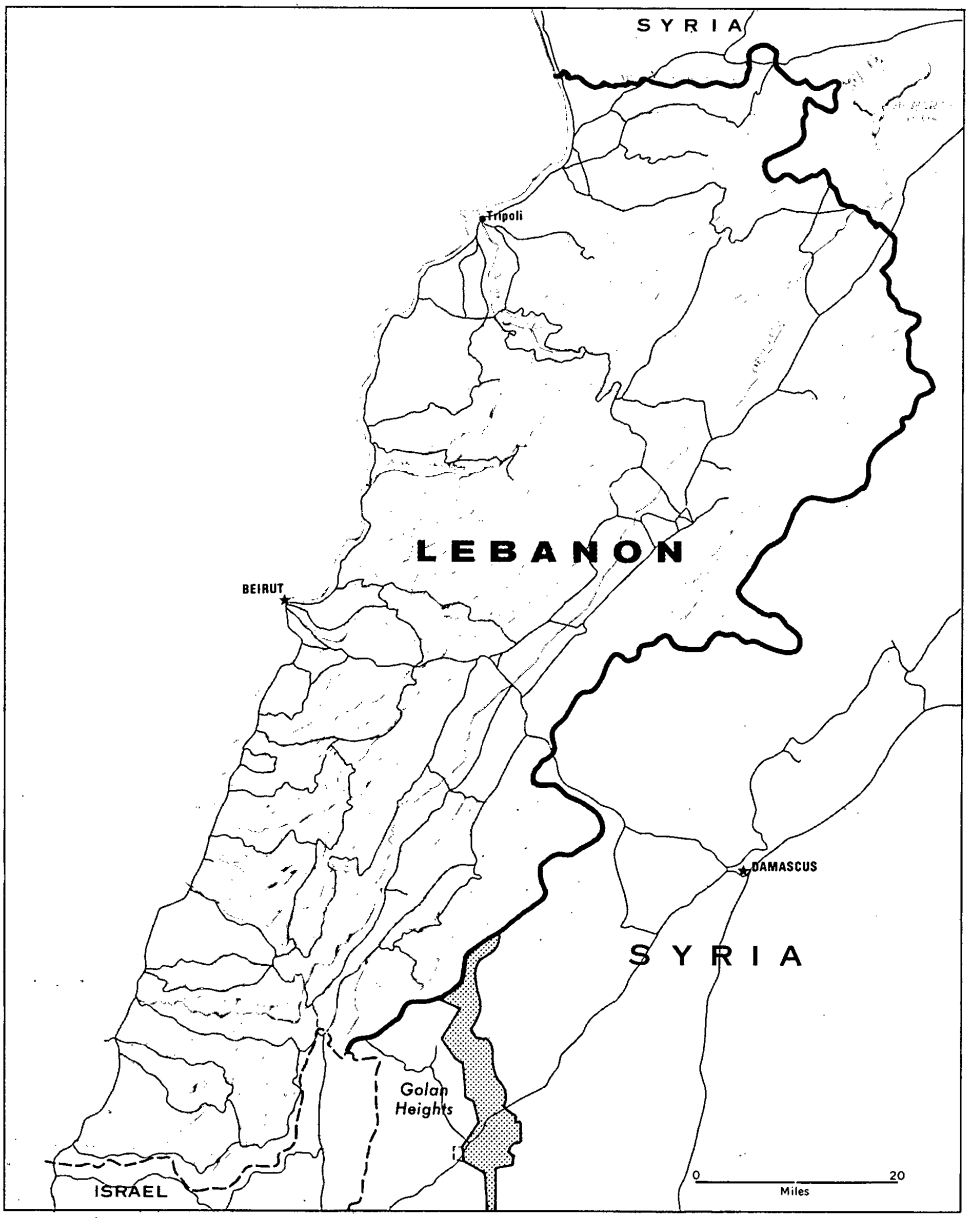

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LEBANON: *Efforts to establish a cease-fire in the mountains of central Lebanon failed again yesterday as Christian forces battled for the fifth straight day to recapture leftist-held territory. The leftists have retaliated by gradually escalating the fighting in disputed areas of Beirut.*

The Christians have made no significant advances in the mountains and yesterday engaged in only light artillery exchanges with leftist militiamen. Although they have little hope of overcoming their adversaries, Christian leaders apparently refuse to allow Syrian-controlled Palestine Liberation Army troops to enter their territory to create a buffer zone.

[redacted] a new cease-fire may have been established late yesterday in Tripoli, where Syrian regular forces have been battling with Iraqi-sponsored Lebanese and Palestinian groups. Reinforcements from Syria crossed into northern Lebanon on Tuesday and may have overwhelmed the pro-Iraqi fighters. 25X1 25X1

[redacted] The total number of Syrian troops in Lebanon stands at over 5,000 men.

On the political front, Interior Minister Shamun added to escalating tensions in Beirut yesterday by "speculating" that President Franjiyah would not resign until security is fully restored. Shamun also issued an ominous warning of Christian reprisals if his nephew, who was kidnaped on April 30, is not released unharmed.

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Most Lebanese believe Shamun's nephew has been murdered and are afraid that the Christians may set off a cycle of atrocities similar to those of last December, which plunged the country into full-scale warfare. 25X1

25X1

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25X1

FRANCE: [redacted]

[redacted] the French President is working to turn back serious challenges to his leadership at home. His difficulties came to a head in March when the Socialist-Communist alliance--led by strong Socialist gains--emerged victorious from local elections. The left's strong performance has raised the possibility that it might gain a majority in the legislative election that must be held no later than March 1978. All French political activity [redacted] is now aimed at influencing that election. 25X1

25X1

In addition, the President's personal popularity, according to opinion polls, has fallen below 50 percent, and criticism of his leadership capabilities has increased. Much focuses on his handling of the nation's economic

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difficulties--the worst since the war--an issue the left is exploiting.

Giscard has worked hard to turn the economy around, and his efforts finally appear to be having some effect. Although inflation will probably continue to run at about 10 percent and the trade deficit seems destined to continue, unemployment should be reduced substantially, and output could be well above the previous peak by the time voters go to the polls in 1978.

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NOTES

The Portuguese *army chief of staff, General Ramalho Eanes, has emerged as the clear front-runner in the presidential election on June 27, following Socialist Party leader Mario Soares' endorsement yesterday.*

Eanes is assured of the backing of the three major democratic parties as well as most of the military, but he may yet face a stiff challenge from left-leaning Prime Minister Azevedo. Eanes still has not declared himself a candidate, but he is expected to make a formal announcement by this weekend.

In announcing his endorsement of Eanes, Soares said that the Socialists still intend to form a minority government. 25X1

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Cuba

25X1

Rhodesian

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Mozambique.

25X1

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Thailand

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Cyprus 25X1

UN officials estimate that there are some 7,800 Greek Cypriots left in the north, about half the number there at the end of hostilities in August 1974, and that the rate of expulsion is about 300 a month.

There is no evidence of an acceleration in immigration from the mainland, but there are now some 20,000 mainlanders in the north. The Turks have maintained that these people are either seasonal migrant workers or Turkish Cypriots who have returned after fleeing the island prior to 1974. 25X1

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France UK

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Jordan, 25X1

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At Annex we discuss France's defense policy as it has evolved under President Giscard d'Estaing.

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THAILAND:

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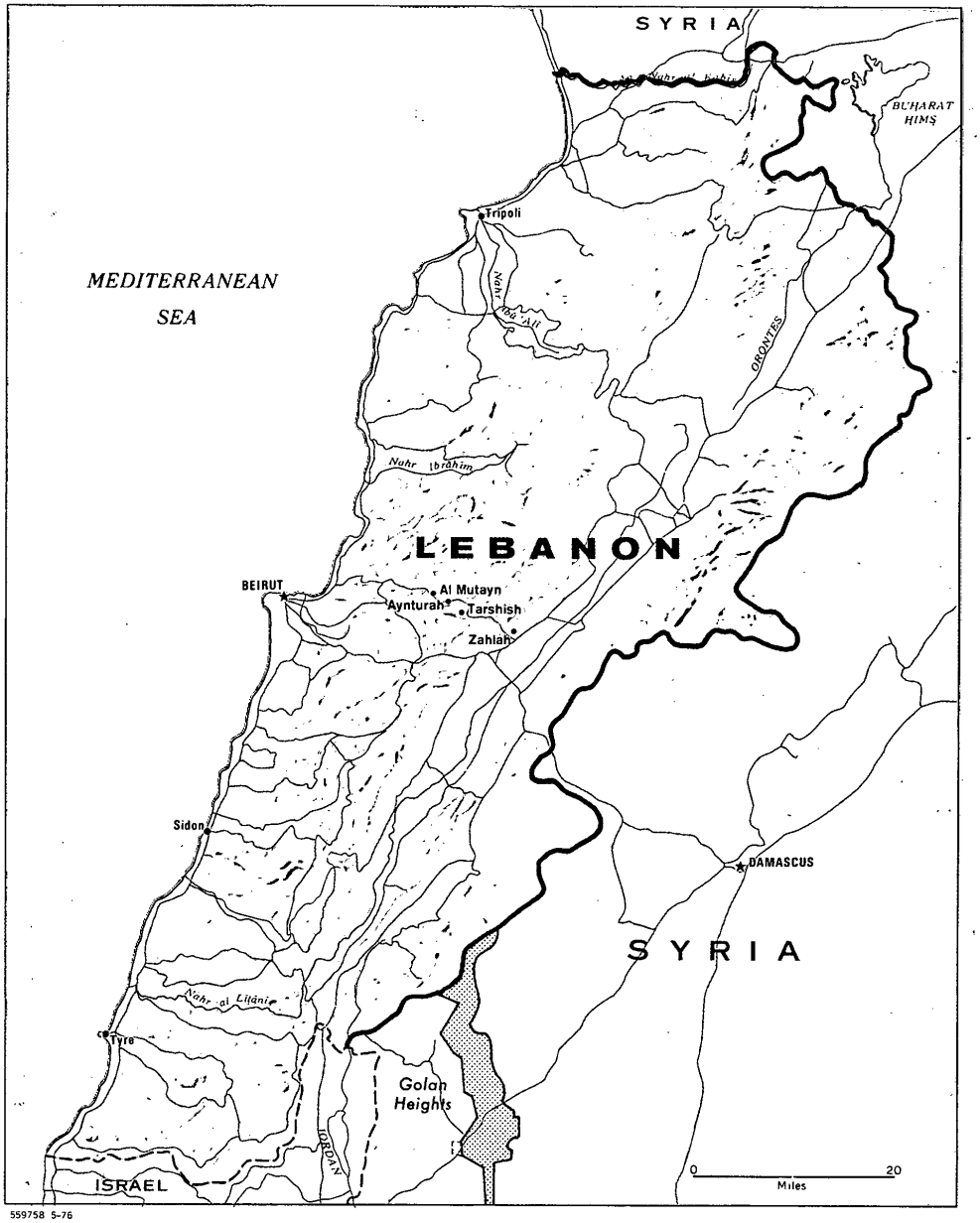

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LEBANON: *The refusal of Christian forces in central Lebanon to accept a cease-fire may cause a complete collapse of the truce in Beirut. Fighting in the capital has escalated every day this week as leftist and Palestinian forces have retaliated against a Christian drive on leftist-held territory in the central mountains.*

25X1

25X1

25X1

Fighting in Tripoli between Syrian forces and Iraqi-sponsored Lebanese and Palestinian units resumed yesterday after a cease-fire arranged on Wednesday suddenly collapsed. The Syrians now seem intent on eliminating Iraqi agents and other local troublemakers and are pressing their attack on a number of leftist strongholds in the area.

The US embassy has learned that Syrian-controlled forces are also moving against Iraqi-backed militiamen in Sidon and Tyre. The

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trouble in these two southern cities has raised some concern in Israel that renewed tensions could cause incidents close to the Israeli border.

The rapidly deteriorating security situation has prompted Sarkis to cut short the traditional round of congratulatory visits and to concentrate instead on engineering a new truce. His efforts to work out a reconciliation with leftist leader Kamal Jumblatt apparently are making some headway. Jumblatt issued another statement yesterday in which he emphasized his admiration for Sarkis personally and explained that he had not backed Sarkis in the presidential campaign only because of Syria's endorsement of his candidacy.

We have no new information on Sarkis' contacts with Christian leaders, who at this juncture hold the key to salvaging the truce. A new round of rumors in Beirut that President Franjiyah intends to delay his resignation suggests that Sarkis may have a difficult time gaining concessions from the Christian leaders on any new cease-fire proposals.

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NOTES

The Syrians *appear to be ready to approve another six-month extension of the mandate for the UN observer force on the Golan Heights.*

The senior Syrian liaison officer to the UN force reportedly has told the UN commander informally that Syria will renew the mandate. The Syrians also have given private assurances to Iran, which has a contingent in the force, that Damascus has decided to approve another extension. 25X1

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* * *

Five or six Soviet *diesel submarines are apparently moving toward the Mediterranean.*

They probably will relieve some of the submarines now on patrol there, most of which have been away from home waters for about a year. This large-scale relief may mark a return to the six-month rotation cycle used by the Soviets until 1973, when they began making more extensive use of port facilities in Alexandria.

With the loss of access to Alexandria, the Soviets may now be compelled to rotate their submarines more frequently between the Northern Fleet and the Mediterranean, with a consequent reduction in patrol time for individual submarines.

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* * *

The Israelis *are bracing for another round of Arab demonstrations and terrorist incidents today and tomorrow.*

Prime Minister Rabin's adviser for Arab affairs told our embassy yesterday that Israeli security forces have been placed on alert to deal with possible trouble. He said they would not, however, be posted in Israeli Arab villages in order to avoid a repetition of the events on March 30, when the security forces in the villages quickly became the targets of Arab violer 25X1

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French

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FRANCE

Ten years after France's withdrawal from NATO, French defense policy still adheres to the Gaullist doctrine of national independence in defense matters. President Giscard d'Estaing has put his own imprint on the doctrine, however, by improving Paris' working relationship with NATO, by expanding the ability of French forces to respond to crises outside as well as within Central Europe, and by joining with his European partners in an effort to enable Europe to assume greater responsibility for its own defense.

Giscard recently re-emphasized that he is not seriously considering rejoining the NATO Integrated Command. He is encouraging a closer relationship with NATO and the US, but he is anxious to see that cooperation takes place on terms which recognize France, and Europe, to be equal partners in the Alliance.

One of the most significant aspects of France's defense policy under Giscard is the move toward a more diversified, more flexible military force capable of defending French interests in both Europe and other critical areas of the world.

Nuclear Weapons

Under Giscard, French strategy still emphasizes the importance of the country's nuclear deterrent force--the third largest in the world. France's strategic doctrine now centers, however, on the second-strike capability of its ballistic missile submarines. Plans to expand France's land-based intermediate-range ballistic missile force have been canceled, and those missiles already deployed have apparently been relegated to a less important role.

