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NATIONAL INTELLIGENCE DAILY CABLE

Friday August 12, 1977

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NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

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National Intelligence Daily Cable for Friday, August 12, 1977.

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

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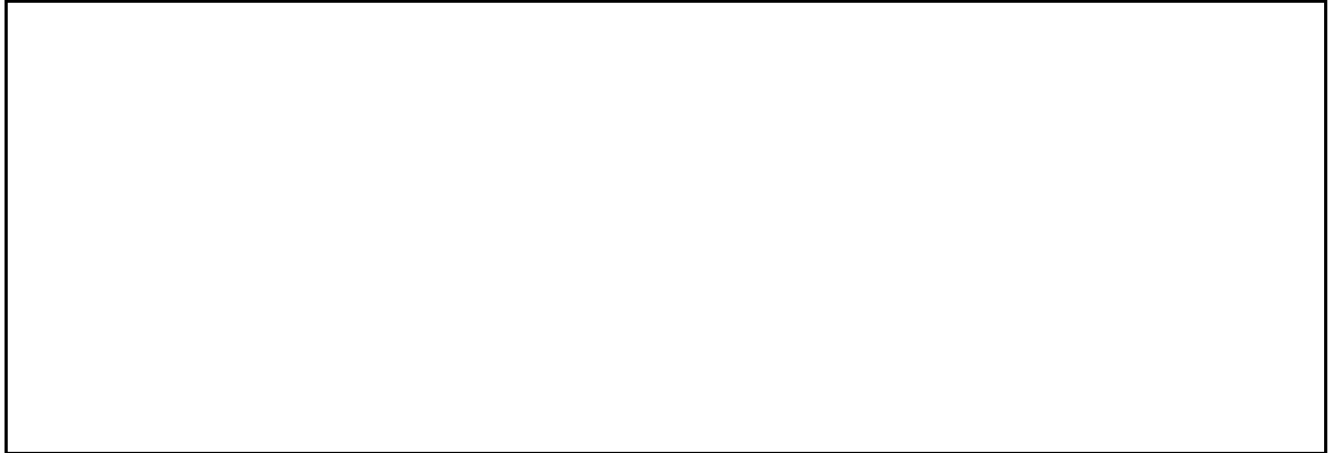
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Sweden

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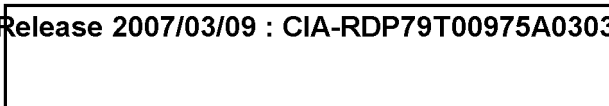
PHILIPPINES: Cease-Fire Holding

25X1 [redacted] *The eight-month cease-fire between Philippine Muslim rebels and government forces in the southern part of the country continues to hold with few exceptions. Resentment among the Muslim population could once again erupt into violence, however, especially if the government's economic development programs for the area are not improved.*

25X1 [redacted] In recent conversations with visiting US embassy officials, Philippine army commanders in the area took a generally pessimistic line. Almost unanimously, they referred to the cease-fire as a period of preparation during which the Muslim forces were "resting, recruiting, and consolidating their base area."

25X1 [redacted] Even allowing for some exaggeration by the army officers, it is clear from available evidence that the rebels are capable of resuming guerrilla warfare and defending their secure bases against government incursions.

25X1 [redacted] More important, no meaningful dialogue has been established between the two sides, and mutual suspicion and dislike persists between local Muslims and Christian troops from outside the area. Except for those provinces where the Christian population has a majority, there is little understanding or respect between Philippine troops and the local population, despite the government's tentative rehabilitation programs.



[redacted] The senior Philippine military commander in an area that saw intense fighting during the height of the insurgency described the Muslim political organization in his area as "determined and disciplined," engaged in the recruitment and training of new personnel, and, in effect, functioning as the local government.

[redacted] In an effort to convince the Muslim population of the government's concern, President Marcos has embarked on a fairly ambitious economic development program. However, the effort-- aimed at providing housing and public works for the four southern provinces--is spotty and in many instances ill-considered and impractical. Of more significance, the government's effort, addresses only a portion of the long-standing Muslim grievances. Land rights, employment opportunities, and the preservation of Muslim culture appear to receive little emphasis in the government's program.

