

~~SECRET~~

both public and private, became increasingly acrimonious. On March 15, Marcos finessed the issue by postponing the plebiscite until April 21. He has also sent his wife Imelda to Libya to try to break the impasse. Mrs. Marcos participated in the first round of the negotiations and has claimed partial credit for the December agreement.

The President may hope that his concession and his wife's persuasiveness will put some pressure on the Muslims to back down on their extreme demands for control of the local administration in the autonomous zone and their own armed forces

CHINA 44-48

A purchase by China from Australia of 2 million tons of wheat, announced last week, raises the total amount of wheat scheduled for delivery to China this year to 5.1 million tons; this could cost Peking more than \$500 million. Reduced harvests last year made the imports necessary.

Chinese wheat imports declined in 1975 and 1976. Thus far this year, the Chinese have purchased 2.5 million tons from Australia, 2.3 million tons from Canada, and 300,000 tons from Argentina.

The Chinese also recently asked Canada to deliver wheat purchased in December as soon as possible and to begin deliveries on new contracts in February rather than March. The two countries plan to meet again this spring to discuss a long-term wheat contract.

China's grain output has increased only about 2 to 3 percent since 1974, mainly because of weather problems. The pattern has been for early crops to be retarded by cool, damp, overcast weather, causing the planting of the more important crops harvested in the fall to be in turn delayed. Then, the wind, frost, and increased rain that occur as the season wears on reduce harvests.

Total grain production last year probably was 280 million tons, about the same as in 1975. The government claimed

the 1976 crop set an all-time record and that production in most of the 29 provinces, municipalities, and autonomous regions exceeded or reached 1975 levels. It appears, however, that locales claiming increases for the year did so on the strength of a good yield of early-harvested grains, whereas output of the more important fall-harvested grains was down. Coarse grains were particularly hard hit.

China probably will not make further grain purchases until late spring or summer when the outcome of this year's early harvest is known. Thus far, winter wheat—accounting for about 16 percent of national grain output—appears to be suffering from drought. Although timely rains could alleviate the problem, additional wheat imports are still a possibility.

If the weather is bad and buying resumes, China would likely purchase at least another 1 million tons from Canada before considering purchases from the US.

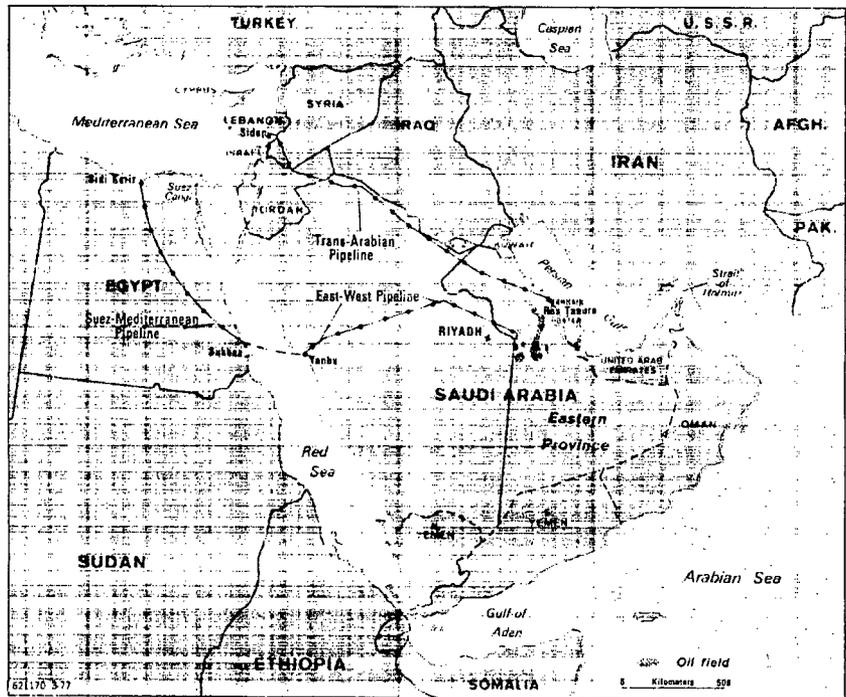
Middle East

SAUDI ARABIA 50-55

Saudi Arabia is moving ahead with its plan for the construction of a 1,270-kilometer crude oil pipeline linking the country's oil fields with the Red Sea. The new line will provide a second oil export route that avoids the Persian Gulf and the vulnerable Strait of Hormuz; the Trans-Arabian Pipeline now leads to the Mediterranean, but it has been closed to exports for more than two years.