Giscard has modified former president Pompidou's policy regarding the use of tactical nuclear weapons. Previously, a presidential order to commit France's main battle force carried with it the authority to use tactical nuclear weapons. Giscard, however, has stated that when France's army is committed to battle it will have nuclear weapons but that actual release authority can only come directly from the president. Such a decision increases Giscard's military options and decreases the chances of an unauthorized or premature escalation into nuclear warfare.

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Conventional Forces

Giscard is stressing, to a greater extent than the Gaullists ever did, the need to strengthen the conventional forces by making them more flexible, mobile, and efficient. The recently announced decisions to reorganize the army and increase its share of the defense budget reflect Paris' continuing effort to achieve these goals.

Under Giscard, the French have begun to reorganize their fleet. Recognizing the increased importance of the Mediterranean and seeing an opportunity to show the flag in the waters near the Middle East, the French reassigned one of their two aircraft carriers to the Mediterranean last fall

25X1

The French continue to maintain the largest Western naval force in the Indian Ocean. They view this fleet as vital to the protection of the West's oil supply and commercial sea lanes. Although Paris may be forced to abandon Djibouti--its only major naval base in the Indian Ocean--when the French Territory of the Afars and Issas becomes independent later this year, it will probably continue to maintain a sizable naval contingent in the ocean, possibly with the help of additional support ships.

Over the next five years, France also plans to modernize and strengthen further its navy by building the first of 20 planned nuclear-powered attack submarines, the country's first nuclear-powered helicopter carrier, a sixth ballistic missile submarine, and a number of nuclear-capable naval aircraft.

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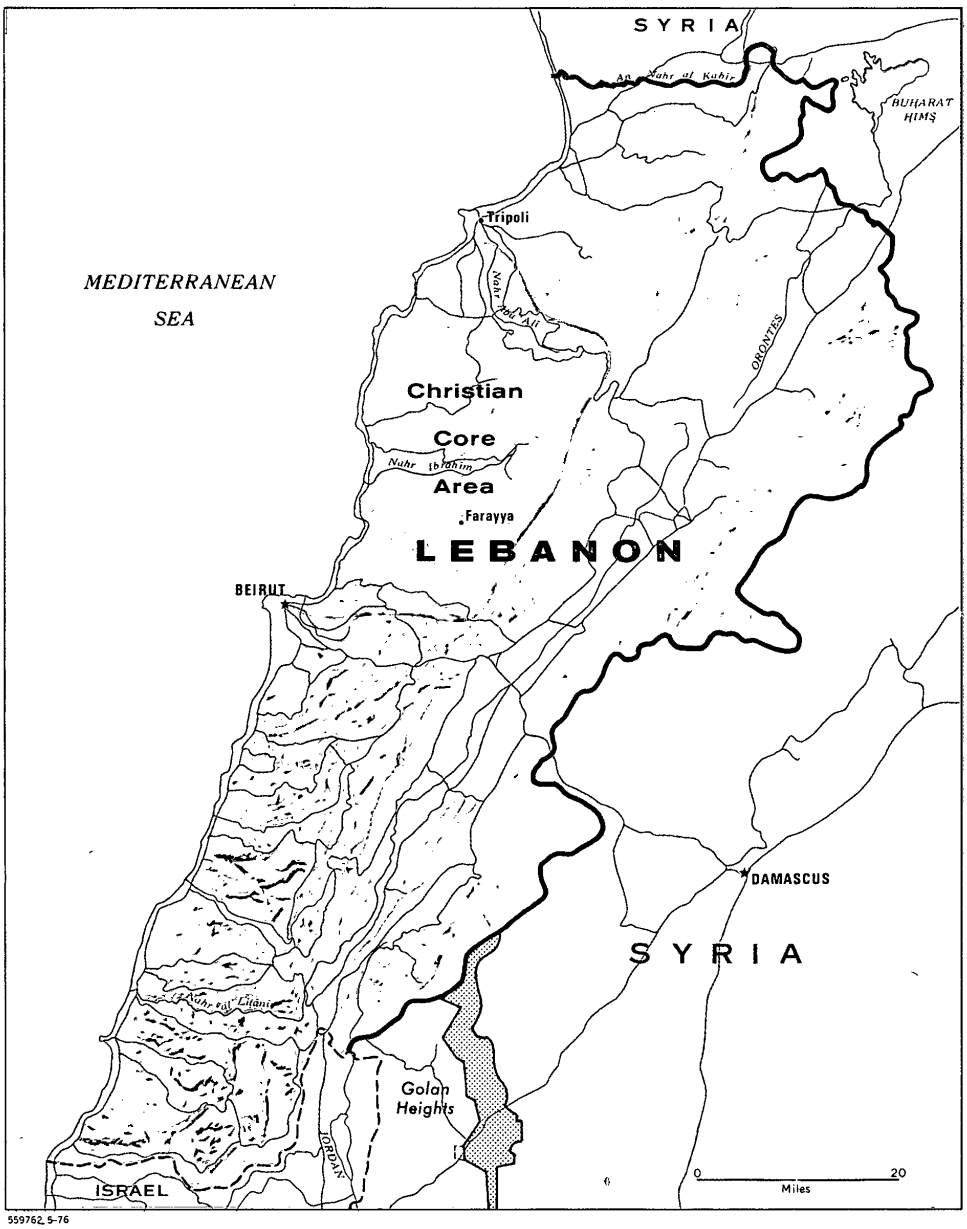

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LEBANON: *Prime Minister Karami yesterday called for still another cease-fire. The latest accord, negotiated by the Lebanese-Syrian-Palestinian "higher military committee," began to go into effect late last night.*

The cease-fire appears to have begun to take hold in the Tripoli area, where the contending factions reportedly have agreed to withdraw from the city and form a joint force to patrol the truce.

If the new cease-fire fails to hold, Syria probably will push ahead with its effort to destroy the military capability of the Lebanese leftist and Palestinian extremist groups. 25X1 25X1

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the first time claimed to have pushed from Muslim-controlled eastern Lebanon to a point where they command the heights overlooking the town of Farayya. This would be the leftists' deepest penetration into the Christian core area of the country.

* * *

USSR-SYRIA-LEBANON:
Moscow has become increasingly unhappy with Syria's policy in Lebanon.

An important Soviet Foreign Ministry official earlier this week said that although the USSR supported Syrian mediation "in principle," Moscow did not approve the manner in which it has been conducted. He said that Syrian initiatives should have been neutral, and indicated that Moscow was clearly uncomfortable with Syrian advocacy of the candidacy of president-elect Sarkis.

Soviet misgivings about Syrian policy stem in part from the dilemma Moscow now faces in Lebanon--having to walk a tightrope between the Syrian-backed Sarkis and Soviet allies among the Lebanese leftists and the Palestine Liberation Organization. It also reflect Soviet concern that Washington's satisfaction with Damascus' policy in Lebanon may portend further US-Syrian exchanges on a Middle East settlement.

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USSR: *Last year's harvest failure is increasingly affecting food supplies, but we anticipate an easing by early summer. Citizens are grumbling, but the only report of civil unrest concerns a work slowdown by stevedores in the Baltic seaport of Riga--through which food supplies continue to be exported--to protest food shortages.*

In rural areas severe shortages of meat and sausage, butter, milk, sugar, eggs, rice, flour, and noodles are being noted in state retail outlets with increasing frequency. Staple vegetables--potatoes, cabbage, and onions--are available only in collective farm markets at unusually high prices. Bread supplies appear to be generally adequate, although there are a growing number of reports that bread is of poor quality.

Urban residents are also becoming more aware of shortages. Embassy officers have noted meat shortages in a few cities but have generally found that supplies of most foods, including bread, are "basically adequate." Moscow shoppers were irate that no special efforts were made to stock stores for May Day.

Shortages of vegetables and dairy products should ease as the new crop becomes available in July or August. Production of meat, however, will continue at reduced levels for the balance of the year. Moscow could double last year's imports of 500,000 tons of meat to augment domestic supplies, but so far--other than unknown amounts of meat purchased from East Europe--the Soviets have contracted for only small quantities of mutton and beef from New Zealand.

* * *

SYRIA: *Damascus is experiencing a severe foreign exchange squeeze that is imposing some foreign policy constraints.*

A temporary suspension of subsidy payments by Saudi Arabia, Kuwait, and other Arab donors, the recent cut-off of oil pipeline transit payments by Iraq, and increasing

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costs of Syrian involvement in Lebanon have contributed to the present difficulty. The Saudis and Kuwaitis, by withholding aid payments, are pressing Damascus to bury the hatchet with Cairo.

The Soviets may try to exploit the situation by offering economic assistance in return for greater use of Syria's ports for their Mediterranean Fleet. The US embassy in Damascus believes that the Syrians would never agree to allow the Soviets to establish a naval base there.

The Syrians might agree, however, to allow the Soviets to use facilities at Latakia for storing spare parts and naval munitions, particularly if the Soviets offer to stretch out payment terms on past Soviet-Syrian arms deals.

* * *

JORDAN-UK: *King Husayn remains cool to the British offer to sell Jordan the Rapier surface-to-air missile system as an alternative to the US Hawk and to a Soviet missile system.*

Husayn told [redacted] it is too late for Jordan to consider any but the Soviet alternative to the Hawk. The King believes that only the Soviet Union and the US are able to provide Jordan with what it wants--"a complete system and neccessary back-up." A Soviet air force delegation is scheduled to arrive in Amman on Monday to discuss a possible deal for the Soviet system. 25X1

In spite of King Husayn's negative remarks, Jordan apparently has not completely ruled out the possibility of buying the Rapier system. Husayn has agreed to a meeting between his military representatives and a team of British experts today.

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NOTES

An authoritative Soviet *article on Thursday lashed out at the "unbridled" anti-Cuban campaign that it said was being waged by certain* US *officials and elements of the US news media.*

The article, in Pravda, may be a concession to Havana following Cuban Defense Minister Raul Castro's recent visit to the USSR. The Soviets reportedly turned down Castro's request for more sophisticated weapons, but they may have agreed to step up their propaganda attacks against US policy toward Cuba.

* * *

India *and* Pakistan *announced yesterday that they have agreed to resume diplomatic relations, severed during their 1971 war.*

Agreement was also reached to restore civil air links, overflights, and rail communications. The new agreements are part of a general lowering of South Asian tensions in recent weeks, including a decision by China and India to resume ambassadorial-level relations and a commitment by Pakistan and Afghanistan to hold a summit conference soon. The exception is Bangladesh's problems with India, particularly over distribution of water from the Ganges River.

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The Polish Foreign Ministry has warned the US embassy in Warsaw that a group of extreme leftists or anarchists may be preparing unspecified actions against US diplomatic missions in Eastern Europe later this month.

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The Poles have obtained information about a group [redacted] that allegedly wants to create an incident sometime around May 20 to dramatize its view that the USSR and the East Europeans are "betraying the revolution" by maintaining close relations with the United States. 25X1

A Foreign Ministry official said increased security measures, including a doubled guard at the US embassy, would be put into effect through the end of May. He did not say whether Warsaw had passed this information to other East European capitals.

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Jamaica-Cuba: [redacted] 25X1

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At Annex we discuss the prospects for the Italian Communist Party in the coming parliamentary election.

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LEBANON: *The latest cease-fire failed again in Beirut over the weekend, but the situation has calmed down in Tripoli where heavy fighting occurred last week between Syrian forces and pro-Iraqi elements.*

Damascus, responding in part to a demarche from Lebanese Muslim leaders, has withdrawn some of its regular forces and Saiqa units from Tripoli. The Syrian-controlled Palestine Liberation Army reportedly also has moved its forces out of the city.

President-elect Sarkis continued his round of consultations with various Lebanese political factions and is scheduled to meet with President Franjiyah today. Sarkis is still trying to work out a reconciliation with leftist leader Kamal Jumblatt.

Tensions between Syrian authorities and local Palestinian communities in Syria have increased as a result of the growing number of casualti 25X1 Syrian Palestinian forces have sustained in the fighting in Lebanon.

25X1

* * *

USSR: *The Soviet Union's annual growth rate in industrial production will be the lowest since World War II if it continues to maintain its first quarter rate--4 percent compared with 6.4 percent in the same period last year.*

The consumer is bearing the brunt of industry's mediocre performance. Last year's poor harvest is reflected in decreased production of processed food--down nearly 7 percent from output in the first three months of 1975. A good harvest this fall could brighten the agricultural picture by the end of the year, but any improvement would require more than 3 months to affect industrial production.

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The dismal quarter for industry hardly comes as a surprise to the Soviet leadership. When the total 1976 production target was established last December, the planned growth rate was the slowest since World War II. What probably distresses the leaders is the host of individual products that did not even meet the reduced goals.

* * *

CHINA: *An article commemorating the tenth anniversary of the opening of the Cultural Revolution, published jointly yesterday by China's three leading journals, sets forth clearly the concerns of leading leftists within the regime. It stops well short of a call to action against more conservative elements associated with former vice premier Teng Hsiao-ping.*

The article accuses Teng of "mustering unrepentant capitalist-roaders and putting them in positions of power." This is the clearest and most authoritative indication that the leftists hope to broaden the campaign and purge party officials who were "rehabilitated" and given important posts in the past several years. The operative paragraphs of the article, however, merely call for continuing criticism of Teng alone.

According to the article, the so-called capitalist-roaders "hold a very large proportion of the party and state power." This admission not only indicates that leading regime organs--the Politburo, Central Committee, and State Council and perhaps the military as well--are split, but also strongly suggests that the leftists are in a minority. The leftists seem to be making the strongest possible case for their viewpoint in hope of winning over fence-sitting or neutral figures in the party and military.

The split at the upper levels of the regime appears to be causing increasing problems in the provinces. Work slowdowns, factional

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disputes, and demoralization of lower level cadre seem to be widespread. The confusion may be approaching that observed during the anti-Confucius campaign of 1974, but it does not begin to approximate that of the Cultural Revolution itself. The central authorities continue to inveigh against the formation of "fighting groups" and against mass movements from place to place by activists--two hallmarks of the 1966-68 revolution.

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JAMAICA-CUBA:

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ANNEX

ITALY'S PARLIAMENTARY ELECTION

On June 20, in Italy's seventh parliamentary election since World War II, the Communists have their first real opportunity to replace the Christian Democrats as the country's largest party and to acquire a share of power at the national level. The prospect of such a breakthrough by the Communists will overshadow all other campaign issues.

Although the Communists had been gaining gradually since the 1946 constituent assembly race and had been the second largest party since 1953, they still trailed the Christian Democrats by more than 11 percent in the 1972 parliamentary election. Last June the Communists captured about a third of the vote in nationwide regional and local elections, coming within 2 percent of the Christian Democrats. This gave the Communist question a new immediacy, deepened existing divisions within the governing parties, and dealt the final blow to the foundering center-left alliance that had governed Italy since 1963.

