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NATIONAL INTELLIGENCE DAILY CABLE

Monday August 23, 1976

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NATIONAL SECURITY INFORMATION
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National Intelligence Daily Cable for Monday, August 23, 1976

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

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NORTH KOREA: Situation Report

25X1 [redacted] North Korea's public reaction to Friday's tree-clearing operation at Panmunjom, while worded in characteristically strong terms--including personal attacks on President Ford--continues to be generally restrained. [redacted]

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25X1 [redacted] The North Korean media have attempted to portray the US operation as proof that it was the US that instigated last Wednesday's violent incident. A "commentator" article in yesterday's party daily charged that the two incidents were directly linked with each other and aimed at provoking the North into another war.

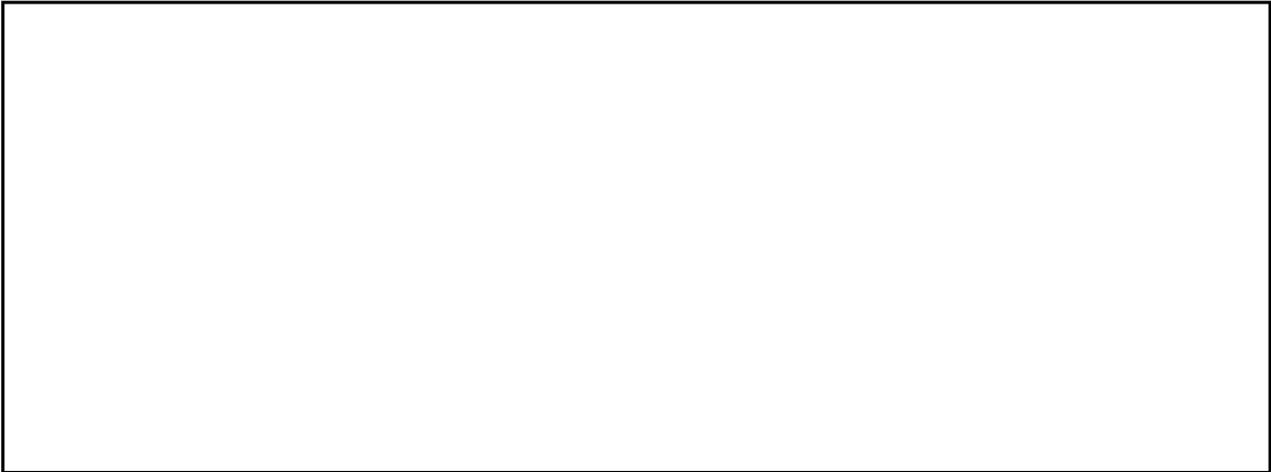
25X1 [redacted] Although North Korea continues to call attention to heightened tensions, Pyongyang has not issued an official government statement. By listing explicitly those few things destroyed in Friday's action--a tree, a guard post, and a traffic barrier--Pyongyang seems to be willing to minimize the significance of the US operation.

25X1 [redacted] The North Koreans have not publicly acknowledged a message from President Kim Il-song, in his capacity as supreme commander of the North Korean armed forces, that termed the Wednesday incident "regretful." The message was read on Friday at a meeting of the Military Armistice Commission requested by the North shortly after the tree-felling operation, and was attended only by the senior representatives of the US and North Korean delegations.

25X1 [redacted] That meeting of senior Commission members has prompted fresh concern in Seoul about the possibility of US involvement in bilateral negotiations with North Korea on political matters.

25X1 [redacted] Moscow and Peking continue to hold the Korean situation at arm's length.

25X1 [redacted] Following the lines of their treatment of Wednesday's incident, Soviet and Chinese radio broadcasts have selectively replayed Pyongyang's account of the tree-cutting operation. Both have avoided making any comment on their own.



LEBANON: Situation Report

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[redacted] Efforts to arrange for the peaceful withdrawal of the Palestinians from their positions in the mountains east of Beirut have stalled, but the Christians are still delaying their offensive.