[redacted] Representatives of the Moro National Liberation Front-- the Muslim political organization--have also made it clear that they have no intention of participating in the "provisional" government proposed by Marcos some months ago. They are continuing their demands for greater autonomy.

[redacted] Further negotiating efforts between the government and the Muslim front do not seem likely at present. The government does not seem to be under any immediate pressure from the four-nation Arab team which has attempted to mediate the dispute.

[redacted]

ETHIOPIA-SOMALI: Situation Report

[redacted]

[redacted] //The Somalis have succeeded beyond our, and very likely their own, expectations in forcing the Ethiopian military forces and civil authorities to withdraw from virtually all the military and administrative centers in the lowland Ogaden area,

[redacted]

expect for Jijiga. They are starting now to invest and if possible seize Jijiga and the other major Ethiopian centers in the north, Dire Dawa and Harar. The Somalis say they hope to accomplish this within the month.//

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[REDACTED] //We believe that the Somalis intend to continue fighting until they are satisfied that they can withstand a serious counteroffensive in this region and that they have gained the main political symbols of a Somali Ogaden. The capture of Jijiga and the neutralization or capture of the large population centers of Dire Dawa and Harar would satisfy Somalia's need for territorial successes. The Ethiopians would find it extremely difficult to launch a ground counteroffensive against the Somalis without these bases.//

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[REDACTED] //The loss or neutralization of the airfield at Dire Dawa would also make unlikely a successful airstrike against Somalia by Ethiopia unless the Ethiopians acquire more modern longer range aircraft than they now have, although Somali forces in the Ogaden could still be reached by Ethiopian air strikes.//

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[REDACTED] //Operations against Jijiga, and particularly against Dire Dawa and Harar, will not be as easy, however, as those against more outlying garrisons have been. Dire Dawa is less exposed than Jijiga, but is vulnerable to attack by Somali armored forces. Harar, on the other hand, lies in the hills in broken terrain, which provides good cover for guerrilla sabotage and interdiction operations but is poor tank country.//

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[REDACTED] //We do not have precise evidence, but we believe the Somalis think their logistic situation is still superior to that of the Ethiopians, and that they therefore can carry forward the operations they are contemplating. From what we have seen of the Ethiopian performance, we believe that the Ethiopians' morale, logistic, and command problems are so severe that they will not be able to use the three remaining major centers in the Ogaden as bases for a serious counterattack, and that they could well lose all three. We also believe that a major Ethiopian counteroffensive to retake the Ogaden is not likely before the end of the year.//

25X1 [redacted] //The general Somali objective is to establish in the Ogaden a Somali-dominated administration that will, probably by the end of the year, "request" that it become part of a larger Somali nation. We would expect the Somalis to establish outposts only a fairly short distance up into the highlands in the northern Ogaden region because their ethnic support thins out as the altitude rises.//

25X1 [redacted] //Guerrilla forces that include a large number of non-Somali people, especially the southern Galla, are attempting to gain control of parts of Bale and Sidamo provinces that are not part of the Ogaden. Somalia may be planning to use this territory as a bargaining chip should Ethiopia attempt to mount a counterattack in the Ogaden.//

25X1 [redacted] //We believe that the Somalis can defend such an area, stretching from Aysha to Moyale, for at least several months. Ultimately, however, if communist aid is effective in rebuilding Ethiopia's military capacities, the Somalis' situation will become more vulnerable. Somalia's success thus far has been made possible by the revolution in Ethiopia and the disarray that has accompanied it.//

25X1 [redacted] //The Ethiopian strategy is to buy time, looking to a future when the country's superior resources and manpower reserves can be brought to bear. Diplomatic, technical, and material assistance are required to support this strategy, and the recent Ethiopian approaches to the US are indicative of a sense that all possibilities must be canvassed.//

25X1 [redacted] //We doubt that Ethiopia will show any interest in a negotiated solution. Under present circumstances, this would mean admitting defeat or at least the legitimacy of Somali claims. For Somalia, there is no point to negotiation that involves compromise: the Somalis are in possession of the territory and are enforcing long-held claims.//