There will be at least eight parties on the ballot, but the shape of things in the post election period will hinge mainly on the outcome of the competition between the Christian Democrats, Communists, and Socialists. Together these parties controlled about 80 percent of the seats in the outgoing parliament.

The Christian Democrats

The fortunes of the Christian Democrats are at a postwar nadir. They have not recovered from the shock of the Communist party's advance last summer and have yet to unite to formulate a long-term strategy aimed at reversing the trend toward the Communists. The party lacks decisive leadership and is weakened by domestic and international scandals. Efforts to get the Christian Democratic campaign off the ground, moreover, are hampered by a traditionally creaky organization, a shortage of funds, and continuing friction between the Christian Democratic left and right.

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Fanfani, Zaccagnini, and Moro

The party left--led by Christian Democratic secretary Zaccagnini and Prime Minister Moro--appears uncomfortable with the idea of running a campaign that relies mainly on an anti-Communist theme. Party president Fanfani and other conservatives believe the party's campaign should emphasize the uncertainties and dangers that would result if the Communists gain increased influence at the national level.

Fanfani's argument is likely to prevail and result in a Christian Democratic attempt to turn the election into a referendum on the question of Communist entry into the government. The Christian Democrats are likely to challenge in particular the Communists' professed commitment to a democratic and pluralistic society and to focus attention on the Communists' failure so far to make a definitive break with Moscow.

The Communists

The last year was the most successful in the Communist Party's history. As a result of the party's gains in the local elections, 60 to 65 percent of the Italian population is now governed by regional or local administrations dominated by or dependent on the Communists.

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In addition, the Communists are operating in a far more receptive political atmosphere than at any previous time. The Christian Democrats' three most likely coalition partners--the Socialists, Social Democrats, and Republicans--all have endorsed formulas that would formalize consultations with the Communists.

Despite the factors working in their favor, the Communists are troubled by several tactical and strategic problems. They worry, for example, about attacking the Christian Democrats while at the same time defending party chief Berlinguer's "historic compromise" proposal that calls for an eventual alliance with them. The Communists are also concerned about how to hold on to the new middle class votes they won last June without alienating the party's labor base in the process.

The principal Communist fear is that the Christian Democrats may be able to exploit the uncertainty that many Italians continue to feel about how the Communists would behave once in power and to capitalize on the international controversy that will surround the campaign. Berlinguer as a consequence has decided to de-emphasize the "historic compromise" during the campaign. In a major speech last week, he called for a post-election "emergency" government, including all parties except the neo-fascists.

Berlinguer

The Socialists

The Socialists occupy a pivotal role between the Communists and Christian Democrats and are hoping to gain enough votes to minimize the dangers they see in allying with either of the larger parties. Ideologically, the Socialist Party prefers the Communist Party but fears domination and eventual extinction in an alliance with Berlinguer.

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The Socialists have less fear of working with the Christian Democrats, but dislike their policies and worry about the electoral repercussions of continued partnership with a declining party.

As a result, Socialist chief De Martino is trying to mount a campaign that leaves all of the party's post-election options open. The Socialist campaign will doubtless feature claims that a strengthened Socialist Party would be able to force the Christian Democrats to adopt social and economic reforms they have resisted so far.

At the same time, the Socialists are likely to call at least for open Communist participation in the formulation of government programs, hoping in that way to avoid being the only party on the left that must accept responsibility for government actions.

De Martino signs seem to point to a limited and indirect role for the Communists.

In discussing post-election possibilities, most Italian political leaders appear to have concluded already that it will be impossible to avoid some form of open Communist involvement in national policymaking. The major question appears to be whether it will be indirect--as in the case of a coalition committed to consult the Communists--or direct--a Communist alliance with either the Socialists or Christian Democrats or a broadly based emergency government. With the election still five weeks away, most

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Jordan-Libya: [redacted] *(Page 2)* 25X1

USSR: Brezhnev's more frequent public appearances recently follow two months of subtle change in Soviet leadership behavior. *(Page 3)* 25X1

[redacted] 25X1

Note: Sudan-Ethiopia *(Page 5)*

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LEBANON: *The severity of the fighting in Beirut over the weekend prompted new threats yesterday from President Franjiyah that he will not resign until security improves.*

It is not clear whether the President's threat was issued solely on his own initiative or was part of an alleged secret agreement between Christian and Syrian leaders that Franjiyah delay his resignation until Syria eliminates the radical Muslim security threat. 25X1

25X1

The Christians themselves appear to have initiated a new offensive against the leftists in Beirut. Both Christian and Muslim militiamen using heavy artillery shelled residential areas indiscriminately, causing high death tolls. Although the bombardment subsided somewhat yesterday, fighting continues in most areas of the capital.

Tripoli remained relatively quiet yesterday in the wake of heavy clashes there last week between Syrian forces and Iraqi-sponsored leftist groups. There is still considerable tension, but some Palestine Liberation Army commanders responded over the weekend to a withdrawal order from Yasir Arafat.

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EGYPT:

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JORDAN-LIBYA:

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USSR: *Brezhnev's more frequent public appearances and the burst of acclaim for him follow two months of subtle signs of change in Soviet leadership behavior.*

The leadership used the party congress to mark time and emphasize continuity and stability. Since then, there has been some indication that Brezhnev's reduced stamina has been recognized and that duties among the leadership have been redistributed. Other senior leaders have usually been called on to fill in for Brezhnev.

According to the US embassy, there are rumors in Moscow of political changes when the Central Committee meets again, perhaps in June. The rumors include shifts in top leadership offices or the elevation of Brezhnev to a less active but still authoritative status.

The balance of forces represented in the leadership for over a decade does not appear to have been upset, however, and there is no convincing evidence that any faction of the leadership will be able to dictate succession moves in the near future. Indeed, most senior leaders probably see their interests best served by the status quo and are reluctant to push for changes.

Any changes in relationships within the leadership in the near future probably will involve elevating Brezhnev to a more honorary status while altering the leadership balance as

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little as possible. The evidence does not yet demonstrate, however, that the leadership is ready to take such a step.

* * *

EGYPT-ISRAEL: [redacted]

25X1

25X1

Although Cairo in late April moved the armored personnel carriers from two mechanized infantry battalions to the west bank of the canal, combat and service support units co-located with these two battalions were still seen on the east bank--suggesting that some elements of the two battalions also remain there.

In a conversation with Ambassador Eilts last week, Egyptian Minister of War Gamasy said that he had not been able to reduce the number of battalions to the permitted eight because of "technical and administrative reasons." Gamasy noted that there already had been a reduction in the number of battalion headquarters, and indicated that the remaining redeployments would take place by May 20.

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NOTE

Sudan is worried that Ethiopia's planned offensive against Eritrean rebels might involve Sudanese forces in the fighting.

The Sudanese are afraid that the Ethiopians will send air and ground forces into Sudanese territory in hot pursuit of fleeing Eritreans. The Khartoum government has warned that it will take defensive measures and apparently has asked Iraq and Syria for SA-7 hand-held missiles and other air defense weapons.

We believe Ethiopia will try to avoid violating Sudanese territory during the forthcoming offensive, but there could well still be border incidents.

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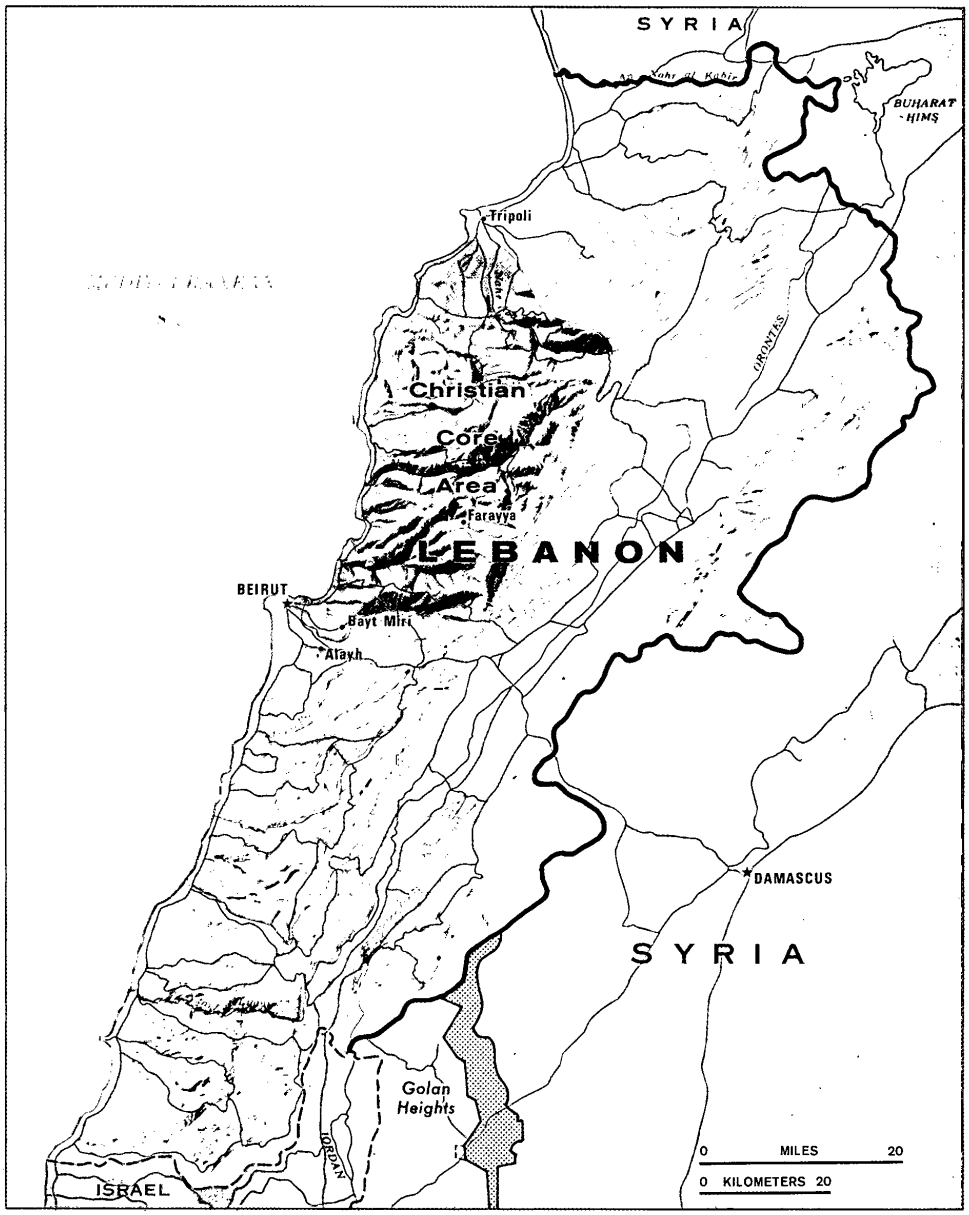

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LEBANON: *The rift between Damascus and Palestinian leaders over Syria's recent attacks on Lebanese and Palestinian leftists has stalled attempts to work out a new cease-fire agreement. The joint Lebanese-Palestinian-Syrian truce committee apparently has not met since early last week.*

Libyan Prime Minister Jallud's efforts to mediate the dispute are not likely to amount to much. Jallud's lavish praise of Syria's role in Lebanon, on the one hand, and his promises of unlimited aid to the Lebanese left, on the other, underscore Tripoli's poor understanding of the nature of the dispute.

The Syrians seem to have little interest at the moment in resolving their differences with the Palestinians or in engineering a new truce. Their reluctance may be the result of their alleged agreement with the Christians to delay the transfer of power from President Franjiyah to Ilyas Sarkis until Syrian forces in Lebanon eliminate the security threat from Lebanese and Palestinian radicals. A report that additional Syrian troops moved into Lebanon yesterday lends additional credence to this allegation.

During the past two weeks, more than 1,000 regular Syrian troops have entered Lebanon, most of them disguised as members of Saiqa, the Palestinian group supported by Damascus. These troops are primarily concentrated in the Tripoli and Beirut areas. We believe there are well over 5,000 Syrian troops inside Lebanon and over 2,000 more in Syria adjacent to the east-central Lebanese border who could move in on short notice.

Heavy fighting continued in Beirut yesterday as leftist and Christian militiamen struggled to regain territory in the port area and commercial district. Both sides continue to shell residential areas and to impede the delivery of food and fuel supplies.

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The situation in the mountains east of the capital also worsened as leftist forces gained positions from which they can shell the Christian resort area of Farayya. The leftist advance on Farayya, which is well within the Christian core area, apparently triggered the renewal yesterday of a major artillery duel between the Christian city of Bayt Miri and Kamal Jumblatt's stronghold at Alayh.

* * *

SYRIA-EGYPT: *The joint Saudi-Kuwaiti effort to mediate the dispute between Syria and Egypt appears to be off to an inauspicious start.*

Egyptian and Syrian leaders appear reluctant to reconcile their differences at their meeting which begins in Riyadh today. The Syrians seem determined to raise the second Sinai agreement as the principal topic of discussion and to elicit at least the appearance of change in Egypt's position on the accord as a condition for reconciliation.

Cairo will flatly refuse to discuss the Sinai agreement. The Egyptians will almost certainly avoid even a reiteration of their policy on the accord in order not to appear to be making concessions to Syria. 25X1

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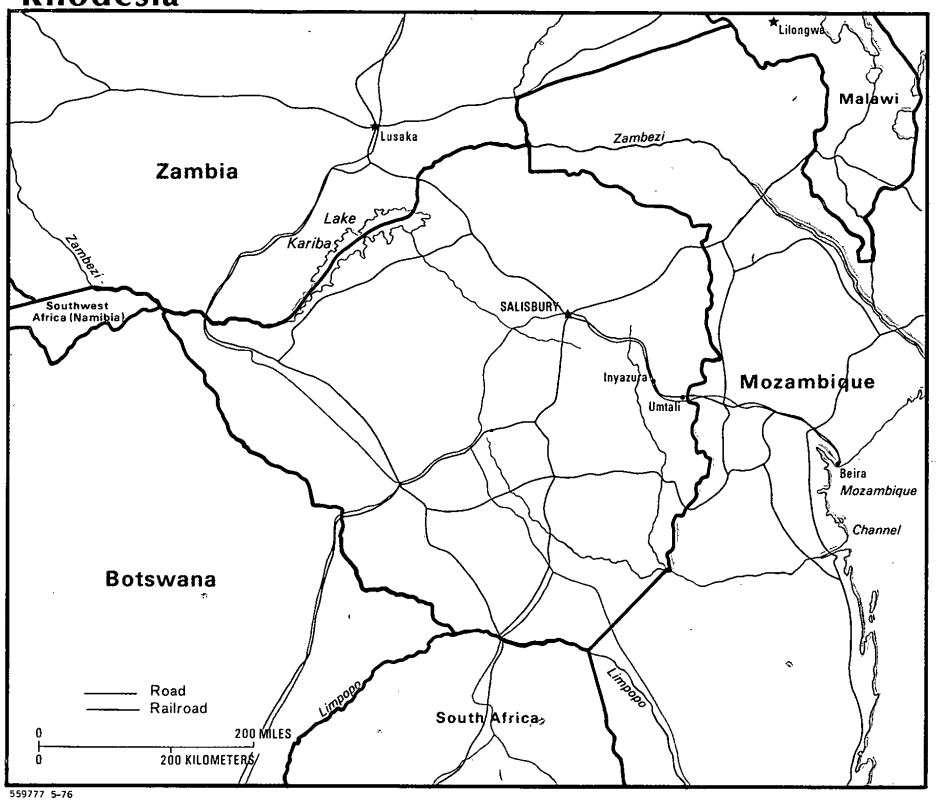
Rhodesia



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RHODESIA: *Small groups of guerrillas appear to have penetrated deeper into Rhodesia than they have previously, despite more aggressive counterinsurgency operations by Rhodesian security forces.*

The heaviest action continues to be in the northeastern border area, the center of guerrilla operations. Last weekend, rebels blew up gas pumps in an attack at Inyazura, some 80 kilometers (48 miles) from the Mozambique border, forcing the government to suspend night passenger train service between Salisbury and Umtali.