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[redacted] The commander of the Arab League peacekeeping forces in Lebanon has transmitted to leftist leader Kamal Jumblatt the latest demands of the Phalanges Party. The Christians insist that the Palestinians turn over their positions in Mount Lebanon to Arab League troops, agree to a timetable for the cessation of hostilities on all fronts, and accept Syria's conditions regarding the make-up of the leftist representation on any truce committee supervising a settlement.

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[redacted] The commander reportedly also told Jumblatt that the Syrians, in turn, would withdraw from Jazzin, their position closest to the key leftist port of Sidon in the south.

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[redacted] Jumblatt has categorically rejected the Christian proposals. He said that the Arab League forces are too weak to take over positions in the mountains, and he called for an expanded League force of 15,000 troops with its own artillery and armor.

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[redacted] On Sunday, Jumblatt demanded that the Arab League face up to the problem in Lebanon and compel Syria to withdraw its forces from the country.

25X1 [redacted] The Egyptians and Saudis are trying to marshall support for holding an Arab League summit meeting, according to an Egyptian newspaper. Ten League members have approved a meeting, according to a press report from Cairo. Eleven members must agree to attend a summit conference.

[redacted]

25X1 [redacted] Asad will be hard put to hold out against a summit with the Saudis pushing the idea, but he can probably count on Saudi cooperation in trying to water down any resolution that would endanger his policy toward Lebanon.

25X1 [redacted] There are signs that the Palestinians are beginning to suffer from a shortage of manpower. Palestinian officials have confirmed that Palestine Liberation Organization leader Yasir Arafat issued a conscription decree after the fall of the Tall Zatar refugee camp on August 12. Fedayeen organizations have begun rounding up Palestinian men for compulsory military service.

25X1 [redacted] The forces in Beirut are continuing to trade heavy artillery barrages, despite several attempts to work out an agreement to end the shelling. The major commercial center of west Beirut was shelled on Saturday while the streets were filled with shoppers. Previously, the two sides confined their shelling to the night hours. The Beirut press yesterday quoted the son of Phalanges Party leader Jumayyil as saying that shelling of the leftist-controlled section of Beirut would continue until the end of the war.

25X1 [redacted] There was also heavy artillery fire over the weekend in a number of Beirut's southern suburbs, particularly Shiyah and Ayn Rummanah, where the fighting apparently also included ground activity. Fighting in the Mount Lebanon area seems to have been limited primarily to exchanges of artillery and machinegun fire;

25X1 [redacted]

25X1 [redacted] Fighting intensified in the north over the weekend. A Christian militia attack on the village of Alma reportedly was led by President Franjiyah's son, who had been reported dead. The pro-Christian radio announced yesterday that Christian artillery sank a ship of unidentified nationality anchored in Tripoli harbor. The ship supposedly carried arms for the Muslims and Palestinians.

EGYPT-LIBYA: Tensions Continue

25X1 [redacted] Egyptian media are continuing to hammer away at Libyan President Qadhafi in terms that may make it difficult for President Sadat to delay some kind of move against Qadhafi without damaging his credibility.

25X1 [redacted] One Cairo newspaper, playing up Sadat's refusal of numerous offers of mediation by Arab leaders at the Nonaligned Conference in Colombo, quoted Sadat as saying that "we cannot stand idle when it comes to killing the people of Egypt"--a reference to recent terrorist incidents that Egypt has blamed on Libya. The paper reported that Sadat had assured the families of those injured in the bombings that "Qadhafi will not get away with it."

25X1 [redacted] The recent bombings in Cairo, Alexandria and elsewhere--all of them ascribed to Libya by the Egyptians--have nourished a sense of apprehension and fear among the Egyptian public. Government accounts of the bombings and warnings about suspicious packages and unusual movements by strangers have fed the public unease.

25X1 [redacted] Egyptian security officials are coming under fire for their failure to stop the bombings. The popular anger against the security services and the public's insistence that terrorist acts be stopped will make it increasingly difficult for the government to avoid an overt move against Libya.