25X1 [redacted] //Soviet policy toward Ethiopia and Somalia depends primarily on the need of both for Soviet military supply and resupply. The Soviets apparently calculate that no Western power will be prepared to underwrite Somali efforts to seize the Ogaden and that as long as they remain willing to arm both sides in the conflict, they will be unlikely to lose significantly in either country regardless of the outcome.//

25X1 [redacted] //Over the long term, the Soviets may favor the kind of vision that Cuban President Castro conjured up before the Somali and Ethiopian leaders last spring: a socialist confederation that would be the central power in northeast Africa and would project its influence into southwestern Arabia and into the Indian Ocean. Neither the Soviets nor the Africans concerned, however, consider this to be a near-term possibility.//

25X1 [redacted] //The Soviets are now worried that Ethiopia's setbacks in the Ogaden, coupled with difficulties in Eritrea, may be sufficient to topple Chairman Mengistu and thus endanger the "socialist course" of the Ethiopian revolution. The USSR is exerting considerable diplomatic pressure on Somalia to stop fighting and start talking. The Soviets, however, are unwilling to exert the kind of pressure on Somalia that might force it to the negotiating table against its wishes.//

25X1 [redacted] //We believe that the Soviets will continue to deliver military supplies they have agreed to send to Somalia, but they may stand back from new commitments. We think they will also fulfill the commitments they have made to Ethiopia. The Soviets realize that Ethiopia doubtless will seek to retake the Ogaden as soon as it is militarily capable, but they may hope that in the interim they will be able to effect an acceptable compromise between the two sides.//

25X1 [redacted] //Our best estimate is that over the next year both Ethiopia and Somalia will modify their relations with the Soviets because of their disappointment and suspicion of Moscow. In this situation, the US and other Western countries--and in the case of the Somalis, some of the Arab states--will find opportunities to play larger roles than they now do. We do not believe, however, that either Ethiopia or Somalia will break with the Soviets.//

25X1 [redacted] //We also doubt any early move by the Somalis to oust the Soviets from their facilities at Berbera, although we would expect some gradual constriction on the freedom with which the Soviets make use of the facilities. President Siad is, we think, too good a poker player and his skepticism of US attitudes too strong to throw away this card.//

25X1 [redacted] //On the Ethiopian side, we would expect greater interest in US and other Western economic and technical assistance as a balance to the Soviet - East European - Cuban presence, but barring a real change of regime the Ethiopians will continue to look primarily to the East for help. At this stage, disillusion with the Soviets is more likely to make the Ethiopians look elsewhere among the communist countries than to the West. [redacted]

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SUDAN: National Reconciliation

25X1 [redacted] *Sudanese President Numayri's reconciliation effort with conservative opposition groups is gaining wider support at home and abroad. In a letter published in Khartoum on Tuesday Husayn al-Hindi, a prominent opposition leader in exile who previously was reported to have rejected Numayri's overtures, expressed his support of the terms of reconciliation worked out between the Sudanese President and Sadiq al-Mahdi, exiled leader of Ansar dissidents.*

25X1 [redacted] Husayn may be more cautious than Sadiq in accepting Numayri's offer of amnesty provided for in a government decree publicized earlier this week. Under the terms of the decree, he would have to return to Sudan to be eligible for amnesty.

25X1 [redacted] According to a source of the US embassy in Khartoum, Husayn indicated in an unpublished portion of his letter that he would be unable to return soon because of "health reasons." He also appealed to Numayri to improve relations with Libyan President Qadhafi, a highly unlikely development given Libya's continuing interest in undermining the Khartoum government.

25X1 [redacted] Numayri's primary objective in his continuing reconciliation program is to neutralize Libyan and Ethiopian efforts to use exiled Sudanese dissidents to overthrow him. If Husayn does not agree to come home, Numayri will probably seek to isolate him by winning over Sadiq's considerably larger Ansar following.

25X1 [redacted] The Numayri government has begun a concerted effort to elicit broad support for the reconciliation effort. Prime Minister Bakr is delivering speeches strongly supporting reconciliation in traditional Ansar areas of the country. Party leader

Abul Gassem, who as a military officer directed the effort that crushed Ansar resistance in 1970 and probably argued against a general amnesty, is now likely publicly to affirm his support.