Following the recent highly publicized attacks on rail lines, the Rhodesian government has increased security in the southeast, where they previously had few troops or police stationed. Thus far this month, the army has mounted two sweep operations in the region and has announced that its current offensive could last for some time.

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NOTES

Food shortages in the USSR *are leading to reports in the Western press of civil disturbances.*

The French newspaper Le Figaro carried an article on the subject yesterday. It said Westerners returning from the southern part of the European USSR report that, in Rostov and Kiev, stalls were smashed in the collective farm markets and windows of several state food shops were broken by Soviet citizens dissatisfied with the small amount of produce on sale.

* * *

Turkey *is planning to hold air and naval exercises in the Aegean from June 2-5 that will come within six to seven nautical miles of four* Greek *islands.*

The Greeks reportedly believe the chances of a confrontation are low but are nonetheless concerned. The Turks have said on several previous occasions that they would hold exercises within the Greek-claimed 10-mile airspace limit but no penetrations were reported.

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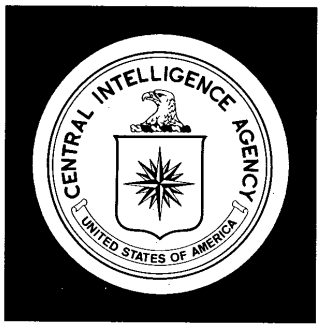

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Romania-USSR: There are rumors in Bucharest that reserves are being called up because of a fear of Soviet intervention. *(Page 2)*

China: Two Chinese oceanographic research ships are about to return home after an unprecedented seven-week voyage some 4,000 nautical miles from the China coast. *(Page 3)*

Notes: USSR; Portugal; Canada-India; USSR-Mozambique *(Pages 4 and 5)*

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LEBANON: *Leftist leader Kamal Jumblatt finally met with president-elect Ilyas Sarkis yesterday and, according to press reports, concluded a tentative agreement on a cease-fire.*

We have not yet received details on the agreement, but unconfirmed press reports claim that Sarkis guaranteed Christian adherence to the truce and promised that President Franjiyah would resign if the cease-fire holds for eight days. The truce apparently will go into effect by Friday.

Jumblatt said in a statement last night that he had not officially accepted the truce proposal and that final approval had to await a meeting of leftist representatives.

25X1

on Tuesday Jumblatt and his allies had agreed in principle to a truce. They reportedly were prepared to accept a cease-fire followed by a "roundtable" dialogue with Sarkis as chairman.

Syrian President Asad also agreed to this formula. Phalangist leader Pierre Jumayyil--who has recently been cooperating closely with Damascus--announced yesterday that he would also go along with the dialogue proposal.

25X1

Heavy fighting continued in the mountains east of Beirut yesterday, despite the press announcement of the truce. Neither side, however, has made any significant territorial advances in the past few days.

* * *

SYRIA-EGYPT: *The meeting of Egyptian and Syrian prime ministers scheduled to begin in Riyadh yesterday was postponed indefinitely at the last minute.*

No explanation was given for the postponement, but an Egyptian news service report suggested that the initiative for the delay was Cairo's. Egypt had insisted that it would not entertain discussion of the Sinai agreement during the

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meeting, and it is possible that Sadat refused to participate without assurances that the subject would not be raised. 25X1

The Saudi and Kuwaiti foreign ministers are now scheduled to visit Cairo on Saturday, presumably in an attempt to get the meeting back on track. The Kuwaiti foreign minister said yesterday he believed the meeting would open late next week.

* * *

ROMANIA-USSR: *There are rumors in Bucharest that Romania is calling up reservists because of a fear of Soviet intervention.*

There is no evidence that a general mobilization of Romanian forces is in progress, but some reservists may have been called up to participate in regular spring field training exercises. There has been no indication of any unusual Soviet military activity along the Romanian border. 25X1

President Ceausescu, when faced with increased pressure from Moscow in the past, has used the tactic of pointing to a magnified Soviet menace in order to strengthen his country's resolve and show national unity. 25X1

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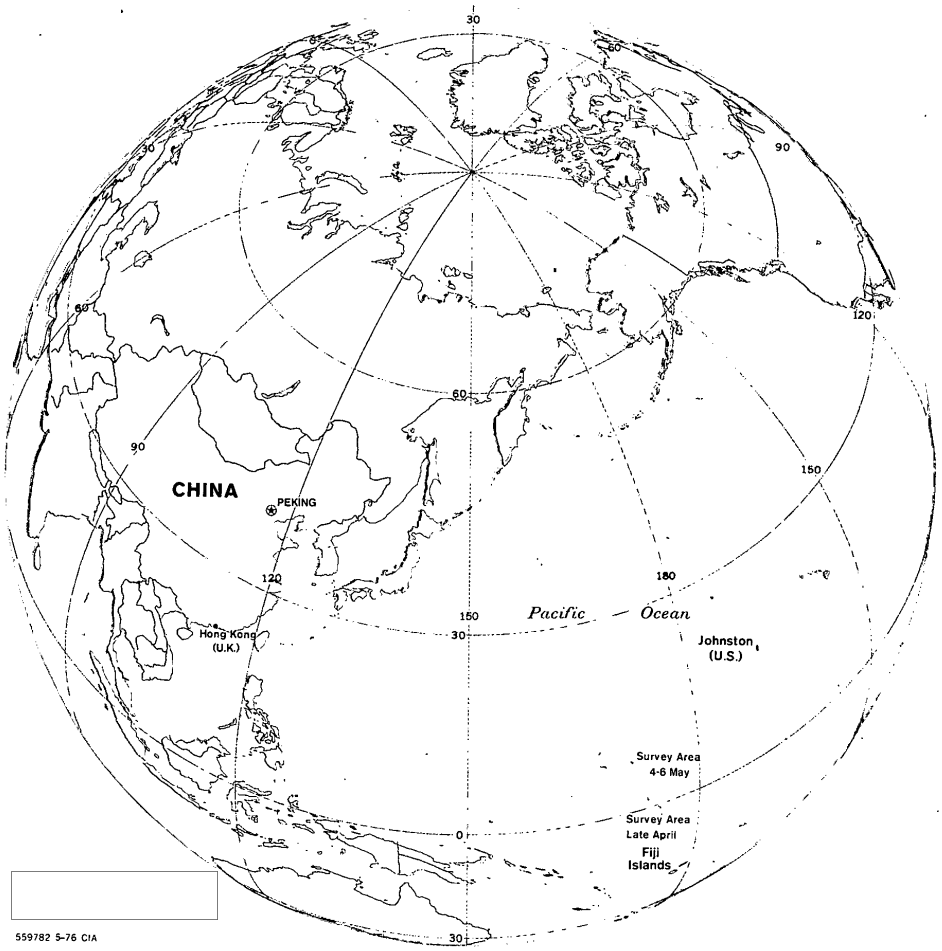

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The current spate of rumors has caused some panic buying by Romanian citizens.

* * *

CHINA: *The two Chinese oceanographic research ships are about to return to their home port in the Canton area after an unprecedented seven-week voyage some 4,000 nautical miles from the China coast.*

Peking claimed the ships were engaged in peaceful hydrographic and meteorological work.

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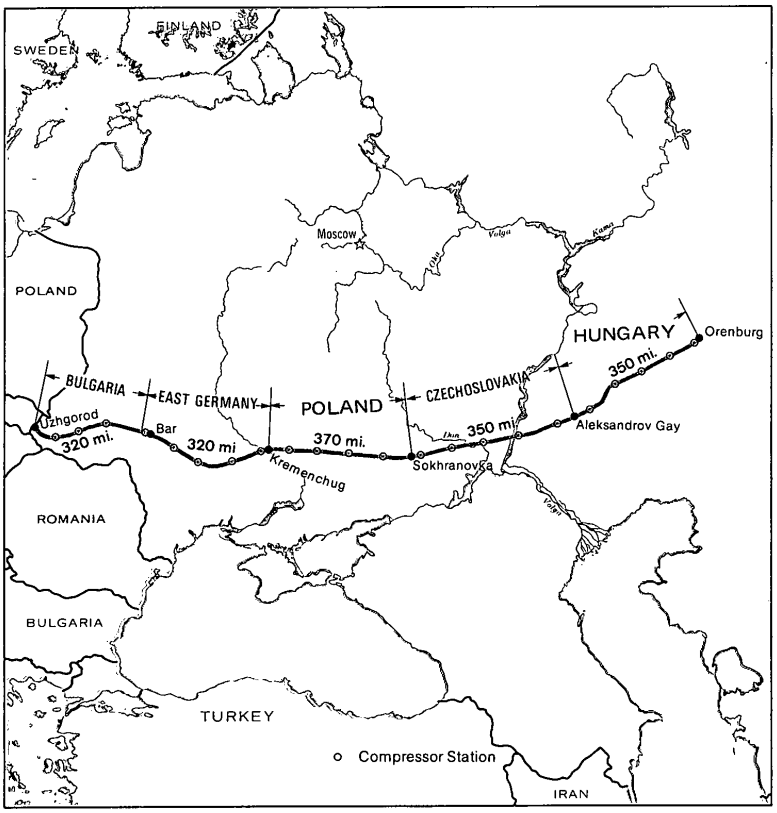

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NOTES

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The USSR has begun ordering equipment from Western Europe for the 22 compressor stations to be installed along the Orenburg gas pipeline.

25X1

Because of the lengthy negotiations for the compressors, full operating capacity of the pipeline will not be attained until late 1980 or 1981. It will stretch 2,750 km (1,708 miles) from the large Orenburg natural gas field in the southern Urals to Uzhgorod at the Czech border, and at full capacity will supply Europe with up to 29 billion cubic meters of gas annually.

* * *

Socialist leader Mario Soares of Portugal appears to have made substantial progress toward a post-election arrangement with the two rival democratic parties by successfully playing upon their desire to minimize Communist Party influence in the next government.

Following an amicable meeting with Soares, Popular Democratic Party chief Sa Carneiro, an erstwhile foe of Soares' plans to form a minority Socialist government, now says he has promised his party's "quiet cooperation." The Socialists are also conferring frequently with the center-right Social Democratic Center.

The talks so far seem to suggest that the two rival parties are increasingly inclined to rally behind key Socialist policies and programs, although the details will still have to be worked out in the legislature on a case-by-case basis.

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Canada's decision not to resume nuclear assistance to India removes a major constraint on India's conduct of a second nuclear test.

The Canadian cabinet rejected a proposed agreement for resuming Canadian aid, initialed in New Delhi last March [redacted] 25X1

25X1

25X1

India is likely to resume its testing program, but the timing of the next test will be influenced heavily by political factors. Prime Minister Indira Gandhi may decide to defer the test because it could jeopardize an agreement with Pakistan to restore diplomatic relations and transportation links by late July. New Delhi may also calculate that an early test might adversely affect upcoming hearings by the US Nuclear Regulatory Commission on the release of fuel for an Indian power reactor.

* * *

The Soviets have given a warm welcome to Mozambican President Samora Machel, who arrived in Moscow on Monday for an official state visit.

Soviet media have heaped effusive praise on Machel, emphasizing that the USSR is the first non-African country to receive the President since Mozambique gained independence last June.

At the welcoming banquet, Soviet President Podgorny praised Moscow's "consistent and principled" record of support for African liberation struggles and clearly implied that the Soviet Union was prepared to continue making military aid available to liberation forces in southern Africa. No mention has yet been made of new military or economic aid for the Machel regime.

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USSR: [redacted] *(Page 2)* 25X1

USSR: Fourteen underground grain storage bunkers have now been identified [redacted] *(Page 3)* 25X1

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At Annex [redacted] Cuba [redacted] 25X1
[redacted] Angola [redacted] 25X1

25X1

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LEBANON: *Fighting fell off sharply yesterday despite Kamal Jumblatt's denials that the leftists have agreed to a cease-fire.*

Jumblatt indicated that he and his leftist allies are still studying a proposal made on Wednesday by president-elect Sarkis to reopen negotiations for a political settlement.

A senior Syrian military officer recently told the US defense attache that Syria's immediate objective is a cease-fire, not negotiations or Franjiyah's resignation. He implied that Syria is prepared to enforce the cease-fire. 25X1

25X1

The Christians have allowed Syrians and Palestinians to patrol disputed areas during previous cease-fires but always have denied them access to Christian areas. 25X1

25X1

* * *

SYRIA: *Leaders of Syria's ruling Baath Party have been meeting this week in Damascus, apparently to review Syrian strategy in Lebanon. President Asad presumably will elicit a statement of support from the group in an effort to counter increasing domestic criticism of his actions in Lebanon.*

Asad needs an expression of party support at this time. Demonstrations against Syria's role in Lebanon have occurred recently in several areas of Syria and among all principal ethnic groups. Arab students in Europe have staged protests at some Syrian embassies.

Many Syrians not actively involved in the protests presumably are unhappy with the economic problems

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associated with the Lebanon campaign--some basic commodities are now scarce or available only at inflated prices--and share the feeling that Asad is protecting the Lebanese Christians. [redacted] disaffection is especially widespread among Syria's Druze population as a result of Asad's attacks on Lebanese leftist and Druze leader Kamal Jumblatt. 25X1 25X1

Security forces in Syria have responded to the growing unrest by arresting large numbers of civilians and some government officials and military officers. Several hundred persons may have been detained over the past few weeks, although many apparently have subsequently been cleared and released.

* * * 25X1 25X1 25X1

USSR: [redacted] 25X1

[redacted]

[redacted]

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* * *

USSR: *Fourteen underground grain storage bunkers have now been identified*

Most of the bunkers are located near large cities in the European part of the Soviet Union. Their storage capacities range from approximately 30,000 to 100,000 metric tons, with the combined capacity estimated to be about a million metric tons. This figure is a very small amount in relation to civilian requirements and the equivalent of approximately 1 percent of total off-farm storage capacity.