The Saudis' state oil company last month awarded Mobil Overseas Pipeline Company a contract to manage the design and construction of the new pipeline, the projected cost of which is \$1.6 billion. Construction will be handled by a Japanese firm.

The pipeline will carry crude oil from the Khurais and Ghawar fields to Yanbu on the Red Sea. Three additional



~~SECRET~~

~~SECRET~~

fields—Mazalij, Abu Jifan, and Qirdi—may be developed to feed the new line. The Saudis expect the pipeline to be completed in late 1981. It will eventually have a capacity of between 2 million and 2.3 million barrels per day.

A terminal capable of berthing the largest tankers now in operation will be built at Yanbu. Most of the oil will be shipped to the Mediterranean, through the Suez-Mediterranean pipeline or the Suez Canal, which Egypt is planning to expand to accommodate larger tankers by 1982. Some oil will also be used to supply a refinery and petrochemical complex at Yanbu.

Saudi Arabia is a part owner of the Suez-Mediterranean line and probably will set transit fees for its new pipeline at a level that will make the transport operation to the Mediterranean—including shuttling oil across the Red Sea by tanker—economically competitive. [redacted]

LEBANON 49

The assassination on March 16 of Progressive Socialist Party leader Kamal Jumblatt leaves the political left in Lebanon significantly weaker. Provided the murder does not lead to a renewal of major fighting between Christians and their Muslim-leftist adversaries, Jumblatt's departure from the scene should facilitate the efforts of President Sarkis and his Syrian backers to work out an eventual political settlement for the country.

The identity of the assassins, who escaped in a car, is still unknown. The killing triggered widespread concern among Lebanese that the fragile cease-fire in their country might collapse in a new outbreak of large-scale violence. Lebanese government leaders and at least one major Christian leader immediately issued statements designed to head off trouble, as did Syrian President Asad, and the predominantly Syrian peacekeeping force has been put on alert.

As of noon on March 17, no serious

fighting had been reported, although Jumblatt's followers had apparently attempted some reprisals against Christian residents of Shuf Province, where Jumblatt lived and was killed.

Jumblatt was the hereditary chieftain of Lebanon's Druze sect—an early offshoot from Islam—to which about 10 percent of the population belongs. He was active in Lebanese politics since the 1940s and a major power broker for over two decades. Jumblatt was unique in being both the feudal leader of a conservative religious community and an avowed socialist with a strong following among the working class of Beirut.

Because of his stature and his determination to destroy the old confessional political system that favored the Maronite Christians and major Muslim sects, Jumblatt became the rallying point and recognized leader of the disparate group of Muslim leftists and other radicals that, in alliance with the Palestinians, took on the Christians in the recent civil war. The Druze leader strongly opposed, at all stages of the Lebanese crisis, the involvement of Syria, and at least some of his followers are now sure to conclude that the Syrians had a hand in his death.

IRAQ-FRANCE 67;69

Iraq will apparently soon acquire some F-1 aircraft from France. The Iraqis, who have long obtained most of their military equipment from the USSR, have recently been trying to diversify their sources.

Iraqi pilots and mechanics have arrived in France for training on the F-1, according to the US defense attache in Paris. Their arrival suggests that a sales contract either has been or is about to be signed. The number of aircraft involved may be about 70.

At present, all of Iraq's fighters are Soviet-made planes, except for a few British-built Hawker Hunters.

The F-1 will provide Iraq with an interceptor generally superior to their Soviet-built MIG-23s. The F-1 has more advanced electronic equipment. The Iraqis probably also hope to get training of a higher quality than they have had from the Soviets and a better arrangement for logistic support. [redacted]

~~SECRET~~