

ROUTING

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**Top Secret**

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NATIONAL INTELLIGENCE DAILY CABLE

Friday May 13, 1977

CG NIDC 77-111c

**NATIONAL SECURITY INFORMATION**

Unauthorized Disclosure Subject to Criminal Sanctions

DIA review(s) completed.

State Dept. review completed

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National Intelligence Daily Cable for Friday, May 13, 1977.

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

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USSR: Statements on Berlin

25X1 [redacted] //The Soviets have reacted to the Western Allies' statement on Berlin released on Monday with indications that they are anxious not to make a major issue out of Berlin at this time.//

25X1 [redacted] Two diplomats with the Soviet embassy in East Berlin on Tuesday criticized the statement in relatively mild terms. They described it as unbalanced and warned that it would require a public response from the USSR and East Germany, but they also made an effort to play down issues affecting Berlin. The Soviet officials said that a public exchange would make everything "too ideological," and suggested the two sides should strive to be pragmatic on Berlin issues. Within the past week the same two diplomats had expressed Soviet satisfaction with the current state of affairs in Berlin.

25X1 [redacted] Soviet Ambassador to East Germany Abrasimov has also taken a softer position on Berlin. Abrasimov's earlier public criticism of Allied patrolling in East Berlin had contributed significantly to raising the level of tension over Berlin.

25X1 [redacted] In remarks published on Monday, however, he did not return to the sensitive issue of Allied patrolling or dwell on any other sore points. The ambassador spoke instead in positive terms of the recent change of government in West Berlin and of the status of Soviet relations with West Berlin. 25X1

25X1 [redacted] //Similarly, the Soviet diplomats who spoke highly of the present state of affairs in Berlin hinted that this assessment was contingent on West German willingness to restrict its activities in West Berlin to levels acceptable to Moscow.//

25X1 [redacted] The East Germans have reacted defensively to the Allies' declaration on Berlin and President Carter's statement

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on the Berlin Wall. Speaking at a diplomatic dinner on Wednesday, party leader Honecker defended the erection of the Berlin Wall and called it a "prerequisite of detente."

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[redacted] Reacting to what he described as "euphoria" in West Germany over the Allies' declaration, Honecker reaffirmed East Germany's claim that East Berlin is both the capital and an integral part of the German Democratic Republic. He did not, however, bring into question any of the specific rights exercised by the Western powers in East Berlin. Honecker also took the opportunity to say that East Germany's policy towards East Berlin would not be altered by any "economic pressures." [redacted]

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USSR: Pre-Belgrade Propaganda

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[redacted] *The recent resurfacing in Izvestia of espionage charges against prominent dissidents, Jewish activists, and US embassy officers first publicized in early March illustrates the USSR's more aggressive public posture on human rights. It may also presage new moves to inhibit further the US embassy's contacts with Soviet dissidents.*

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[redacted] The Soviets continue to be concerned over the course and outcome of the meeting in Belgrade next month that will review the results of the European security conference, but a good deal of their public posturing is bravado. Moscow, however, is also clearly signaling that it has the resolve and the ammunition to hit back if the USSR and its allies are put in the dock at Belgrade.

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[redacted] The new and more detailed account in *Izvestia* of the earlier "expose" emphasizes a number of different themes that have ominous overtones for the dissidents mentioned by name, all but two of whom are already under arrest. Even more ominous is the implication--in the light of the Soviet failure so far to levy formal charges against those arrested--that Moscow may hold the fate of this group hostage to developments at the meeting in Belgrade.

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[redacted] Among new twists in *Izvestia* is the direct link that is now made between the CIA and the "so-called fighters for human rights." The group founded by Yury Orlov that monitors Soviet compliance with the Helsinki accords is singled out in

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this context. *Izvestia* implies that the group is subject to CIA instructions, transmitted by US diplomats. Three US embassy officers are again named; only one of them is still in Moscow.

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[redacted] The article gives harsher treatment than that given in March to Jewish activists. Among those named, Anatoly Shcharansky--who is already under arrest--is now alleged to have been "assigned" the task of "collecting defense information." This charge is in line with earlier reports that the authorities may be ready to try Shcharansky on treason charges. Also named are activists Vladimir Slepak and Aleksandr Lerner, the only Soviet citizens mentioned in the article in March who are still at liberty. Slepak now reportedly believes he may soon be arrested.