25X1
25X1

All of the sites are 15 kilometers (9 miles) from the nearest large city. They also are generally upwind of the city, which indicates nuclear fall-out patterns may have been a consideration in their construction.

25X1

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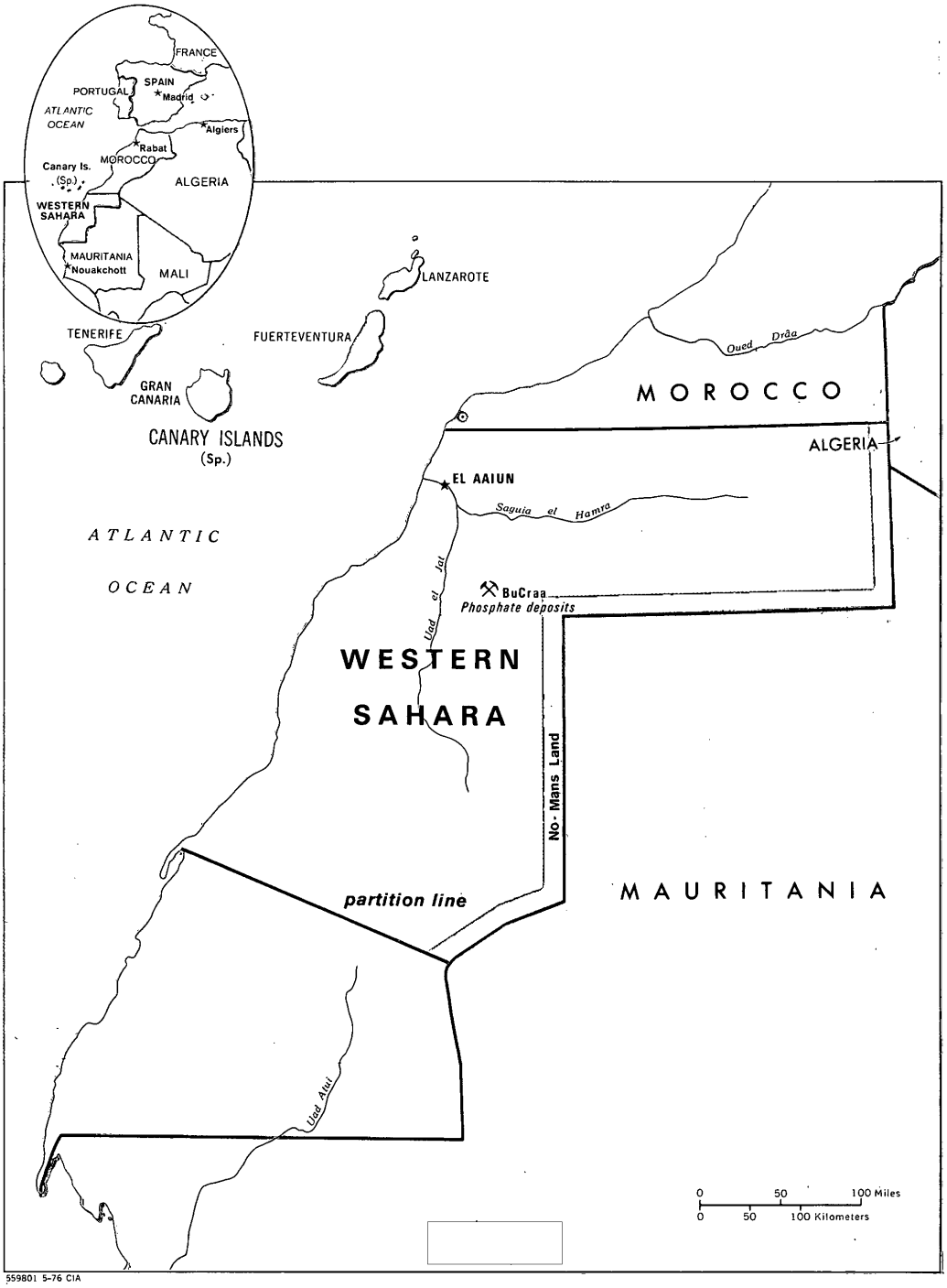

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* * *

ALGERIA-MOROCCO: *Algeria is renewing its efforts to keep the UN involved in the dispute with Morocco and Mauritania over Western Sahara.*

Algerian Foreign Minister Bouteflika, in a letter this week to Secretary General Waldheim, belatedly condemned the agreement Rabat and Nouakchott signed on April 14 to partition the disputed territory. Bouteflika reiterated Algiers' persistent demand for a UN-supervised referendum on self-determination for the people of Western Sahara.

The Algerian initiative is unlikely to have much of an impact on the UN. Only eight other African states and North Korea have extended diplomatic recognition to the new Polisario "state" created last February.

Moroccan forces, meanwhile, continue to be harassed by Polisario guerrillas despite the military operation last month designed to clean out the remaining pockets of resistance in Western Sahara. The Southern Zone commander reportedly has proposed the establishment of a no-man's land approximately 30 kilometers (18 miles) wide along the entire eastern frontier of Morocco's portion of the Sahara.

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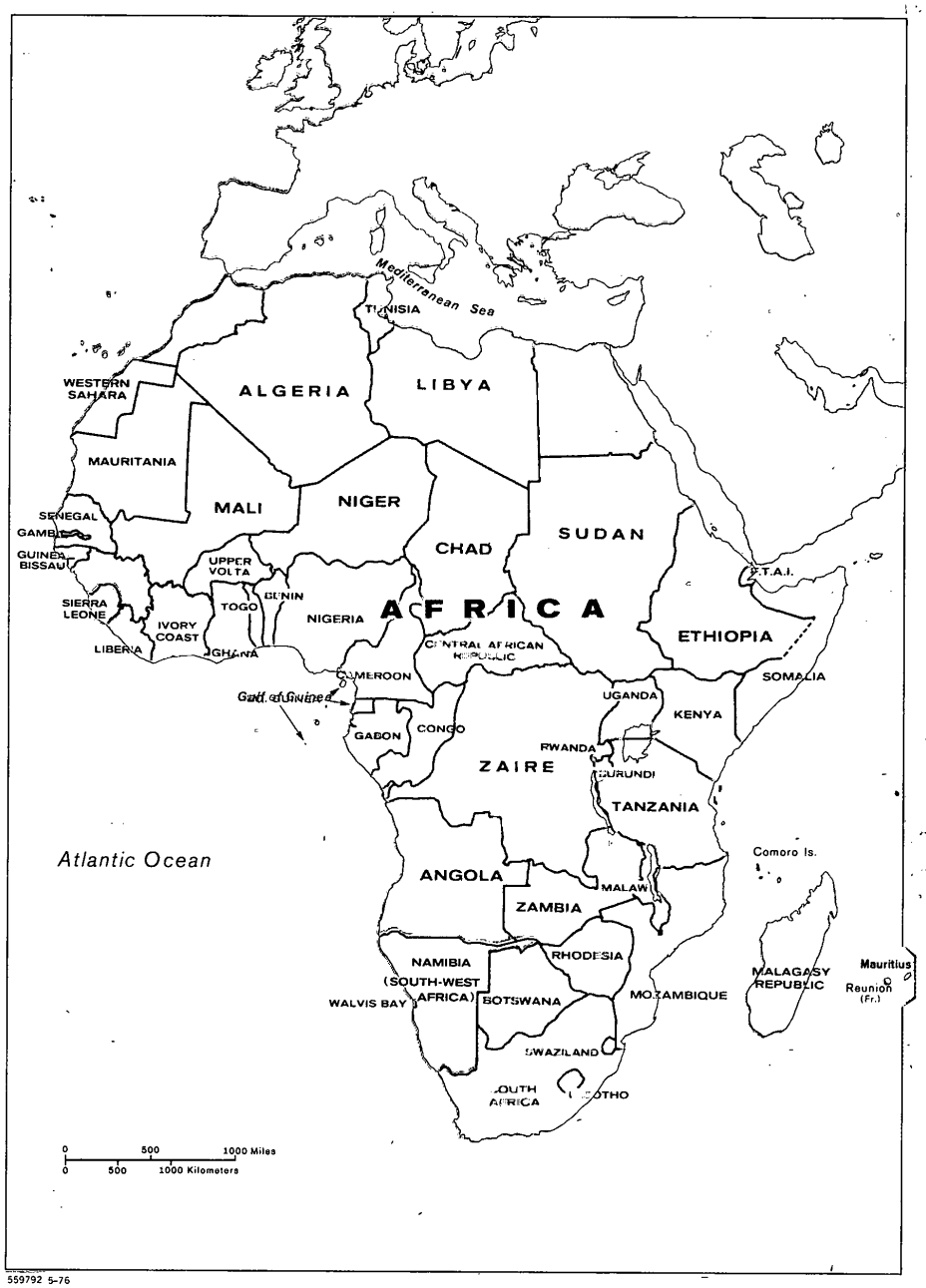

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NOTES

The special security zone created by South African authorities earlier this month in northern Namibia has been extended to cover the entire length of the Namibia-Angola border.

The 1-kilometer-wide zone, from which all villagers will be removed, is designed to facilitate counterinsurgency operations. South African spokesmen are justifying the extension of the zone by citing an increase in guerrilla operations by the South-West Africa Peoples' Organization, the Namibian nationalist organization.

* * *

President Siaka Stevens of Sierra Leone will be seeking economic assistance from Washington, the World Bank, and the International Monetary Fund when he arrives in the US on Sunday for a private visit.

The country's economy, dependent mainly on diamond and agricultural exports, has been deteriorating for years, and the government has been searching in vain for aid from all sources.

Until 1975, Sierra Leone leaned toward the more radical members of the Organization of African Unity but has since become more moderate on many issues of concern to the US. During his trip here, Stevens is likely to promise to side more closely with the US on international issues in return for more economic aid.

The US is an important customer for Sierra Leone's diamonds and coffee, but US investment is quite small, limited mainly to participation in a titanium mining venture.

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Chinese

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ANNEX

CUBA-ANGOLA

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Israel-Lebanon: [redacted] *(Page 2)* 25X1

Cuba-Africa: Deputy Prime Minister Rodriguez' recent remarks follow the usual Cuban line on Africa and the US. *(Page 3)*

Rhodesia: [redacted] 25X1

[redacted] 25X1

(Page 4)

Notes: Japan; Romania; Uganda *(Page 5)*

25X1

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LEBANON: *Fighting in most areas of Lebanon continues to subside, although leftist leader Kamal Jumblatt has still not finally approved a new truce agreement.*

Jumblatt and his allies say they are still studying a proposal for renewed negotiations that was first presented to them on Wednesday by president-elect Ilyas Sarkis. Most Lebanese politicians believe Jumblatt is in favor of the cease-fire, but suspect that he is engaged in last-minute bargaining for new conditions.

Jumblatt may be using recently won public support from other Arab capitals to strengthen his position. The leftists have been playing up pledges of support they received yesterday from the Algerian ambassador to Lebanon and from a special delegation from Iraq. The endorsements from Algiers and Baghdad appear to have been prompted by Libyan Prime Minister Jallud's announcement early this week that Libya fully supports Jumblatt's "progressive front."

Despite Jumblatt's stalling, Sarkis and other Lebanese officials are moving ahead on plans for the "post cease-fire" period. All members of the Lebanese security forces have been ordered to return to their posts and warned that they will be punished for disobeying the order. The security forces melted away during the heavy fighting last year when they were carrying the major burden for patrolling disputed areas.

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ISRAEL-LEBANON:

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[redacted]

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* * *

CUBA-AFRICA: *Cuban Deputy Prime Minister Carlos Rafael Rodriguez' remarks at a press conference in Tokyo on Thursday reflect the usual Cuban line on Africa and the US and do not represent a change in policy.*

25X1

Rodriguez' pledge that Cuba would not send "troops" to Rhodesia is little more than an exercise in semantics [redacted] 25X1

[redacted] Moreover, any rebel 25X1 group in Rhodesia declaring itself the legitimate government could meet Rodriguez' criterion for intervention by Cuban troops.

The key factors affecting a Cuban decision on direct intervention will continue to be the attitudes in Moscow and in such African countries as Zambia, Tanzania, and Mozambique. Open Cuban involvement in military operations is unlikely so long as African leaders believe the Smith government can be removed through guerrilla warfare.

Rodriguez' comments on relations with the US are only a reiteration of the long-held Cuban position that no progress can be made while the US persists in its economic denial program.

* * *

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RHODESIA:

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NOTES

Japan is on the verge of ratifying the Nuclear Non-Proliferation Treaty after more than five years of debate.

Final approval is expected on Monday--the last day of the current Diet session--when the upper house is scheduled to vote on the treaty. Upper house passage, like the approval of the treaty by the lower house late last month, will largely be the result of the government's compromise with the opposition parties. These parties had been concerned that ratification of the treaty would prompt Tokyo to tighten its military ties with the US and perhaps provide a justification for the entry of US nuclear weapons into Japan.

* * *

It is now clear that the recent call-ups of civilian reservists in Romania were part of an unannounced but planned mobilization and alert exercise.

An officer of the Romanian foreign liaison office has confirmed to a Western military colleague that a "normal" alert began several days ago. Panic buying has subsided considerably in Bucharest. We continue to have no indications of any Soviet troop movements or exercises along the Romanian border that might have sparked the alert.

* * *

Ugandan

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USSR - West Germany: Moscow has issued a formal government statement criticizing "certain forces" that have been critical of "detente." *(Page 2)* 25X1

USSR-Jordan: [redacted] *(Page 3)* 25X1

Notes: Rhodesia; Syria; Sudan-Ethiopia *(Pages 4 and 5)*

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LEBANON: *The de facto cease-fire that settled over much of the country last week held through the weekend.*

There were several incidents in Beirut and the eastern city of Zahlah, but both Christians and Muslims seem prepared to give president-elect Sarkis more time to work out a new truce proposal. Sarkis believes the current grace period may last only another 10 days.

The main problem holding up implementation of a formal cease-fire apparently involves the selection of individuals to participate in "roundtable" settlement talks. Leftist leader Kamal Jumblatt wants to ensure that his leftist coalition has a numerical edge at the negotiating table. He also wants to exclude his long-standing opponent on the Christian side, Phalanges Party leader Pierre Jumayyil. This kind of maneuvering could delay the proceedings and result in new violence.

French President Giscard's offer to send French troops to Lebanon has elicited a predictably mixed reaction from the Lebanese. Jumblatt and Prime Minister Rashid Karami flatly rejected the proposal, and the Christians generally have reacted favorably. The French have made clear their willingness from the beginning of the trouble to act as mediators. The opposition of Jumblatt and Karami, however, and, more important, Syria's reluctance to share its guardian role in Lebanon rule out serious consideration of Giscard's offer at this time.