25X1 [redacted] By repeatedly promising that Egypt will punish Qadhafi, Sadat is painting himself into a corner. Even if he were so inclined, Sadat will not be able to continue talking harshly and doing little without damaging his popular standing--already undercut by severe domestic economic problems.

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[redacted] Libya's news agency, for its part, has called Sadat a "hashish addict" with a "sick mind" who is following the dictates of his imperialist masters. The Libyans, noting that Cairo has imposed a curfew in some of Egypt's western areas, have described Egypt as a "large prison." The Libyans allege that a thousand Egyptian soldiers stationed on Libya's border have already deserted to protest the misuse of the army.

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[redacted] A meeting over the weekend between Qadhafi and Algerian President Boumediene may indicate in part that Qadhafi is actively seeking out allies against a possible Egyptian move.

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NONALIGNED STATES: Conclude Conference

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[redacted] The nonaligned summit, which ended in Sri Lanka on Friday, approved political and economic declarations critical of US policies, but no more so than previous nonaligned statements.

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[redacted] the political declaration was hammered out after intense and stormy debate in the drafting committee. There were apparently over a hundred suggested amendments to the moderate draft declaration, which Sri Lanka, as host of the summit, had prepared. Most amendments came from radical states--Cuba, Vietnam, and Syria, for example--and these states tried to toughen the final declaration even more. The final resolutions--when they become available--are likely to reflect a more radical orientation than the political and economic declarations.

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[redacted] The nonaligned "moderates," particularly India, Yugoslavia, and Sri Lanka, played an active role in opposing radical initiatives. In addition, Algeria's preoccupation with its bilateral dispute with Morocco over Western Sahara reportedly prevented the Algerians--the traditional leaders of the radical wing--from focusing on many nonaligned issues, and in turn deprived the radical wing of an influential voice.

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25X1 [redacted] The political declaration:

--Called for withdrawal of all foreign troops from South Korea, the closure of all foreign military bases there, the termination of the UN Command, and the replacement of the armistice agreement with a peace settlement. No mention was made of tensions in the demilitarized zone.
--Demanded that the US halt all political or "repressive" maneuvers that perpetuate Puerto Rico's "colonial status."

--Reaffirmed support for Panamanian control of the canal and stated that the presence of US bases in Latin America "represents a threat to the peace and security of the region.

--Criticized the US for its "political, economic, and military" support of Israel.

--Referred to "aggressive US imperialism" in Indochina, and called on the US to help "heal the war wounds" of the area.

25X1 [redacted] The conference also called for an oil embargo against France and Israel, reportedly because of their violations of UN resolutions against arms supply to South Africa.

25X1 [redacted] The conference's economic declaration placed emphasis on measures that the nonaligned and developing states could take to enhance their development.

25X1 [redacted] That declaration included criticism of the developed states for their lack of concern for the economic problems of the third world, but the criticism was more moderate than other similar nonaligned and developing country statements. The accompanying action program placed strong emphasis on promoting intra-nonaligned commercial, trading, and banking relations.

25X1 [redacted] The nonaligned also called for feasibility studies on the establishment of a common third world currency and commercial banking system. [redacted]

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GREECE-TURKEY: Sismik Sails On

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[redacted] The Turkish research ship Sismik I apparently continued its seismic explorations south of Chios Island over the weekend. Efforts in the UN Security Council to draft a compromise resolution on the Aegean situation have bogged down, and Greece and Turkey have traded charges on various related topics.

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[redacted] The Sismik I began its current phase of operations last Thursday in an area less sensitive than the previous phase but still including waters above disputed portions of the continental shelf. The ship is expected to return to port early this week to prepare for three further missions.

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[redacted] If the Sismik I has entered contested waters in recent days, the Greeks have not protested. Unlike the second area of operation, this one does not impinge on areas where the Greeks have granted oil concessions.

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[redacted] According to the press, the Security Council failed on Saturday to obtain Greek and Turkish approval of a draft resolution calling for restraint and the resumption of bilateral negotiations. Each side apparently asked for changes.