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[redacted] The mention in *Izvestia* of implicitly sinister contacts between Soviet and US Jewish activists--like the paper's detailed reiteration of espionage allegations against US diplomats and journalists in Moscow--is partly designed to warn the Soviet reader that contacts with such persons are dangerous since the foreigners could be spies. The charges could also be useful in setting the stage for any possible trials of dissidents.

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[redacted] In addition, the article may be an attempt to put on record specific cases and names with which to "document," if necessary, recurrent Soviet allegations that Western concern over human rights in the USSR constitutes interference in Soviet internal affairs.

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[redacted] Public warnings that Moscow is willing to give as much as it takes at Belgrade have become more plentiful in recent weeks. Even Soviet comment on the recent economic summit in London contained these implications. While alleging that the US position on human rights found no echo among the other participants in the meeting, Moscow again charged that the general Western "clamor" on this issue is designed to mask the West's failure to solve its own economic and social ills.

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ZAIRE: Situation Report

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[redacted] Moroccan-supported government forces in Zaire are continuing to advance steadily in Shaba Region and are meeting very little Katangan resistance. An airborne assault reportedly is being planned on one of the two major towns still in Katangan

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hands.

*Most Shabans apparently believe Zairian President Mobutu will remain in power and are fearful of their future.*

On Wednesday, government troops reoccupied Kasaji, according to sources of the US embassy in Kinshasa. The Katangans appear to have fled without a fight; the Zairian commander of the lead task force reported that his troops have encountered almost no resistance over the last few days.

The government's reoccupation of Kasaji, which fell to the Katangans in the early stages of the conflict, leaves only two major towns in southern Shaba still in the invaders' hands--Kisenge and Dilolo. Zairian units reportedly have now been ordered to take Luashi, which sits astride the southern approach to Kisenge.

The US defense attache in Kinshasa reports that over the past week some of the senior foreign military advisers in Zaire appear to have been planning an airborne assault on Kisenge using Moroccan paratroops. President Mobutu, whose permission would be required, is said to have been informed of the plan. The airborne assault, if it comes off, would include a few Zairian paratroops so that the attack could appear to be a joint operation.

Zairian troops in the Kafakumba area reportedly have finally begun to advance after gaining almost no ground for nearly a month. According to the Zairian high command, government troops reoccupied Kafakumba Wednesday; the Katangans apparently offered little resistance.

Government troops in the area of Kapanga, one of the three towns initially occupied by the Katangans, also appear to be advancing, although their progress reportedly is being hampered by flooding rivers. The Katangans reportedly abandoned Kapanga earlier this week and have fallen back a few kilometers to the south. Government forces are said to be preparing to attack the Katangans' new positions soon.

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President Mobutu has now been in Shaba for three weeks and reportedly intends to remain there until the Katangan invaders are forced across the border with Angola. Mobutu, who is in Kolwezi, is portrayed by the government-controlled press as personally directing the war effort and rallying the morale of troops in the field. Mobutu obviously is trying to bolster his political stature by minimizing the role of his military commanders and claiming credit himself for recent military successes.

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Now that Mobutu's Moroccan-backed forces have the upper hand, the population of Shaba appears resigned to his remaining in power and is apprehensive over the treatment it may suffer at the hand of Mobutu's administrators in the months to come.

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The Katangan invaders, though initially welcomed by many of Shaba's anti-Mobutu residents, have proven themselves to be a somewhat enigmatic group with unclear political objectives and an opportunistic leadership; they never won active popular support. They now seem to be in general disarray and presumably are assessing their future strategy.