Syria's policy in Lebanon was sharply criticized by Egypt this weekend in what may have been an

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effort by Cairo to scuttle Saudi- and Kuwaiti-sponsored attempts to reconcile Syrian and Egyptian differences. The Egyptian comments were made just before President Sadat met with Saudi and Kuwaiti officials who have been attempting to reschedule the reconciliation meeting between Cairo and Damascus.

* * *

USSR - WEST GERMANY:
The USSR on Saturday issued an unusual, formal government statement condemning "certain forces" in West Germany that have been critical of "detente."

Although specific references were limited to West German - Soviet issues, the scope of the document was broad enough to constitute a rebuttal of all Western critics of a relaxation of international tensions. It rejected as false the contentions that Moscow alone is benefiting from a relaxation of tension and that the USSR has embarked on expansionism and ideological colonialism. The document said that the USSR's military buildup is not exceeding its defensive needs.

It also attacked attempts to use "detente" to seek changes in Soviet domestic policy and indicated that a relaxation of tension does not preclude Soviet support for "liberation" movements.

The statement reminded West Germans that recent years have seen a sharp growth in bilateral trade with the USSR and that better relations with Moscow have enabled Bonn to improve its ties with Eastern Europe. It concluded by calling on West German critics of "detente" to define their country's alternatives.

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USSR-JORDAN:

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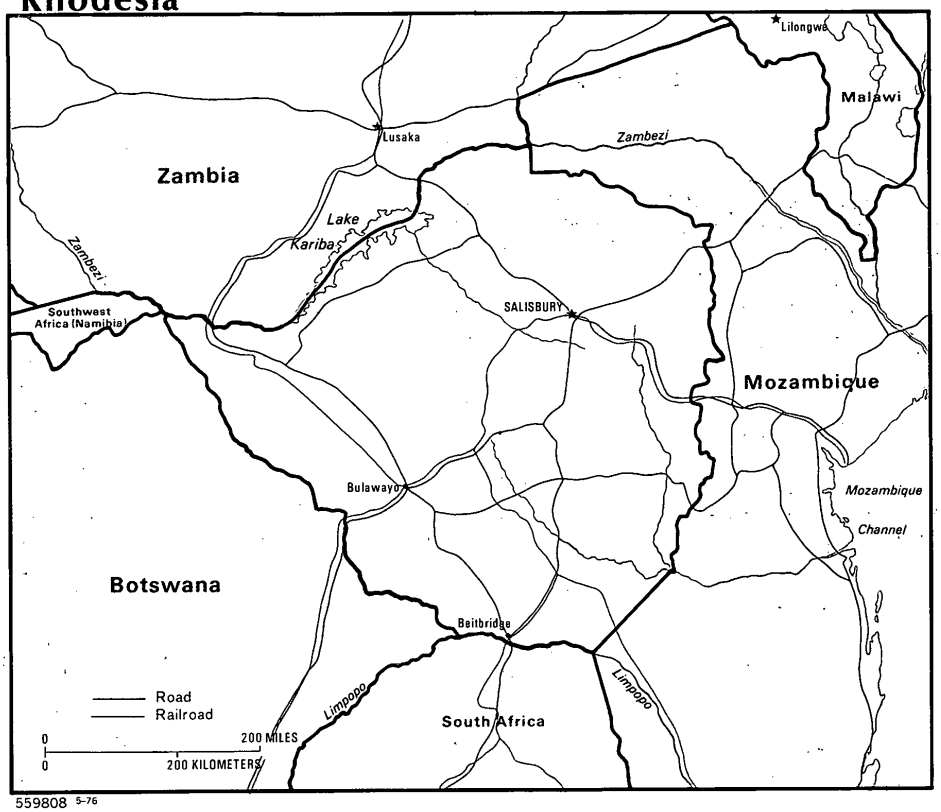
Rhodesia



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NOTES

An insurgent attack this weekend on one of Rhodesia's *two major road links with South Africa is further evidence of efforts by the guerrillas to step up their activities.*

The incident follows a similar attack late last month on the other main road to the border. In the latest incident, two cars were damaged on the road that runs from Bulawayo, Rhodesia's second largest city, to Beitbridge, the main border crossing point. Armed convoys now will be used to protect civilian traffic on this road as well as on the other main road.

* * *

UN *Secretary General Waldheim plans to visit* Syria *this week to urge Damascus to agree to extend the mandate of the UN peacekeeping force in the Golan Heights.*

In recent weeks, primarily because of its preoccupation with events in Lebanon, Damascus has seemed to be seeking a face-saving device to justify renewing the mandate rather than cause another full-scale Council debate on Middle East issues. Waldheim reportedly is justifying his trip as providing the means for the Syrians to "save face." He may be promoting the visit, however, to emphasize his continued desire for personal involvement in Middle East negotiations.

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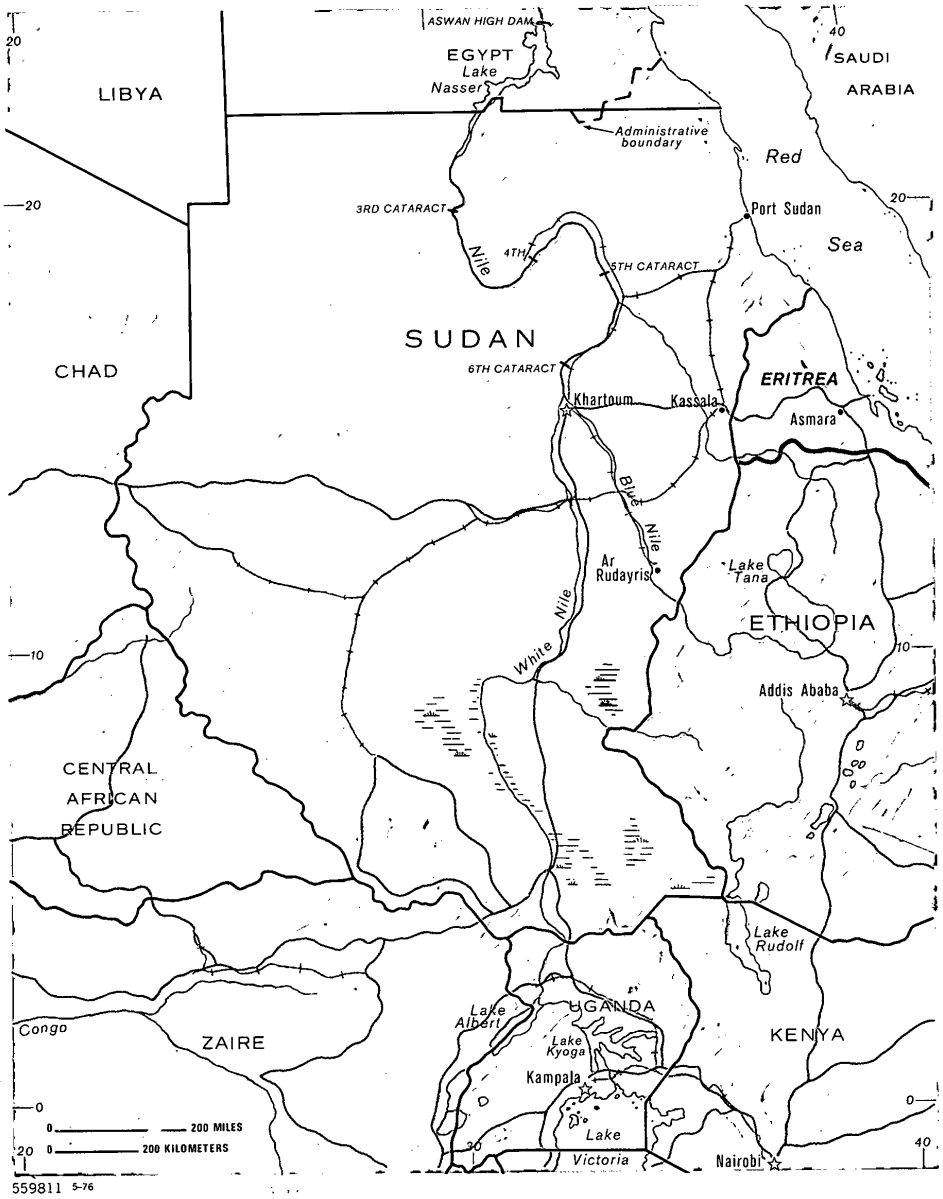

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Sudan is taking defensive measures as its fears heighten that Ethiopia's offensive against Eritrean rebels will lead to fighting between the two countries.

According to the Sudanese military attache in Addis Ababa, conflict between the two countries is likely because of Khartoum's support for the Eritrean rebels. Intercepted Ethiopian military messages indicate that the Sudanese military buildup in the border area is continuing. We continue to believe that Ethiopia will try to avoid violating Sudanese territory, but there still could be some incidents.

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USSR: The latest satellite photography shows that the Soviets are making an effort to meet the requirement for dismantling older ICBM launchers. *(Page 1)*

Notes: USSR; [redacted] Libya-Sudan; Lebanon; USSR-Poland *(Pages 4 and 5)*

25X1

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USSR: *The latest satellite photography shows that the Soviets are making an effort to meet the requirement for dismantling older ICBM launchers.*

Thirty-five of the 43 partially dismantled SS-7 ICBM launchers were photographed [redacted] 25X1 [redacted], and new dismantling activity was observed at sites containing 20 launchers. 25X1 The Soviets now have fully dismantled at least 13 to 16 SS-7 launchers, and it appears that they can have 51 ICBM launchers dismantled by June 1.

Under the terms of the Interim Agreement, the Soviets should have fully dismantled 51 older ICBM or submarine-launched ballistic missile launchers by March 1, but at that time they had dismantled only eight SS-7 launchers. Another 43 SS-7 launchers were partially dismantled, but little work had been done on them for several months or more.

In early April the Soviets admitted that they had not met the requirements. They stated that they would have the required number of launchers fully dismantled by June 1.

The status of the dismantling program for these 51 SS-7 launchers and the changes observed since our last coverage are shown on the next page.

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Status of SS-7 Launchers Where Dismantling Activity Has Been Observed

	Photography obtained between [redacted]	Photography obtained between [redacted]
Fully Dismantled	8	13-16
Dismantling in Progress	0	15-12
Partially Dismantled But No Recent Activity	41	15
Not Photographed	2	8
Total	51	51

25X1

At least 13 SS-7 launchers--8 above-ground and 5 silo launchers--now are fully dismantled. Two more above-ground launchers and one more silo launcher may also be fully dismantled, but the quality of the photography prevents us from being certain.

Most of the dismantling requirements have been met at the sites containing the 12 to 15 launchers where work was in progress.

No new activity was observed at sites containing 15 launchers, but none of them was photographed [redacted] 25X1 [redacted] Most of the new activity observed at the other launchers occurred after that date. The Soviets have sufficient time to complete the dismantling of these launchers by June 1. They have shown that they can fully dismantle a site containing two above-ground launchers or three silo launchers within two weeks. 25X1

[redacted] 25X1

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25X1

By that time a D-II submarine fitting out at Severodvinsk probably will have started sea trials, meaning that the Soviets will have to have begun dismantling 16 additional older launchers.

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NOTES

The Soviets have announced to the military attaches of CSCE signatory states that an air and ground force exercise will be held from June 14 to 18 near the Finnish border.

The announcement was made 21 days in advance--in compliance with the time provision of the Helsinki agreement. This is the second exercise the Soviets have announced since the signing of the Helsinki accord last summer.

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25X1

25X1

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Sudanese

Libya

25X1

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25X1

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* * *

Fighting flared in several areas of Lebanon *yesterday, but the informal truce generally is holding.*

The heaviest clashes occurred in the mountains east of Beirut, where leftist forces apparently tightened their encirclement of the Christian city of Zahlah. Although most areas of Beirut have remained relatively quiet, Christian and leftist gunmen have resumed artillery exchanges in the city's port district. The renewed fighting will add to pressures on president-elect Sarkis to come up with a formula for negotiations before the de facto cease-fire collapses completely.

* * *

The Soviets *reportedly have advised* Poland *not to raise food prices this summer because of the danger that increases would provoke disorder.*

Prices of basic foods in Poland have been held stable since 1970. The possibility of increases now has sparked public indignation and controversy within the Polish regime. Politicians, fearing the public's wrath, have argued against the increases, but economists have stressed that a continued freeze puts too much of a burden on the economy. Moscow has offered to provide Warsaw 2 million tons of grain in order to maintain current price levels, but this assistance cannot indefinitely postpone price hikes on food. The Soviet offer was also qualified by the proviso that the grain harvest in the USSR this year would have to be satisfactory.

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Lebanon: Leftist leader Kamal Jumblatt reportedly will meet with president-elect Sarkis to discuss Sarkis' peace plan. *(Page 1)*

Angola: The Neto government is having difficulty maintaining law and order and developing a viable economy. *(Page 2)*

Notes: Egypt; Yugoslavia; Greece; China; Algeria-USSR; Sudan *(Pages 3 and 4)*

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25X1

LEBANON: *Lebanese leftist leader Kamal Jumblatt reportedly will meet with president-elect Sarkis within the next two days to discuss Sarkis' peace plan.*

[redacted] Jumblatt has made clear that he wants "fighters"--presumably the heads of various militias--to participate in the negotiations instead of traditional politicians. He reportedly also favors holding the negotiations outside Lebanon. 25X1

Although Jumblatt may be somewhat flexible on these issues, he will be uncompromising in his demand that President Franjiyah resign before the formal implementation of a truce. The leftists believe that military pressure is the only way to effect Franjiyah's departure, and they will not publicly renounce the use of force--as Sarkis has proposed--until the President has stepped down.

A US embassy official who visited Christian headquarters last weekend found the Christians divided and deeply confused on the issue of Franjiyah's departure. Many apparently are sympathetic to the President's refusal to resign; others seem to recognize that Franjiyah's procrastination is undermining the Christians' victory in electing Sarkis and is eroding his effectiveness as an arbiter.

Interior Minister Shamun and several of Franjiyah's close advisers are primarily responsible for encouraging the President's stubbornness. President Giscard's offer to send French forces has also encouraged Franjiyah's hope that outsiders will eventually come to his aid.

* * *

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25X1

ANGOLA: *The Neto government is having difficulty maintaining law and order and developing a viable economy three months after the end of large-scale fighting.*

assaults and armed robberies are so common, even in Luanda, that it is unsafe to venture into most streets during the day or night.

The security situation is being aggravated by a worsening food shortage. Fresh food is virtually unavailable in the major towns, partly because of the collapse of the country's transportation system.

The violence and food shortages are disrupting the rest of the economy and fueling long-standing animosity between blacks and mulattos. President Neto and other Angolan leaders have been exhorting workers to return to their jobs, but with little apparent effect so far. The effort to get the economy going also is being hampered by the continuing factional struggle within the Popular Movement.

