

Top Secret 236

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NATIONAL INTELLIGENCE DAILY CABLE

Wednesday August 18, 1976

CI NIDC 76-194C

State Department review completed

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NATIONAL SECURITY INFORMATION
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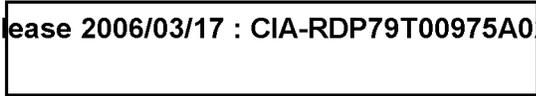
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National Intelligence Daily Cable for Wednesday August 18, 1976.



The NID Cable is for the purpose of informing senior US officials.

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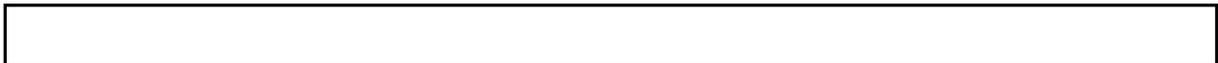
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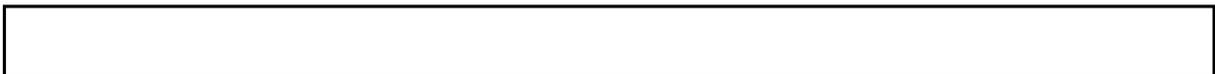
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TURKEY-GREECE: Situation Report

25X1 [redacted] //The announced area of operation in which Turkey's research ship Sismik I will conduct its third mission in the Aegean would seem to decrease for the time being the chances of a Greek-Turkish incident.//

25X1 [redacted] The Turkish navy has informed mariners that the ship would operate during the period of August 18 to 25 in an area bounded roughly by the Turkish coast and the Greek islands of Chios, Ikaria, and Samos. Other reports suggest that the ship may not leave Izmir--where it has been refueling for several days--until midnight tonight and spend only about four days on this third leg.

25X1 [redacted] //The area includes a zone outside Turkish territorial waters, but appears to avoid any of the overlapping Greek-Turkish oil concessions that stirred controversy over the Sismik I's second region of operation.//

25X1 [redacted] //A line drawn between two of the easterly points marking the area cuts across Greek territorial waters southeast of Chios. This would concern the Greeks, but the Turkish navy communique specifies that the ship will operate outside Greek waters. The Sismik I has previously avoided such incursions.//

25X1 [redacted]

25X1 [redacted] The Security Council yesterday postponed debate on the Aegean problem, reportedly to allow more time for negotiations on the text of a resolution acceptable to both sides. The next formal Council session appears unlikely before tomorrow.//

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LEBANON: Situation Report

25X1 [] President Franjiah delivered a major address on Monday, the sixth anniversary of his election to office, and implied that he would step down when his term expires on September 23. There has been growing concern in Beirut that Franjiah--encouraged by Camille Shamun--might try to prevent president-elect Sarkis from assuming office.

25X1 [] Franjiah spoke of his hopes for the "new regime" and the need for a political truce that would allow a new government to rebuild the country. He did not refer to Sarkis by name nor did he mention the pending completion of his term, perhaps to avoid foreclosing his options.

25X1 [] Nevertheless, Franjiah's remarks sounded much like a message of farewell. He seemed to be telling both Christians and Muslims that the future of Lebanon depends on their loyalty to the new government. He blamed the Palestinians for the civil war but avoided direct criticism of Lebanese Muslims. He did not repeat the Christians' conditions for a settlement, calling only for Palestinian adherence to the 1969 Cairo accord.

25X1 [] The conciliatory tone of the speech may have been designed to improve the Christians' image in the wake of their conquest of Tall Zatar. It may also have been an effort to patch up relations with conservative Muslim leaders, who have recently been trying to reassert their influence in Muslim-held territory.

25X1 [] A loosely organized group of Sunni Muslim leaders headed by Prime Minister Karami and former prime minister Saib Salam has recently been considering ways to revive public administration in west Beirut and other Muslim areas. The group has been working closely with Palestinian leaders and some Christian politicians, such as Raymond Edde, who have remained relatively neutral. The Muslims have not consulted Franjiah, Shamun, or other right-wing Christian government officials.

25X1 [] Christian Phalanges leader Jumayyil recently met with Saib Salam in an effort to open a dialogue with traditional Muslim leaders; a second meeting reportedly will take place within the next few days. The personal animosity between Franjiah and

Karami, however, has prevented broader contacts between the Christian and Muslim establishments. Karami has refused to attend cabinet meetings and Franjiyah reportedly is still considering dismissing him.