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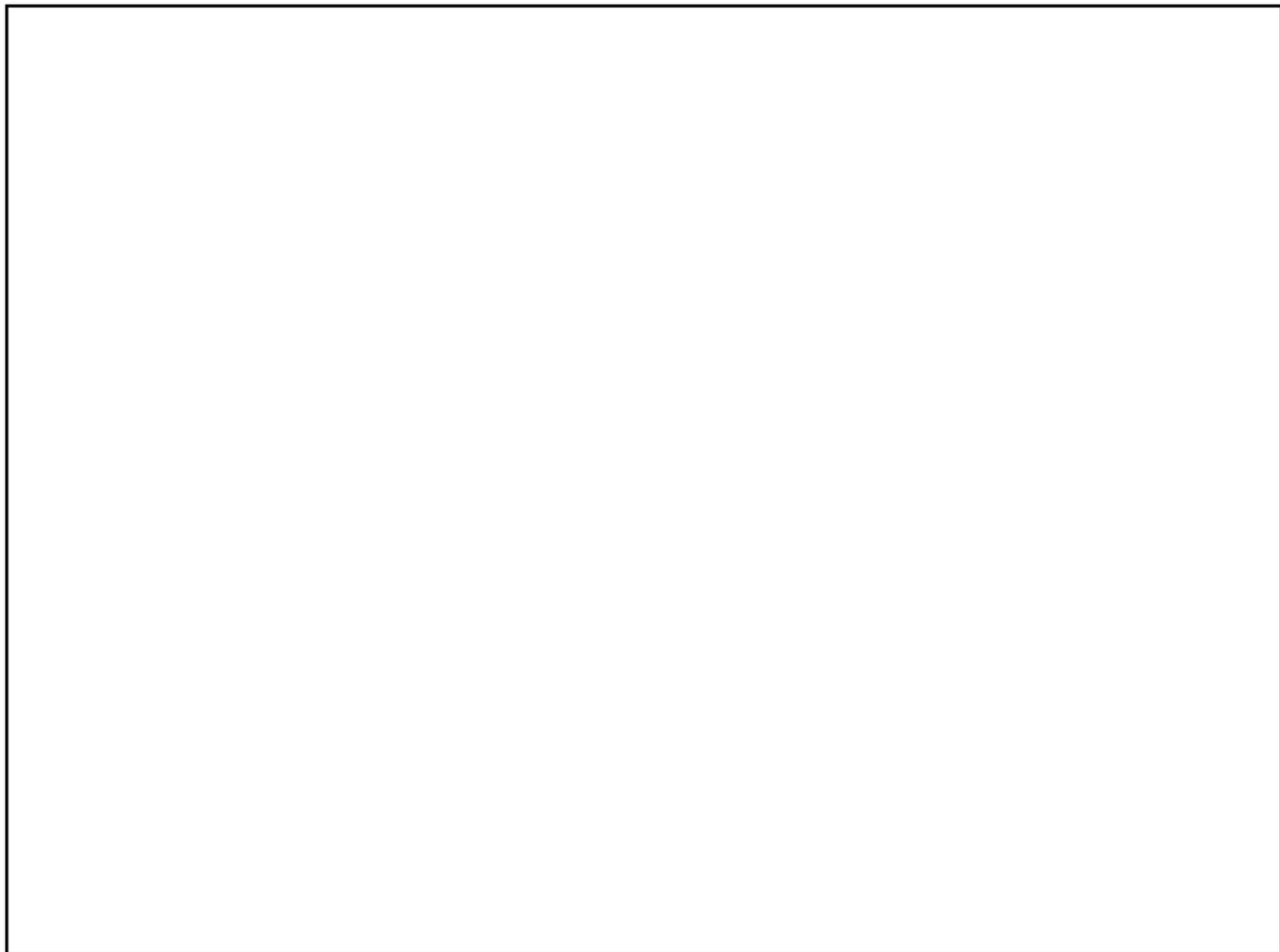
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BULGARIA: Velchev Ousted

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 Boris Velchev, number-two man in the Bulgarian Communist hierarchy, was ousted from all party positions yesterday. His removal represents the most serious crack in the Bulgarian leadership in more than a decade.

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 Other than stating that "considerations of expediency" prompted the move, the party gave no explanation for ousting Velchev. As the party secretary in charge of personnel and security matters, he wielded vast powers in the organization. The decision to deprive Velchev of all positions, including his membership in the Central Committee, implies his involvement in extremely serious offenses possibly even a plot against party leader Zhivkov.

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[redacted] Velchev reportedly assumed responsibilities for relations with foreign communist parties last year. It is possible that his fall involves policy differences with the USSR. In earlier years, Velchev had been rumored to be opposed to certain aspects of Soviet foreign policy, and his disappearance from the scene during a visit to Sofia by General Secretary Brezhnev in 1973 was regarded as an indication of those differences.