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[redacted] In The Hague yesterday, the International Court of Justice invited Turkey to send representatives to the hearing scheduled for Wednesday. The Court will consider Greece's application for an interim injunction calling on Ankara to halt its exploration in disputed waters. The Turks have previously been reluctant to submit their differences with Greece to such an international forum.

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[redacted] On Saturday Turkish officials said that Greek radio operators had attempted to jam Turkish communications with the Sismik I. Athens denied the claim yesterday.

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[redacted] An official of the Turkish Mining Research Institute said Friday that Turkey could start test drilling for oil in the Aegean in little more than a month. Drilling would be based on information provided by the Sismik I. The official added that a ship now drilling in the Black Sea would be directed to the Aegean.

25X1 [redacted] No doubt sensitive to the potential impact of this announcement on Greek-Turkish tensions, Turkish Prime Minister Demirel noted the same day, according to the press, that the government had not yet decided whether to go ahead with such drilling. Demirel did not, however, indicate whether the government intended to confine any such drilling to Turkish territorial waters.

25X1 [redacted] The Turks are not known to have their own marine drilling equipment. The ship currently operating in the Black Sea is believed to be a foreign vessel under contract to a Turkish oil company.

25X1 [redacted] Demirel's mid-week statement that the Greek Aegean islands cannot remain armed continued to stir controversy over the weekend. Greek Prime Minister Caramanlis, who had already taken exception to the statement, reportedly asked for an explanation from Ankara.

25X1 [redacted] In reply, according to the Greek press, the Turkish Foreign Ministry attempted to play down this aspect of the dispute by stating that Demirel had not meant to challenge Greek sovereignty over the islands in question. [redacted]

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PORTUGAL: Tensions in Military

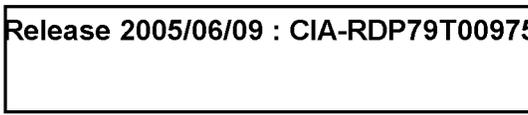
25X1 [redacted] Portuguese President Eanes' efforts to mold a professional, unified military capable of protecting the new democratic government from either the left or the right are continuing to cause tension within the armed forces.

25X1 [redacted] Most of the dissension is coming from the conservative "operationalists," who thought Eanes shared their support for a quick restoration of the military hierarchy. They are surprised that he does not openly favor them over the more liberal "politicals," who are reluctant to give up the influence they enjoyed during two years of military rule.

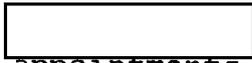
25X1 [redacted] Eanes appears to have decided, however, that the best way to control military infighting is to strengthen his hold on the armed forces and to steer an independent course between the two factions. He maintains contact with both sides but has recently selected center-leftist advisers loyal to him.

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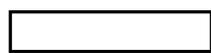


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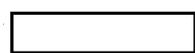
//Eanes has tried to strike a balance in making appointments. He has chosen leftists and conservatives to serve as Lisbon's representatives and military commanders in both the Azores and Madeira. Some officers believe he is trying to send potential troublemakers from both factions out of the Lisbon area.//

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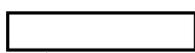
Eanes has avoided decisions that favor one side over the other. Last week the President ruled that members of the all-military Revolutionary Council--which now acts as an advisory body to the president--must decide whether they wish to remain on the council or assume line command positions. As a result, two leftists were removed from regional commands, and a conservative left the council.