In southern Angola, meanwhile, remnants of Jonas Savimbi's National Union are continuing to harass government and Cuban forces. Government forces are having more success in the north against surviving units of the National Front.

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NOTES

25X1

The effectiveness of the Egyptian air force reportedly has deteriorated seriously in recent weeks.

25X1

Since the beginning of 1976, the air force's accident rate has increased dramatically, and now has reached its highest point since the 1973 war. As a result of the accidents, most of the air force was ordered to stand down in early May for a review of flight procedures and safety measures.

* * *

25X1

Yugoslavia

25X1 25X1 25X1

25X1 25X1

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* * *

Violent clashes occurred in Greece yesterday between police and leftists protesting a new labor law. Similar disturbances erupted on Mykonos and on Rhodes where leftists are protesting shore visits by US naval personnel.

The government has responded firmly, showing Prime Minister Caramanlis' determination to beat back the first real challenge from the left since the restoration of democratic rule in 1974. The demonstrations may, in fact, persuade Caramanlis to move away from his moderate stance and adopt a more rightist political course.

* * *

China's nuclear powered Han-class submarine was observed [redacted] berthed at a submarine base near Chingtao on the southern coast of the Shantung Peninsula.

The presence of the Han there rules out any possibility that it was with the two oceanographic research ships that were operating in the south Pacific on May 6. 25X1 25X1

* * *

[redacted] *Algeria has received 15 MIG-21s from the USSR--the first Soviet fighter aircraft received since mid-1974.*

25X1

Algeria is the third non-Communist country after Cuba and Syria to receive the L version, a more advanced export variant of the MIG-21. The new MIGs probably are part of a $450 to $500 million arms accord signed in late 1975. 25X1

25X1

* * *

The seventh anniversary celebration of President Numayri's takeover in Sudan passed without incident.

[redacted] 25X1

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China: At present, Chinese military procurement in dollars is less than one third that of the US, and about one sixth of the estimated dollar cost of Soviet procurement. *(Page 1)*

[redacted] 25X1

USSR-Syria: Moscow's continued efforts to obtain increased access to Syrian port facilities may be running into trouble. *(Page 2)*

Notes: USSR; Tanzania-Zambia-USSR *(Page 4)* 25X1

At Annex [redacted] Zaire. 25X1

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CHINA: *At present Chinese military procurement in dollars is less than one third that of the US, and about one sixth of the estimated dollar cost of Soviet procurement.*

Procurement as used here is a measure of what it would cost to reproduce Chinese military equipment in the US.

The estimated annual dollar costs of Chinese military procurement have fluctuated sharply over the past 10 years. The changing political situation has been partly responsible. During 1967--the first full year of the Cultural Revolution--military equipment procurement declined by about 25 percent to $2.2 billion.

When the Cultural Revolution ended and Sino-Soviet tensions heightened, military procurement rose rapidly to a level of almost $5.5 billion in 1971.

In 1972, military procurement again declined, to about $3.2 billion, where it remained until it rose again to about $3.6 billion last year.

The major factor in both the magnitude and the pattern of the estimated dollar costs has been the variation in China's aircraft production.

China's past history of sudden bursts and reductions in defense production makes it difficult to judge whether the upturn in 1975 is a temporary phenomenon or the beginning of a long-term trend. Over the next several years, as the Chinese begin to replace obsolescent equipment with more modern systems, procurement costs can be expected to grow somewhat even if production in terms of numbers of units does not increase.

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25X1

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25X1

USSR-SYRIA: *Moscow's continued efforts to obtain increased access to Syrian port facilities may be running into trouble.*

a Soviet naval delegation visited Syria early this month seeking privileges in the Syrian port of Latakia similar to those the Soviets had in Alexandria, Egypt.

25X1

Moscow may be seeking approval from Damascus to station Soviet support vessels in Syrian ports permanently, as well as to gain access to shore facilities and to establish storage depots. Without major long-term port improvements, the construction of major repair and overhaul yards, and training of Syrian personnel, the

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crowded Syrian ports could not provide facilities similar to those Soviet submarines enjoyed in Alexandria.

It seems highly unlikely that Syria would permit Moscow the type of unrestricted access it had in Egypt. The USSR, however, is Syria's primary source of military equipment, and it may try to use Damascus' current financial difficulties to extract concessions. Damascus will find it difficult to resist Soviet requests, at least for regular access to Syrian ports by more Soviet naval ships and establishment of limited shore support facilities for the ships.

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NOTES

The Soviets' new, short-range, tactical surface-to-surface missile, the SS-X-21, was seen with an operational unit for the first time in mid-April.

The characteristics of the new missile system and its appearance in a FROG battalion area suggest that it will replace the FROG--now the most widely deployed Soviet tactical surface-to-surface missile. The SS-X-21 appears to have a greater range (possibly up to 120 kilometers, or 75 miles), better accuracy, and improved mobility.

* * *

Tanzania and Zambia, which are opposed to Soviet and other outside direct involvement with the Rhodesian guerrillas, also appear unea in their bilateral relationship with the USSR.

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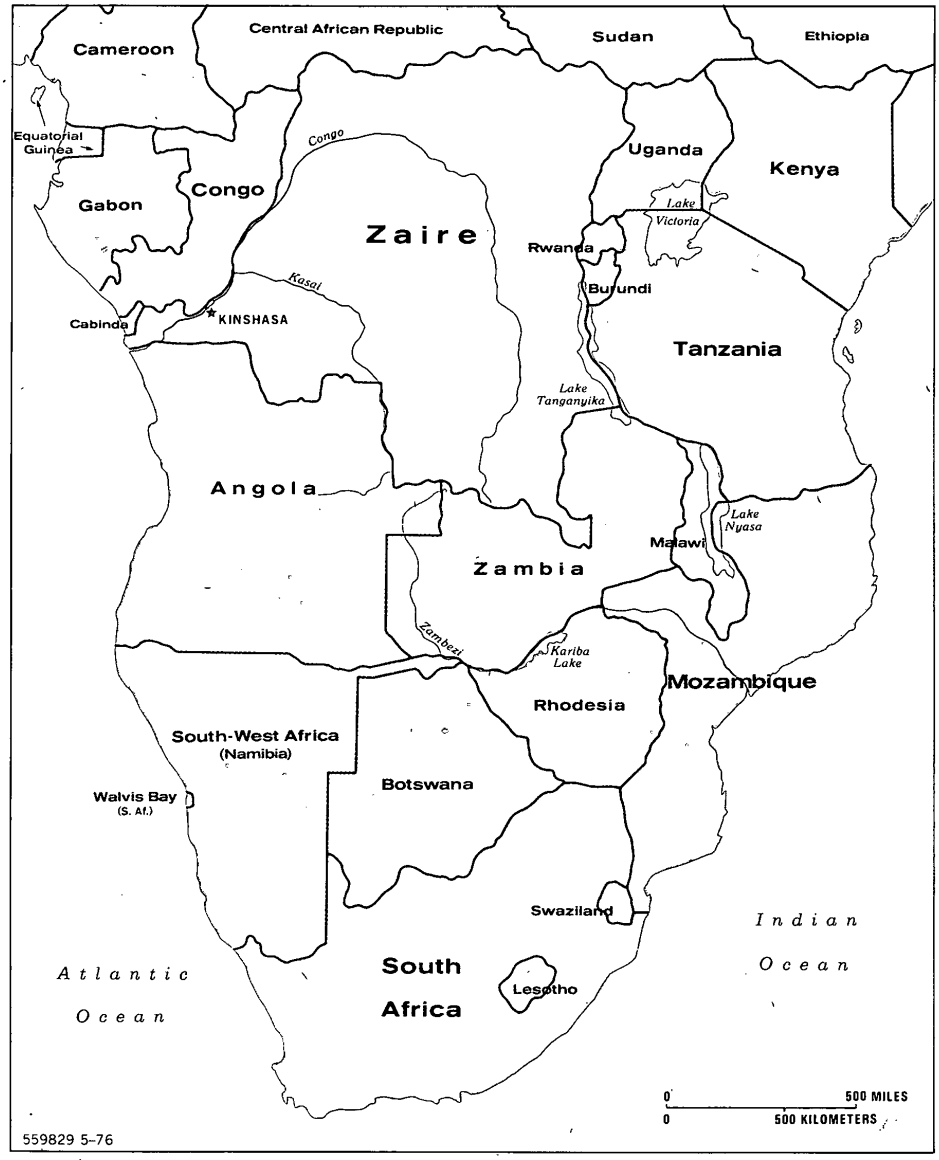

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ANNEX

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Lebanon: The critical meeting between President Sarkis and leftist leader Kamal Jumblatt has been postponed again. (Page 1)

Notes: Cuba; Rhodesia; Mozambique-USSR; Egypt-Libya; Syria-UN-Israel (Pages 2 and 3) 25X1

At Annex we present [redacted] the military capabilities of the opposing forces in the Rhodesian insurgency. 25X1

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25X1 25X1

EGYPT: 25X1

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* * *

LEBANON: *The murder yesterday of Kamal Jumblatt's sister by unidentified gunmen at her home in Beirut has caused another postponement of the critical meeting between the leftist leader and President-elect Sarkis.*

It is unclear what effect the killing will have on Sarkis' mediation efforts. Jumblatt himself has issued an appeal to his followers not to seek revenge.

Despite some sharp exchanges of artillery fire, the undeclared truce generally appears to be holding, and both Jumblatt and Christian Phalangist leaders recently have made conciliatory gestures, raising hopes that the roundtable discussions being promoted by Sarkis will come off.

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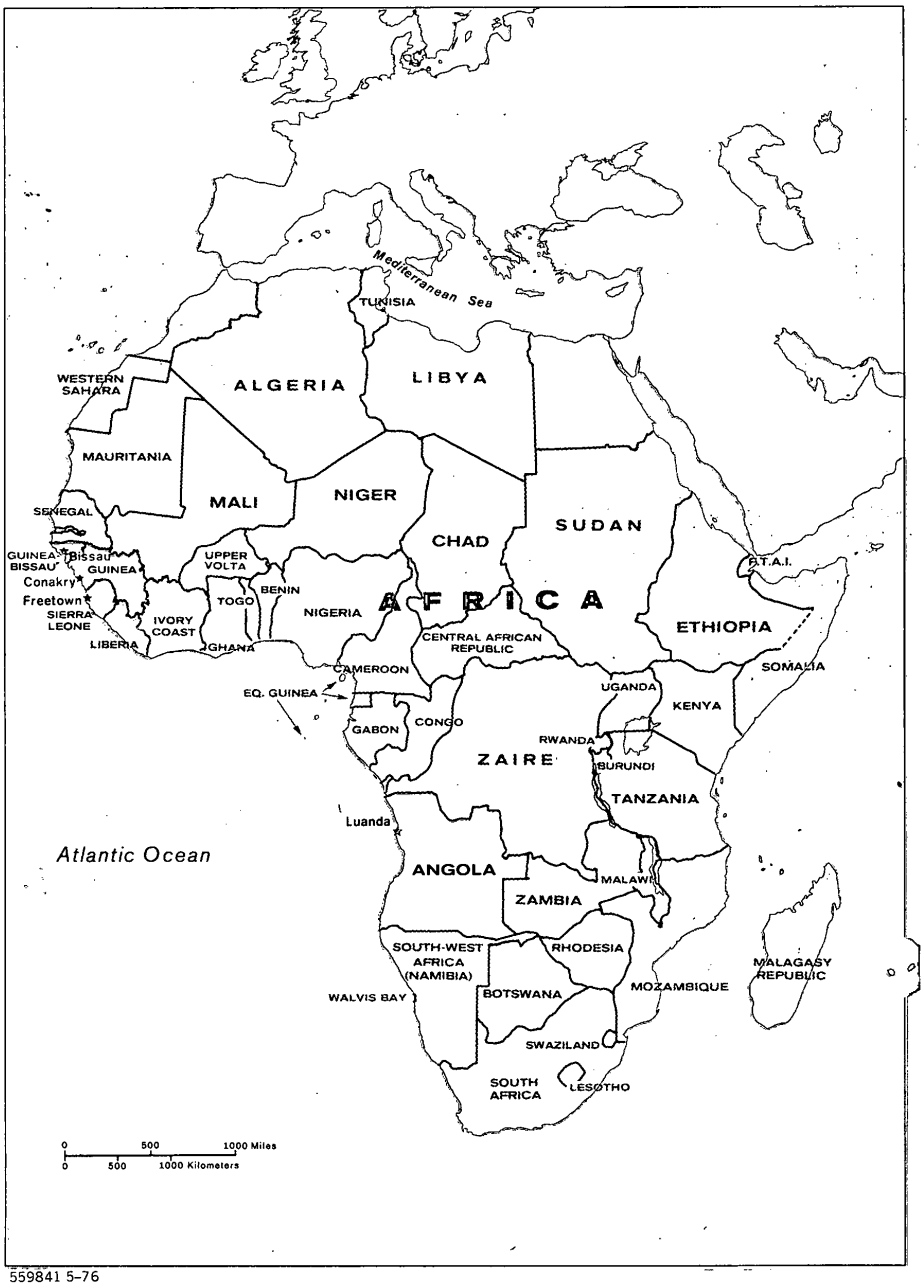

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NOTES

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Cuba *appears to be getting ready to open regularly scheduled air service between Havana and several points in Africa.*

[redacted] The Cubans want to begin flights this summer. The most likely landing points are Guinea-Bissau, Sierra Leone, Guinea, and Angola. 25X1

* * *

Rhodesian *security forces recently killed two guerrillas about 65 kilometers (40 miles) northeast of Salisbury.*

This is the first such incident so close to the capital since the fighting picked up last January. The incident may be part of an effort by the insurgents to demoralize the white community. A popular white resort near the scene of the clash has closed because of the "security situation." 25X1

[redacted]

* * *

Mozambique *President Machel's visit to the* USSR *produced little immediate support for his country's ailing economy.*

The President signed contracts for medical aid, technical services, and surveys but these come under a $10-million credit extended early in 1975. Moscow may provide additional credits, but the Soviet pledge so far represents less than 5 percent of the total world assistance ($250 million) committed to Mozambique since independence in 1975.