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[redacted] The announcement earlier this week that party leader Zhivkov will visit Moscow soon suggests that the Bulgarians wanted to dispose of the Velchev case prior to that visit. Velchev's ouster creates a fourth vacancy on the Politburo; in April 1976, three members of lesser importance were eased out.

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FRANCE: Nuclear Forces

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[redacted] //The French Communist Party officially announced on Wednesday that it will not oppose retention of the French nuclear strike force if the Communists and their Socialist allies come to power. The statement was designed to appeal to the voters and to press the Socialists to make concessions on other issues.//

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[redacted] //Statements to the press by Politburo member and party foreign affairs specialist Jean Kanapa and comments by party leader Georges Marchais indicate, however, that the Communists remain sensitive to any indication that France would move closer to NATO and do not want to imply that the nuclear force should be used in West European defense.//

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[redacted] //Kanapa emphasized that the force should be kept at minimum levels, and should be improved only to the extent necessary to protect French security and independence.//

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[redacted] //The Communists, who earlier called for renunciation of the strike force in their "common program for governing" with the Socialists, remain uncomfortable over the force's intended purpose of defending against a threat from the East. The Soviet arms build-up, nevertheless, has become one of the party's major concerns.//

25X1 [redacted] //The announcement implies that the present mix of strategic nuclear forces would be maintained under a left-ist government. France now has 18 land-based IRBMs, 4 operational ballistic missile submarines, and 36 Mirage IV strategic bombers.//

25X1 [redacted] //The Communists' characterization of the force suggests that, if they have a say in defense policy, they might try to stop French development of multiple warhead missiles.

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25X1 [redacted] //The announcement clearly was intended to enhance the Communists' position with the voting public. Marchais noted the "profound political significance" of the party's decision and said the Communists intended it as further evidence that voters can rely on their determination to "defend, by all means at our disposal" France's security. The Communists will portray themselves as strongly patriotic on defense matters in their campaigning for the national election now set for March 1978.//

25X1 [redacted] //The decision in principle on this issue probably was taken some time ago and probably was made public now to have maximum impact on the coming negotiations with the Socialists on updating the common program. The new Communist position is close to the Socialists' and papers over--for the moment at least--an area of serious disagreement.//

25X1 [redacted] //The party's official organ, *L'Humanite*, published on April 22 the Communists' suggested changes in the program. We do not know what the Communists may ask in return for the defense decision, but the Socialists--who want only superficial alterations at this time--will have problems with the following proposed changes:

--A "minimum list" of additional companies to be added to those already flagged for nationalization. The Communists'

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list includes the steel industry, which is subsisting on heavy government subsidies, and automaker Peugeot-Citroen. In these industries, the Communist-controlled labor federation is weak or excluded by company unions.

--A "non-first-use" of nuclear weapons treaty with the USSR.