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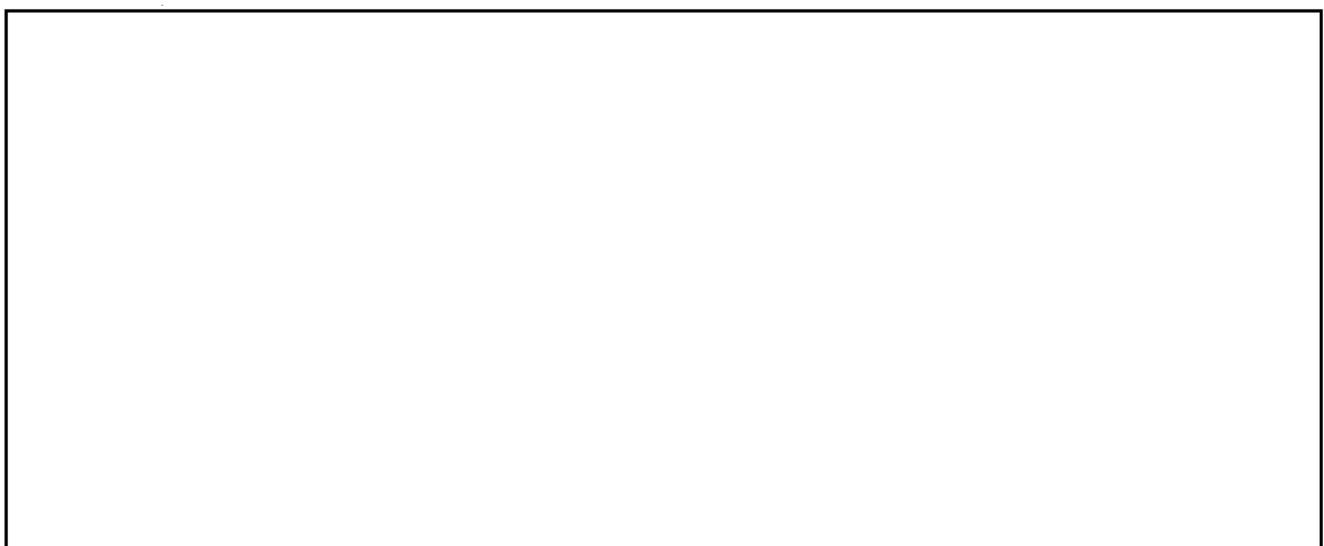
Eanes has been criticized because he has made an exception in the case of General Lourenco, who was named military governor of Lisbon so he could stay on the council.

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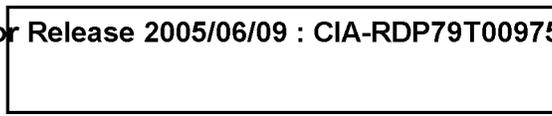


Leading conservatives, including air force chief Da Silva and commando leader Neves, were conspicuously absent from Lourenco's swearing-in ceremony last week after it was decided he would keep the regional command position for an unspecified period.

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DENMARK: Economic Problems

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[redacted] //The Danish Parliament's approval last week of an economic package sponsored by the Social Democratic government of Prime Minister Jorgensen triggered widespread labor protests that could threaten the minority government.//

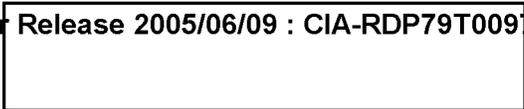
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[redacted] //Jorgensen convened an emergency session of Parliament on August 17 and threatened to resign and call a new election if his proposals to correct the ailing economy were defeated. The Social Democrats and their allies--the Center Democrats, the Radicals, and the Christians--were joined by the Conservatives to win a slim majority in Parliament on Thursday.//

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[redacted] //Danish workers, protesting the economic program's 6-percent ceiling on wage increases over the next two years, staged numerous wildcat strikes last week. More unions went out on August 19, and if the strikes continue to spread, the government's new measures to curb inflation and balance foreign trade may yet be thwarted. [redacted]

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USSR-POLAND: Notification of Shield-76

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[redacted] In compliance with the Helsinki Accord, Poland has given notification of the major military exercise Shield-76, a multinational Warsaw Pact exercise that will involve as many as 35,000 ground and air force troops. It is scheduled to be held from September 9 to 16 in Poland.