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[redacted] In another public relations move designed to stress national unity, Numayri has appointed a special law commission, presumably to give greater emphasis to traditional Islamic law, made up of members of the conservative Khatmiyya and Ansar sects--traditional rivals--and the Muslim Brotherhood. [redacted]

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GUINEA: Toure on TU-95s

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[redacted] //Guinean President Toure reiterated to the US charge Wednesday that the two Soviet TU-95 naval reconnaissance aircraft that landed at Conakry last weekend did so through an administrative error. Toure also confirmed directly to the charge that his decision of last June to stop all TU-95 landings still stands.//

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[redacted] //Toure said that the functionary who approved the landings without his permission has been suspended and that the old directives governing TU-95 operations have been canceled. Toure asserted that he has given the Soviets four days to repair and remove the remaining TU-95 that malfunctioned upon landing.

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[redacted] Toure went on to suggest that the incident may have been a Soviet effort to test his decision to bar TU-95s-- in his words, a "plot to spoil US-Guinean relations, and Guinea had to remain ever vigilant in this respect."//

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WEST GERMANY: New Combat Aircraft

25X1 [redacted] //West Germany will soon begin research and development on a new combat aircraft for the 1990s, possibly in collaboration with other West European countries. If carried forward, the project would eventually give the struggling West German aerospace industry a much-needed boost. The West Germans hope to have a prototype of the aircraft ready for testing by the early 1980s.//

25X1 [redacted] //The new aircraft are intended to replace West Germany's current force of some 250 F-4 fighter-bombers and reconnaissance aircraft. No decision on design has yet been reached, but the air force would like a highly maneuverable, lightweight aircraft that would excel as an air superiority fighter and complement the Tornado, a deep strike aircraft.//

25X1 [redacted] //The project will be attractive to the West German aerospace industry, which has been forced to reduce its work force and shorten plant working hours in recent years. A major new aircraft production contract would spur modernization efforts and keep design teams together.//

25X1 [redacted] //The West German firm of Messerschmitt-Boelkow-Blohm most likely will take the lead in the project. The company reportedly may begin designing the aircraft and selecting equipment before the end of the year.//

25X1 [redacted] //West Germany prefers production of major weapons systems by multinational consortia and probably hopes to develop the new aircraft with a European or even a US partner. The apparent success of a consortium of West German, Italian, and British firms in producing the Tornado may encourage one or more European countries to participate in a new joint venture.//

25X1 [redacted] //The UK, which will need to begin replacing its Jaguar fighter-bomber aircraft in the 1980s, has been mentioned

25X1 [redacted] as a likely partner. British firms lead Western Europe in engine technology and would complement the West German firm's strength in airframe design and production. Moreover, the British aerospace industry needs new contracts and is a strong proponent of coproduction projects.//