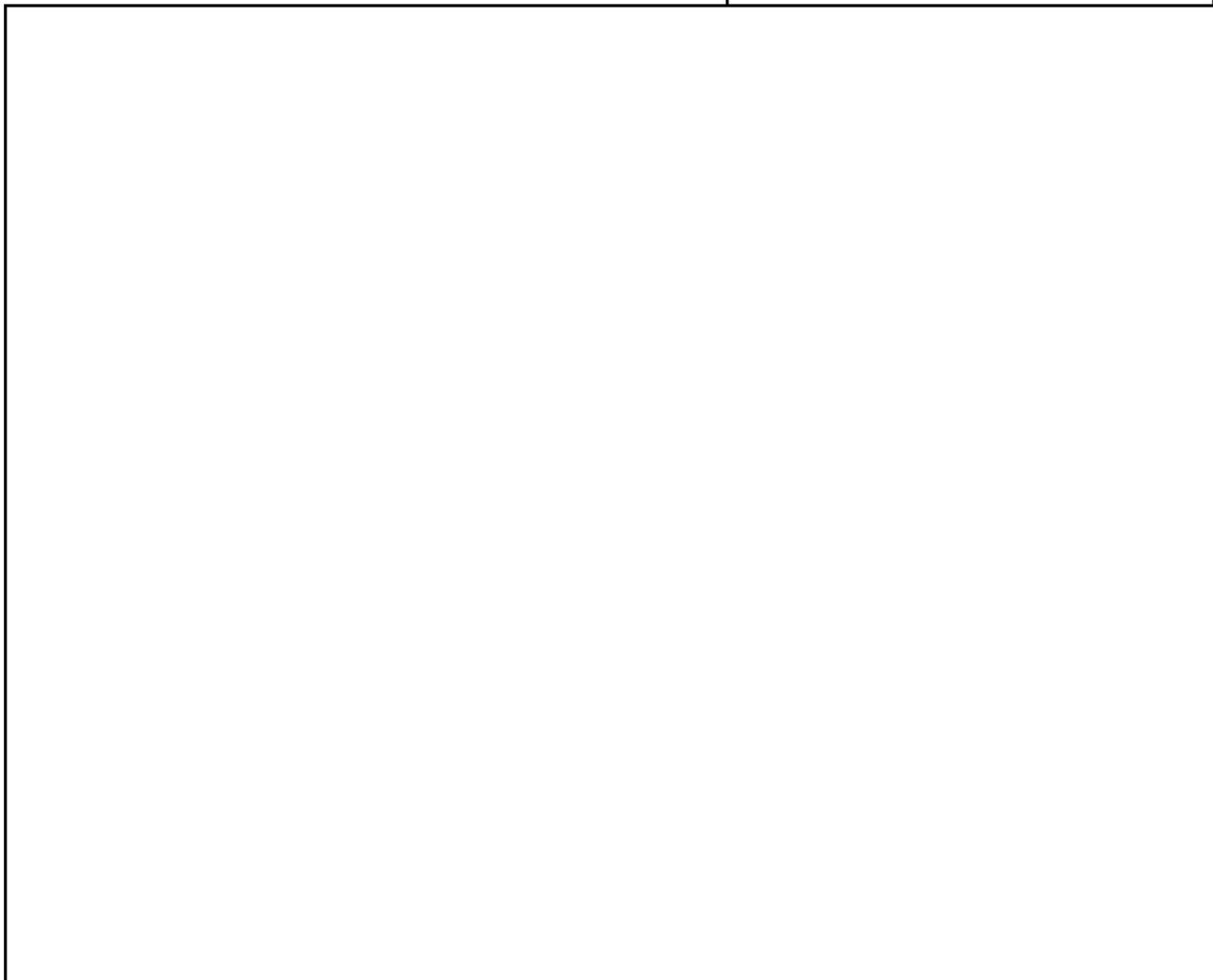
--A "sufficiently precise" timetable for the implementation of the program after the left comes to power.//

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[redacted] // Socialist agreement to revise the program to include the new Communist position on the strike force would open the way for consideration of other changes on which the Socialists do not want to make commitments.