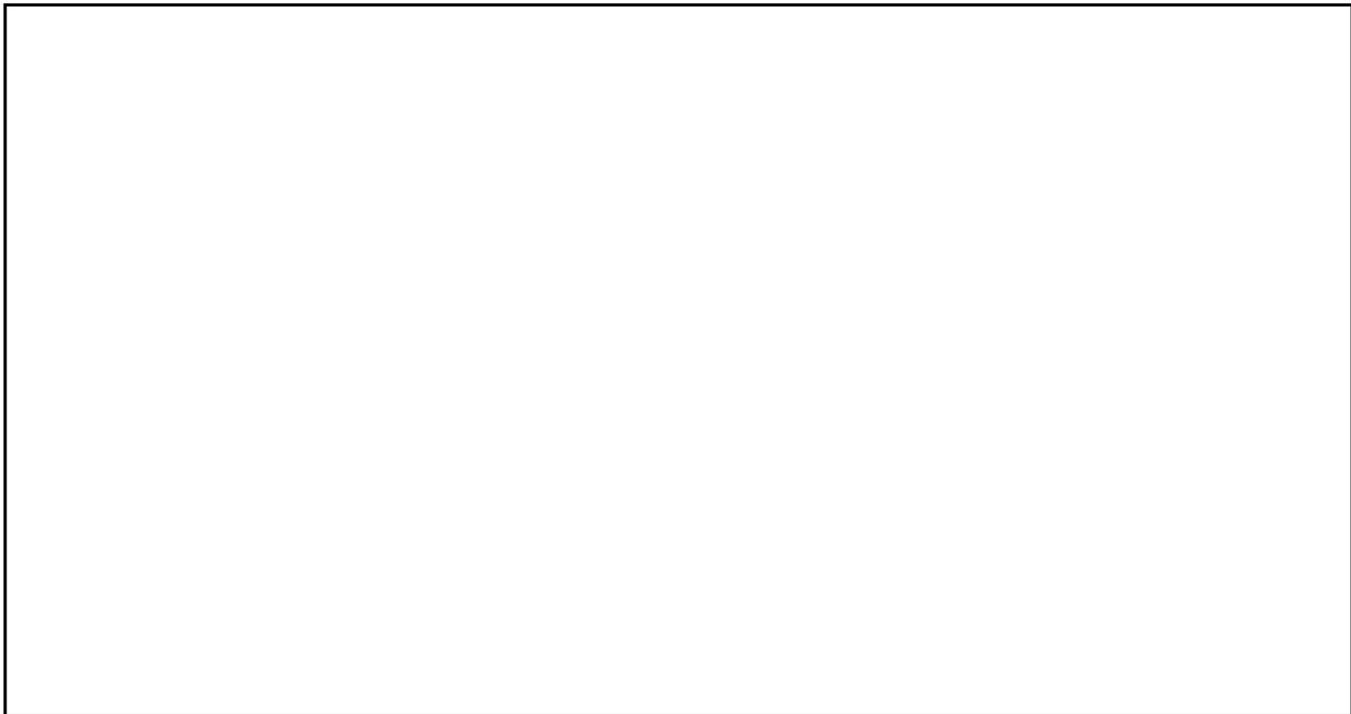
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[redacted] Palestinian sources again denied that Syrian forces have captured Hammana, a key road junction just north of the Beirut-Damascus highway. The Christians have been claiming major advances in their efforts to retake Hammana and other Christian villages in the mountains east of Beirut, but there is no evidence that their offensive has gained much momentum.

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[redacted] The Christians may actually be delaying a major military effort in hopes that talk of quick victories will break Palestinian morale. There was no significant military activity yesterday in other areas of the country.

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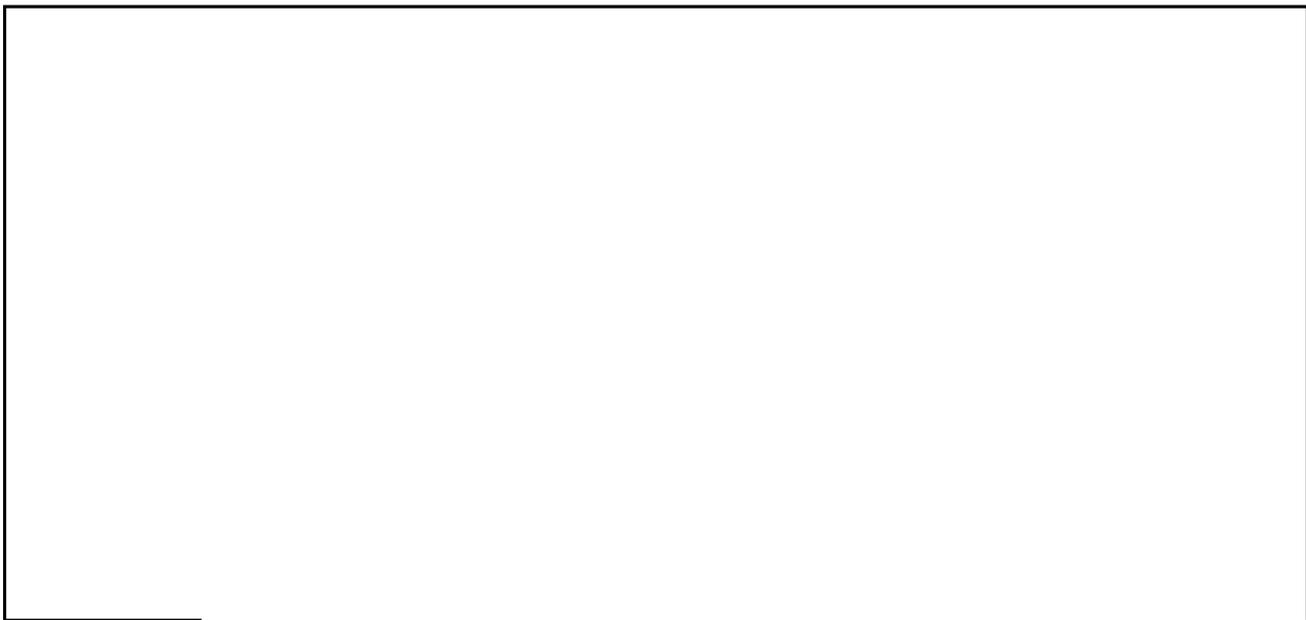
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ARGENTINA-CUBA: Trade Down