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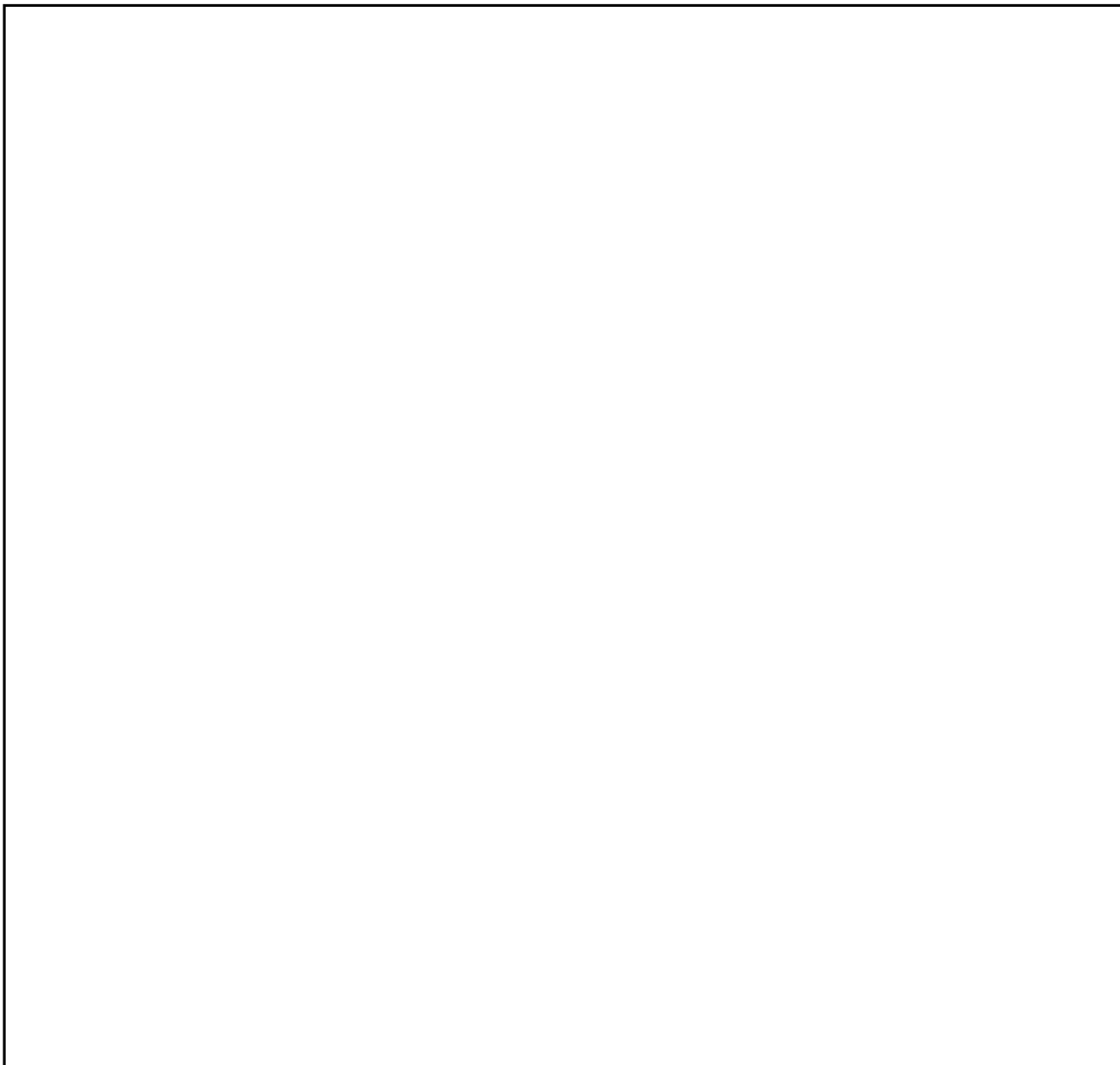
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[redacted] //The UK would prefer a ground-attack aircraft, and a UK - West German partnership might be obstructed by disagreements over the aircraft's design. The economic needs of both countries, however, could help to promote a compromise.

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[redacted]

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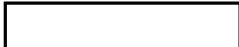


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PHILIPPINES: Base Negotiations


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 The Philippine government has strongly hinted that it intends to raise the issue of US military bases during the talks in Manila early next month between the US and the Association of Southeast Asian Nations.


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 A lead editorial this week in one of the government's chief press outlets charged that the past few decades of US-Philippine relations have exposed the "inequalities and lopsidedness" of agreements between the two countries.


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 Asserting that it is the "clear intent" of the US government to retain the bases, the editorial concluded that "more equitable" agreements need to be forged in order to correct the imbalance of the relationship.


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 President Marcos has been generally silent on the US bases controversy, broaching the subject in low-key fashion most recently during a foreign correspondents' reception in early June. At that time, he said Manila still insists that the US bases be put on a rental basis.