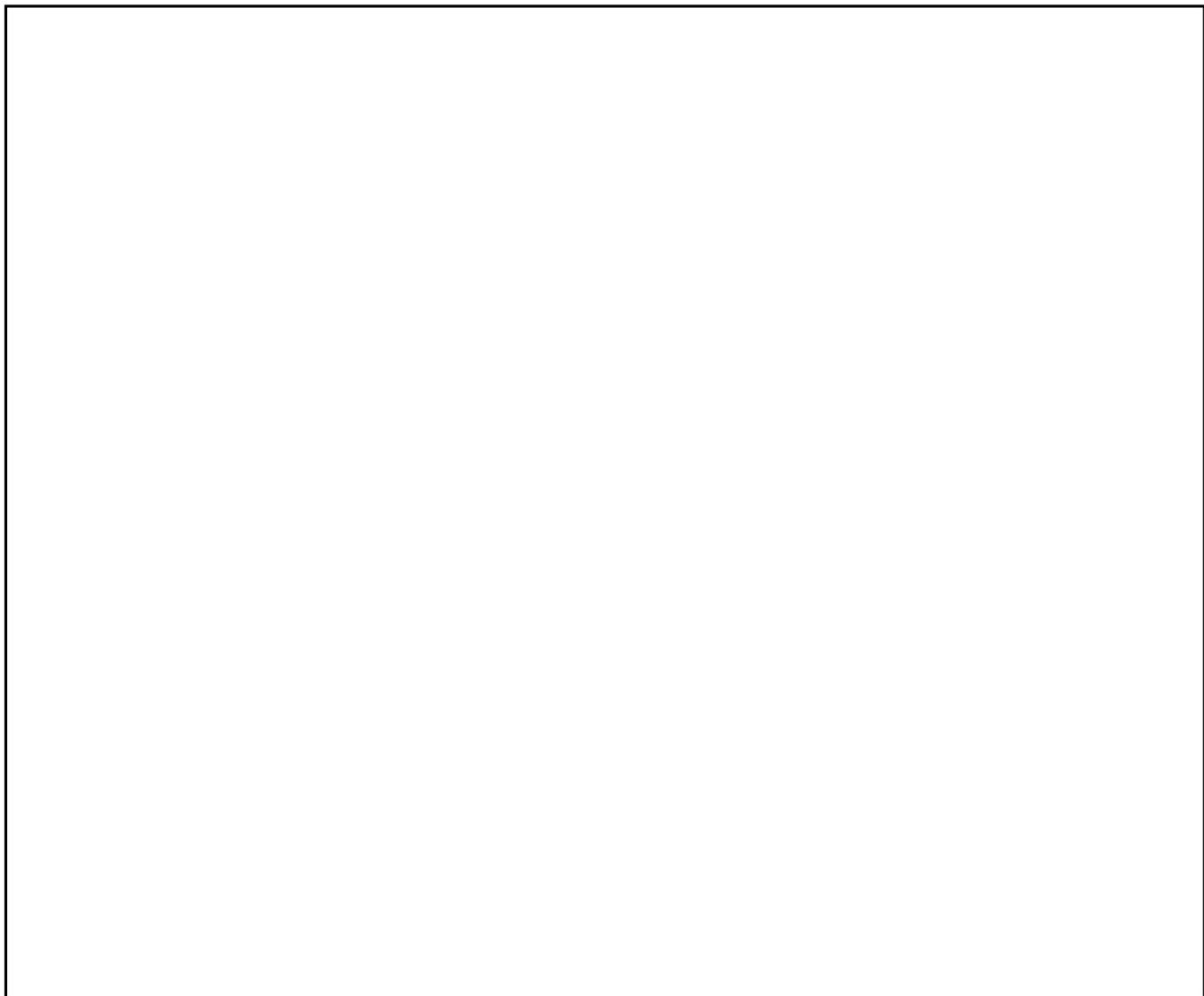
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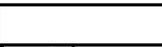


## SAUDI ARABIA: Oil Fire

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 //The fire at the oil facility at Abqaiq in Saudi Arabia reportedly is under complete control and is being allowed to burn itself out. The impact on Saudi production and exports will be much less than preliminary reports indicated.//

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 Some 6 million barrels of oil per day of Saudi production were halted in the aftermath of the fire, but the stoppage will be brief. Some of the oil already is flowing through other facilities at Abqaiq.

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[REDACTED] //Aramco chairman Jungers stated in a press conference that Aramco expects to meet this month's production schedule of more than 10 million barrels per day. Jungers said that exports will be lessened somewhat but only temporarily. Although complete repairs may take several months, temporary arrangements to maintain production can probably be made in a few days. Aramco has equipment similar to that lost in the fire either in Dhahran or en route to Saudi Arabia for its various expansion projects.//

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[REDACTED] There appears to be no possibility that the fire was caused by terrorist sabotage. An underground pipeline failure apparently started the fire. Leaking oil ignited, destroying or damaging other pipelines and facilities in the immediate area.

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[REDACTED] //We agree that production and exports can be kept close to scheduled levels. Even if the Aramco assessment were too optimistic, however, the impact on consuming countries would be slight.//

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[REDACTED] //Some 3 million to 4 million barrels per day of unused production capacity exist around the world; it could be substituted for any Saudi oil lost. Stocks in the major consuming nations are somewhat higher than usual, and these countries are going into a season of low consumption.//

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[REDACTED] //Furthermore, oil supplies at sea are about 150 million barrels above normal. This has resulted from tankers operating at below normal speeds because of low tanker rates and high fuel prices.//

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[REDACTED]



CHINA: Taching Conference

25X1 [redacted] //Chinese leaders attending the national industrial conference in Peking have set ambitious long-term economic goals but still seem undecided on some important economic and political issues.//

25X1 [redacted] The conference, billed as the National Conference on Learning from Taching Oil Field in Industry, began on April 20. Key government speakers have called for a technological transformation of China's economy, "basically" by 1985 and "comprehensively by the end of the century," and for efforts to improve industrial management and worker discipline. These policies were widely attacked last year by China's now-disgraced leftists. Peking also underscored its high priority for increasing oil production; it proclaimed its intention to surpass the US in oil production eventually and announced a goal of opening 10 new large oil fields by the year 2000.