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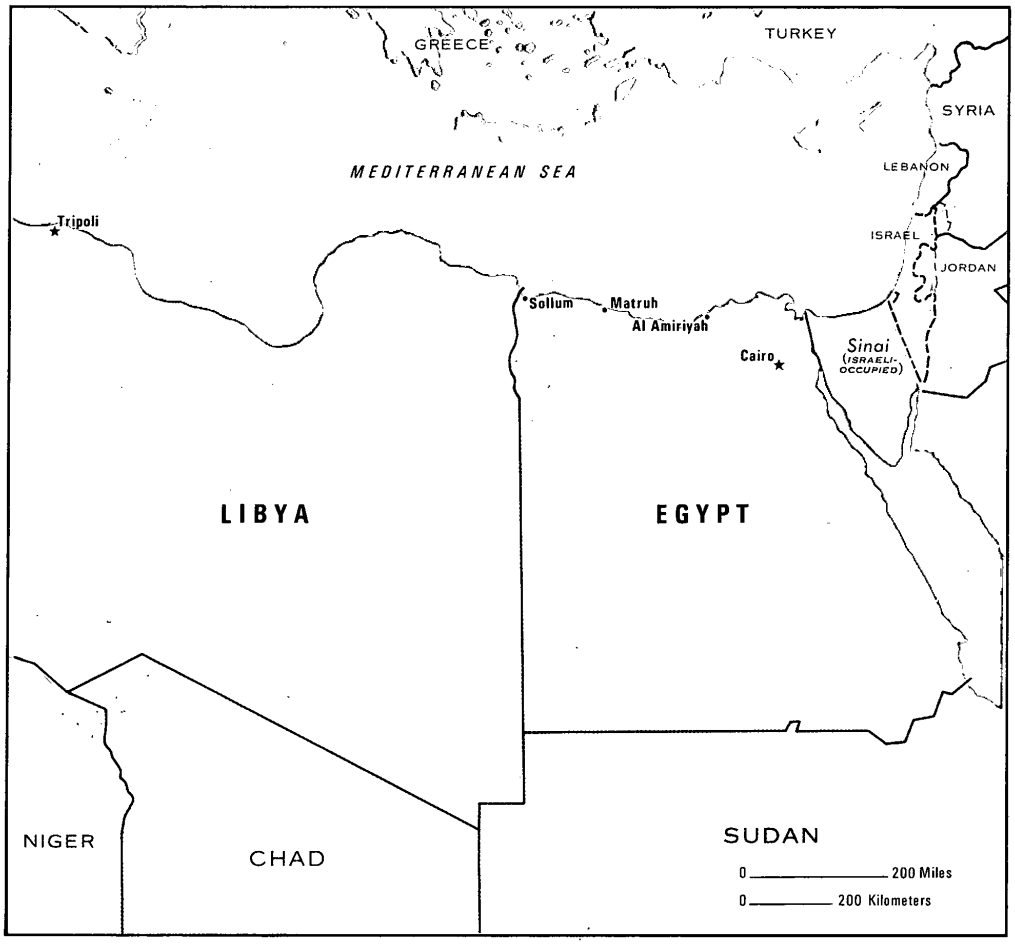

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Egypt is again increasing its military readiness along the Libyan border.

25X1

the naval observation post at Sollum was placed on alert on May 25, and a MIG-21 fighter squadron of 13 planes was deployed from an airfield east of Cairo to Matruh. Egypt had increased its military readiness along the Libyan border in mid-March when relations between the countries were tense. We do not know what has prompted the current increased readiness.

* * *

Syria, in return for its agreement to another six-month extension of the mandate for the UN observer force on the Golan Heights, reportedly has asked that the forthcoming Council resolution omit any reference to the 1974 Syrian-Israeli disengagement agreement.

Damascus presumably wants to avoid any indirect endorsement of step-by-step negotiations and underscore its contention that the UN force will remain on Syrian territory at Syria's sufferance, not as a result of any prior legal commitments.

President Asad's willingness to renew the mandate in return only for a visit from UN Secretary General Waldheim suggests that his freedom to make foreign policy is not now significantly restricted by extremists within the ruling Baath Party. 25X1

25X1

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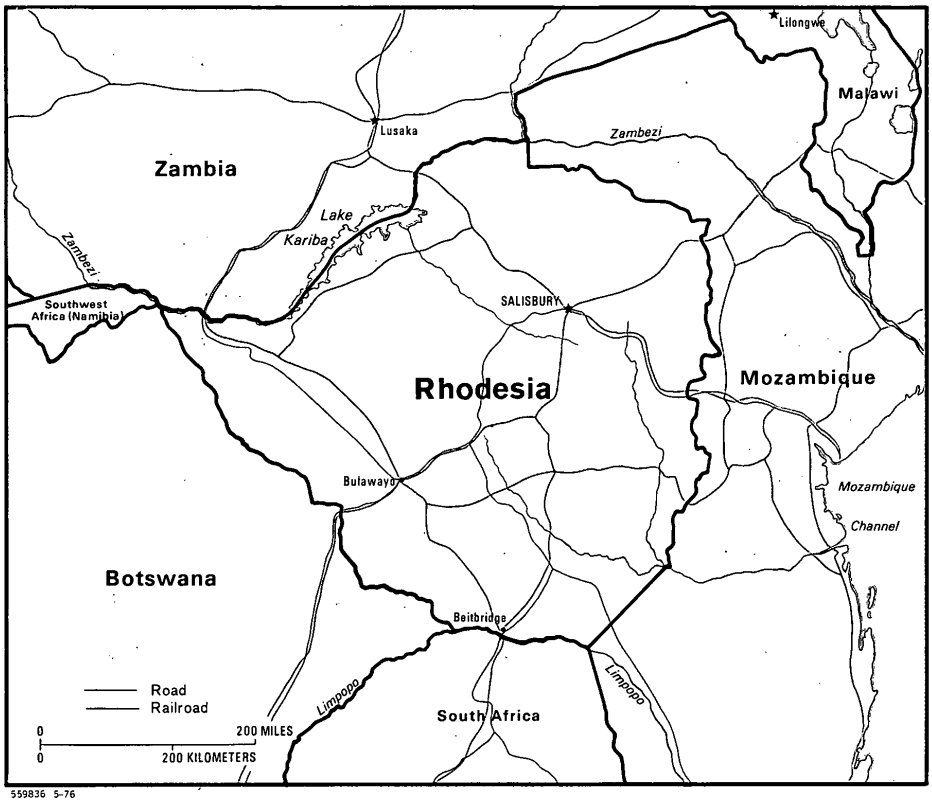

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ANNEX

RHODESIA: INSURGENCY AND COUNTERINSURGENCY CAPABILITIES

25X1

We present below [redacted] 25X1

[redacted] *the military capabilities of the opposing forces in the Rhodesian insurgency. It should be noted, however, that non-military factors--political, economic, psychological, as well as external--will be critical to the outcome, and that the insurgents include these factors in their considerations.* 25X1

Although rivalries within the insurgent leadership have served (and will continue) to hinder effective action, the Rhodesian insurgents' military capabilities have increased over the past year.

--They are better armed and trained than ever before.

--Over the past year, the size of the combat ready insurgent force has doubled to about 3,500 men out of an estimated total of 11,500 insurgents.

--The availability of sanctuary and base areas in Mozambique since late 1975 and increased external logistical assistance have improved insurgent infiltration and operational capabilities.

--Tanzanian and Mozambican military forces are playing an increasing role in support of the insurgency.

Although insurgent capabilities will almost certainly continue to improve, the insurgents are likely to achieve only limited military successes over the next year or so unless they receive extensive foreign combat assistance.

Rhodesian security forces are well trained and equipped, and they are enhancing their counterinsurgency capability.

--Rhodesia will continue to mount cross-border, hot pursuit raids into Mozambique, at least until insurgent border security and air defense capabilities improve.

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--Rhodesia will have to rely increasingly on blacks and white mercenary personnel.

--Thus far there have been no signs of disloyalty among the black security forces, but if the Rhodesian military situation deteriorates, some blacks could begin to reconsider their position.

--Rhodesian security forces will continue to depend on outside sources for military equipment, POL, spare parts, and ammunition as well as on the continued movement of such supplies through South Africa.

The level of insurgent activity will probably increase, and more sophisticated equipment, particularly air defense equipment in Mozambique, is likely to be used.

--Rhodesian security forces can probably cope with the anticipated increases in insurgent activities over the next year or so. But a significant spread of insurgency beyond the present concentrations in the border areas or a substantial and sustained increase in guerrilla activity would severely strain the army's limited capabilities.

--Infiltration into Rhodesia from Zambia and Botswana would even further disperse Rhodesia's limited manpower and stretch its limited logistical system.

--Sophisticated air defense equipment in the border area would take its toll on Rhodesia's slow flying, subsonic aircraft.

--Rhodesian security forces would be no match for a large conventional military force with sophisticated ground equipment and air support.

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JORDAN-USSR:

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RHODESIA-LIBYA:

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OPEC: *The OPEC oil ministers concluded their meeting in Bali yesterday by agreeing to continue the oil price freeze that was to expire on June 30.*

The 13 cartel members could not achieve unanimity, which is essential on all substantive decisions, including price changes on Saudi benchmark crude. Saudi Arabia and its supporters evidently remained steadfast against the OPEC price hawks.

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The Saudis want to continue the price freeze until the end of the year, but Iran, for one, may not be that patient. While the next regular OPEC conference is scheduled to be held in Qatar on December 15, a majority of countries can convene an extraordinary meeting beforehand.

The oil ministers approved a temporary scheme for crude oil price differentials. The precise timing and the method of implementing the new system apparently have not been decided. This plan probably will cause the price of some heavy crudes to decline and that of some light crudes to rise.

The meeting did not resolve the question of whether the cartel's headquarters should move from Vienna. Nor did the final communique make any reference to Mexican membership--indicating that OPEC will remain a 13-nation cartel at least for the time being.

* * *

SYRIA-LIBYA-LEBANON:
Syrian Foreign Minister Khaddam traveled to Libya yesterday, apparently to discuss a final version of a political agreement the Libyans want to arrange with Syria, Iraq, and Algeria. Palestine Liberation Organization chairman Yasir Arafat, who is also in Tripoli, presumably would sign such an accord too.

We believe, however, that Damascus is not prepared to alter its position on basic issues such as those involved in Middle East peace negotiations. As a result any agreement reached with the radical Arabs is likely to dissolve quickly and is unlikely to solve Syria's financial or foreign policy problems.

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Tripoli and Baghdad believe Damascus will agree to an accord that would limit Syria's military action against "nationalist forces" in

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Lebanon and provide, apparently in the Lebanese context, for some use of Iraqi troops.

Syria has opposed involvement of other foreign troops in Lebanon. Its relations with Iraq are badly strained, and Syria would not want even a symbolic Iraqi force. Damascus may have agreed to loose language open to many interpretations, but with no intention of actually allowing use of foreign troops in either Lebanon or Syria.

Damascus recently has been trying to counter radical Arab criticism of its policies by portraying its actions in Lebanon as defending Palestinian interests. Khaddam would probably endorse an accord pledging the support of the four states to the Palestinian cause, or to generalities about Arab cooperation against Israel.

Syria would hope such an accord would keep Arafat from moving closer to Egypt, and help elicit substantial Libyan financial aid.

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NOTES

Lebanese *leftist leader Kamal Jumblatt is not expected to meet with president-elect Sarkis until sometime next week at the earliest as a result of the murder of his sister on Thursday.*

Fighting in Beirut flared up after the news of the shooting spread, but apparently began to subside again late yesterday.

Sarkis has not slackened in his effort to promote his proposals for ending the Lebanese civil war and to cool tempers in the wake of the killing. In the past two days, he has met with most of the key leaders on the Muslim-leftist side. Yesterday he conferred with the leaders of the principal Muslim sects, Lebanese Arab Army commander Khatib, a lieutenant of Yasir Arafat, Saiqa chief Zuhayr Muhsin, and a representative of Syrian President Asad.

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Uganda

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Argentina's President Videla is under growing pressure [redacted] to adopt more repressive policies against domestic dissent.

Videla would prefer to avoid the kind of widescale repression that hindered Chile's access to international financial support. Hardliners [redacted] however, are convinced that harsher measures are needed to deal with what they view as entrenched leftist terrorism, an undisciplined labor force, and irresponsible politicians. 25X1 25X1

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The President's Daily Brief

May 31, 1976

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May 31, 1976

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Portugal: The presidential campaign is likely to be primarily a personality contest between Prime Minister Azevedo and Army Chief of Staff Eanes. *(Page 1)*

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LEBANON: *Fighting increased in Beirut and in northern Lebanon over the weekend, and is threatening the limited progress that president-elect Sarkis has been making in arranging "roundtable" talks among leaders of the warring factions.*

Rebel Muslim army units in the north have mounted heavy attacks on two Christian villages close to the Syrian border. Christian forces have countered with an attack on a Sunni Muslim village south of Tripoli. Christian extremists and fedayeen also have been fighting near Beirut.

The increased fighting does not appear to have resulted directly from the recent attack on Christian leader Raymond Edde or the murder of the sister of leftist leader Kamal Jumblatt. There are widespread fears in Beirut, however, that a wave of political assassinations may be imminent.

President-elect Sarkis is continuing to consult with leaders of all the major factions, but apparently he has been unable to reach an agreement on any important issue. His meeting with Jumblatt reportedly will be held this week.

* * *

PORTUGAL: *Four candidates of national stature met the filing deadline on Friday for Portugal's presidential election on June 27. A fifth candidate, representing the interests of the many Portuguese who have returned from the colonies, joined the other contenders at the last moment. The campaign still is likely to be primarily a personality contest between Prime Minister Azevedo and Army Chief of Staff Eanes.*

Eanes is the early favorite because of the endorsements he has garnered from the three major political parties--the Socialists, the centrist Popular Democrats, and the conservative Social Democratic Center--as well as from two groups on the far left. He is also counting on support from a major portion of the military.

Prime Minister Azevedo is widely credited with defeating Communist-backed bids for power last year. Although he is not supported by any party organization, Azevedo hopes to capitalize on Eanes'

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seeming inability to establish rapport with crowds and on his own reputation in rural areas.

In statements earlier this week, Azevedo took a harder position than his opponent against admitting Communists into his government. Eanes said this week that, while the Communists could not enter the government now, they might be able to do so later on.

Azevedo is apparently trying to identify himself with the US and the NATO alliance. Eanes is giving less than whole-hearted support to NATO, insisting that Portugal will remain a loyal ally but expressing his belief that both military blocs should disappear.

Of the minor candidates, former security chief Otelo de Carvalho is expected to appeal primarily to the far left, which represents no more than 5 percent of the voters.

The Communist Party candidate, Octavio Pato is not in the race to win but to serve as a bargaining chip with which the Communists hope to gain a position in the new government.

If no candidate receives an absolute majority, a runoff must be held within three weeks.

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Thailand

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UK *Foreign Secretary Crosland and* Icelandic *Foreign Minister Agustsson will meet in Oslo today to begin negotiations designed to end the "Cod War."*

The talks were made possible when London accepted the Icelandic precondition that British frigates leave Icelandic waters. As another gesture of good will, London reportedly has ordered British trawlers to cease fishing while the talks are taking place.

The two sides reportedly will negotiate a six-month interim agreement that will permit 24 British trawlers to operate within Iceland's unilaterally-proclaimed 200-mile zone and to fish within 20-30 miles of the Icelandic coast. The British and Icelanders differ on other issues that may not be resolved or even discussed during

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the talks in Oslo, and it is unclear what will happen when the interim agreement expires on December 1.

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Ethiopia

Chinese

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