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[redacted] Prospects have dimmed that Argentina will become a major supplier of equipment for Cuba's planned industrial expansion during the period from 1976 to 1980. Both governments are dissatisfied with the \$1.2-billion trade agreement signed in 1973. As a result, Argentine-Cuban trade has fallen off sharply since the upswing that followed the signing of the trade agreement, which helped break the Organization of American States' sanctions against Cuba.



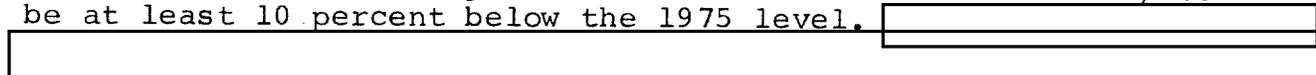
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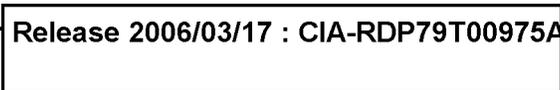
[redacted] Following the signing of the 1973 trade agreement, Argentina quickly became Cuba's fourth largest foreign supplier. By 1975 exports reached \$156 million--10 percent of total Cuban imports from non-communist countries. Exports for the first quarter of 1976, however, fell 42 percent from the fourth quarter of 1975, and exports for 1976 as a whole are likely to be at least 10 percent below the 1975 level.

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ARAB BOYCOTT RELAXED

25X1 [redacted] Arab financial institutions have relaxed their self-imposed ban against participating in underwritings led or co-managed by "Jewish firms." The Arab institutions found that they were losing lucrative business opportunities by abiding strictly with the Arab League boycott.

25X1 [redacted] Last week, the Saudi Arabian Investment Company was listed as an underwriter of an issue of UK National Coal Board notes managed by Warburg and Company and Rothschild and Sons--both blacklisted firms. A Saudi-Japanese firm and the Saudi Arabian Investment Company also have reportedly joined in offerings with blacklisted firms.

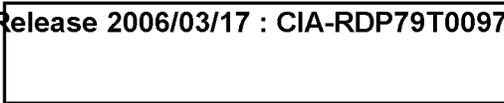
25X1 [redacted] The Arab boycott against these financial houses was never very effective. Blacklisted firms--well-connected in the international banking community--continued to close lucrative deals. The real losers in the boycott were Arab investment institutions that excluded themselves from participation in or management of large international offerings. [redacted]

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MAURITANIA: Presidential Election

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 Mauritanian President Moktar Ould Daddah was re-elected, unopposed, for a fourth five-year term last week. Government officials assert that participation in the voting by residents of the portion of Western Sahara now controlled by Mauritania constitutes an expression of self-determination and proof that the people in the area approve of Mauritania's sovereignty over them.

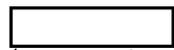
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 Mauritania has been sensitive to criticism in international and regional forums that it violated the principle of self-determination for the Saharan population in its deal with Morocco last spring partitioning the former Spanish colony. Ould Daddah has maintained that a special referendum in Western Sahara is impossible because of political confusion and population movements caused by Algerian interference in the area. The Mauritani-ans will now argue that such a vote is unnecessary. 

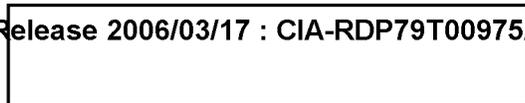
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THAILAND: Student Rally

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 Some 10,000 students held a rally in Bangkok yesterday to protest the return of deposed deputy prime minister General Praphat to Thailand.

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25X1 [redacted] They demanded Praphat's immediate arrest and legal action against those who abetted his return. Student leaders plan to hold another rally on Thursday to "hear the government's reply" to the demands.

25X1 [redacted] It is now clear that Praphat did arrive on Sunday with the help of some of his army colleagues. To the embarrassment of the Seni Pramot government, his exact whereabouts is a mystery.

25X1 [redacted] The motive behind the timing for Praphat's return from his Taiwan exile is unclear. It is possible that some army officers encouraged his return as a means of fomenting unrest in order to discredit the civilian government. Praphat's decision to return now could have been prompted by a desire to visit ailing parents, which is what led former prime minister Thanom to fly home a year earlier.

25X1 [redacted] Praphat may have entertained hopes of extending his stay, but the intensity of student reaction would seem to rule this out. Prime Minister Seni has made it clear that he wants Praphat expelled as soon as possible. [redacted]

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