25X1 [redacted] Reporting on the conference suggests, however, that the Chinese have been unable to complete preparation of the fifth five-year plan which was to have begun in 1976. The broad outlines of the plan may already have been worked out, but final agreement depends in part on a decision on the priority to give defense spending. Planners also may still be having difficulty compiling accurate economic statistics on which to base future projections.

25X1 [redacted] In speeches at the conference, party Vice Chairman and Defense Minister Yeh Chien-ying and Planning Minister Yu Chiu-li mentioned the need to build China's industry in order

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to improve both agriculture and defense but apparently hedged on spending priorities. A full text of Yeh's speech has not been released, and it is possible that he dealt more fully with the issue.

25X1 [redacted] Yu's announcement that a conference would be held to discuss the issue of increasing wages underscores the difficulty in resolving this question. Chinese industrial workers have not received an across-the-board wage increase in years, a situation that has contributed to periodic work stoppages and slowdowns. The expectation that pay raises are being planned has put pressure on the leadership to resolve the issue. Peking had indicated in the past that the wage issue was being reviewed but had not previously made a public call for a meeting on the subject.

25X1 [redacted] //The state of China's economy will not permit much of a wage increase. The need to peg pay increases to production gains may force the Chinese to use other forms of incentives. Some factories on their own initiative have already paid production bonuses on a trial basis, but bonuses have been a contentious matter since the Cultural Revolution.//

25X1 [redacted] Substantial increases in oil production will be important to China's goal of "basically" completing the technological transformation of its economy by 1985. Domestic demand will rise, and oil exports will be needed to help finance the purchase of foreign industrial plants and expertise during the next few years. A planned long-term Sino-Japanese economic agreement features trade on this basis. If the pact is concluded, Japan's position as the leading supplier of Chinese industrial imports will be enhanced. China is also likely to buy more oil-producing equipment from abroad.

25X1 [redacted] //Some Chinese officials have suggested that increased imports from the US are being considered. Foreign Trade Minister Li Chiang, who met with Ambassador Gates in Peking last week, confirmed that in the second half of 1977 China will increase imports and stress the acquisition of improved technology. Li implied that the Chinese consider US products competitive and in some cases superior to others in the world market.//

25X1 [redacted] //The Chinese recently proposed that a team of oil specialists inspect drilling equipment and techniques in the US and hinted that purchases of oil producing equipment might be stepped up.// [redacted]

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SPAIN: Return of La Pasionaria

25X1 [redacted] *The titular head of the Spanish Communist Party, 81-year-old Dolores Ibarruri, received her passport yesterday in Moscow and is free to return to Spain after nearly 40 years of exile. Her homecoming will be a mixed blessing for the party and could raise political tensions as Spain prepares for parliamentary elections in June.*

25X1 [redacted] Ibarruri--widely known as La Pasionaria because of her vehement speeches before and during the Civil War--evokes strong emotions in Spain. Her return will further enrage rightists who are still seething over the recent legalization of the Communist Party.

25X1 [redacted] Although she supports Secretary General Santiago Carrillo, Ibarruri's appearance in Spain will be particularly inopportune for him as he campaigns for the election on June 15 and tries to play down his own controversial role in the Civil War.

25X1 [redacted] Ibarruri is an unreconstructed Stalinist--she reportedly will not tolerate the slightest criticism of the Soviet system and refers to Eurocommunism in private as a "stupidity"--and her presence is likely to prove an embarrassment in view of the party's attempt to project a moderate image in the election race.

25X1 [redacted] Her return could also exacerbate strains within the party and widen the generation gap that has caused restlessness recently among young Communist lawyers and students who are openly critical of the party's lack of internal democracy. Young Communists are impatient with the staying power of the party's largely aged leadership and its heavy-handed suppression of dissidence in the ranks. [redacted]

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