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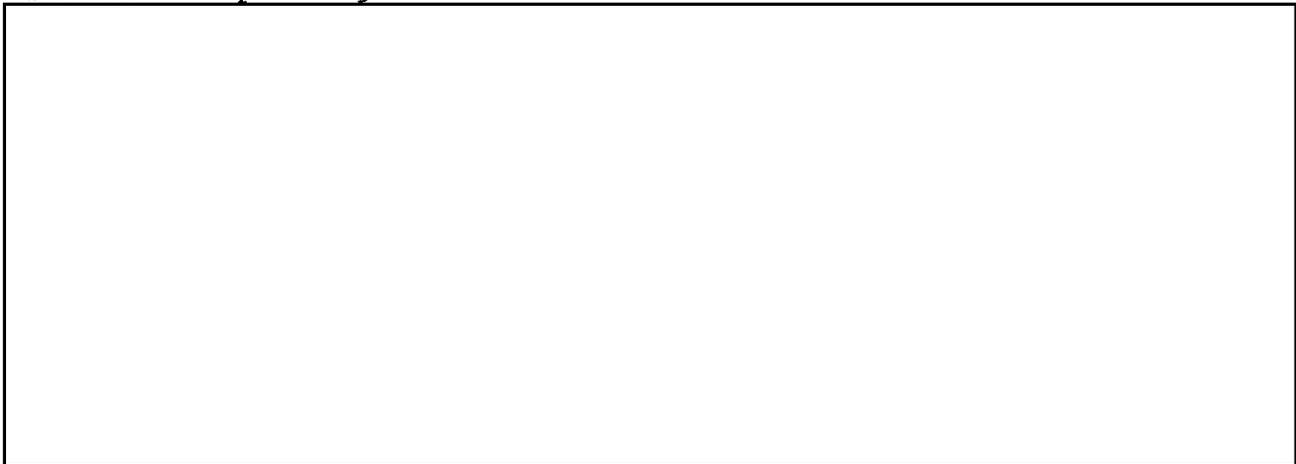
[redacted] Polish officials said that troops from Poland, East Germany, Czechoslovakia, and the USSR will participate. Observers from at least four countries outside the Pact--Austria, Denmark, Finland, and Sweden--have been invited.

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[redacted] Shield-76 is the first multinational Warsaw Pact exercise held since the Helsinki summit meeting.

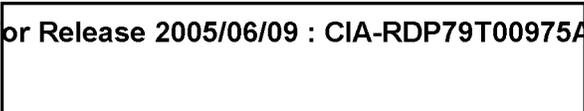
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[redacted] Poland is the first East European country to announce a major military exercise--one involving over 25,000 ground troops--in compliance with the confidence-building measure provisions of the Final Act of the European Security conference. Hungary announced a smaller exercise in April, and the Soviet Union announced two exercises earlier this year involving only Soviet troops. Yugoslavia has also announced two exercises.



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JAPAN: Political

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[REDACTED] Deputy Prime Minister Fukuda and other leaders of Japan's ruling Liberal Democratic Party may move to force Prime Minister Miki's resignation at a special party caucus early next week. Fourteen of Miki's nineteen cabinet ministers and two-thirds of the party's Diet members have endorsed a petition calling for the meeting. Barring a decision by Miki to step down beforehand, the gathering will doubtless endorse a motion demanding his resignation.

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[REDACTED] Fukuda would clearly prefer Miki to step down voluntarily. Along with Finance Minister Ohira, Fukuda will hold a round of private meetings with Miki in the next few days. An effort to persuade Miki to resign failed last week, but Fukuda and Ohira hope the petition for a special caucus will force Miki to acquiesce.

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[REDACTED] Miki continues to insist upon convening a Diet session, passing pending fiscal bills and then calling a general election this fall. Miki has indicated all along that he will remain in office until the Lockheed investigation is finally resolved and now is attempting to link his tenure to the approaching elections--an event he has described as "Lockheed's political conclusion." The Prime Minister still enjoys popular support, but the arrest of former prime minister Tanaka and the pressure on the prosecutors to conclude the investigation by the end of this month has considerably weakened Miki's case for staying on.

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[REDACTED] Miki could flatly refuse to resign as prime minister even if the party caucus adopts a non-confidence motion. The caucus can only change the party leadership; a new prime minister must be selected by the Diet. With all but five of his cabinet ministers now aligned against him, however, Miki would face a cabinet revolt if he attempted to convene the Diet later this month.

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