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 //Negotiations on the bases issue broke down last year during talks between then Secretary Kissinger and Foreign Secretary Romulo. Although there are a number of unresolved points at issue--involving the recognition of Philippine sovereignty and operational authority in the base areas--the talks foundered essentially over the amount and nature of payment for continued tenure.//

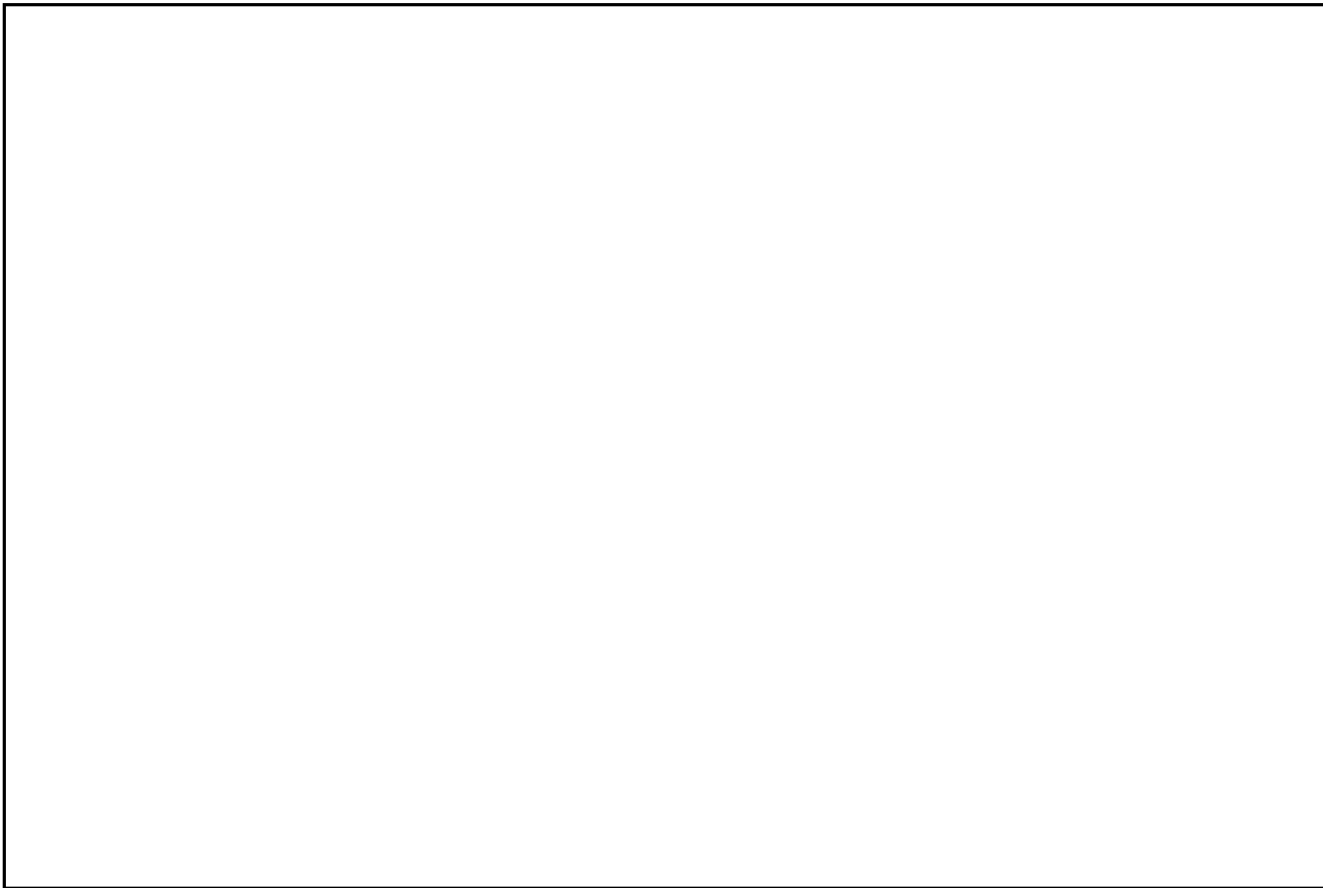
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 The US bases question is an extremely sensitive one for the Philippines, and President Marcos has enjoyed broad public support throughout the negotiations with US representatives.

25X1 [redacted] Marcos has not recently tried to press the issue, largely because he is aware that well-documented accounts of Philippine violations of human rights have adversely affected the Philippine reputation in the US.

25X1 [redacted] Although he has attempted to improve the record on the human rights issue, Marcos realizes that he will run into formidable opposition in the US if he presses his original demands--particularly those dealing with the amount and form of compensation.

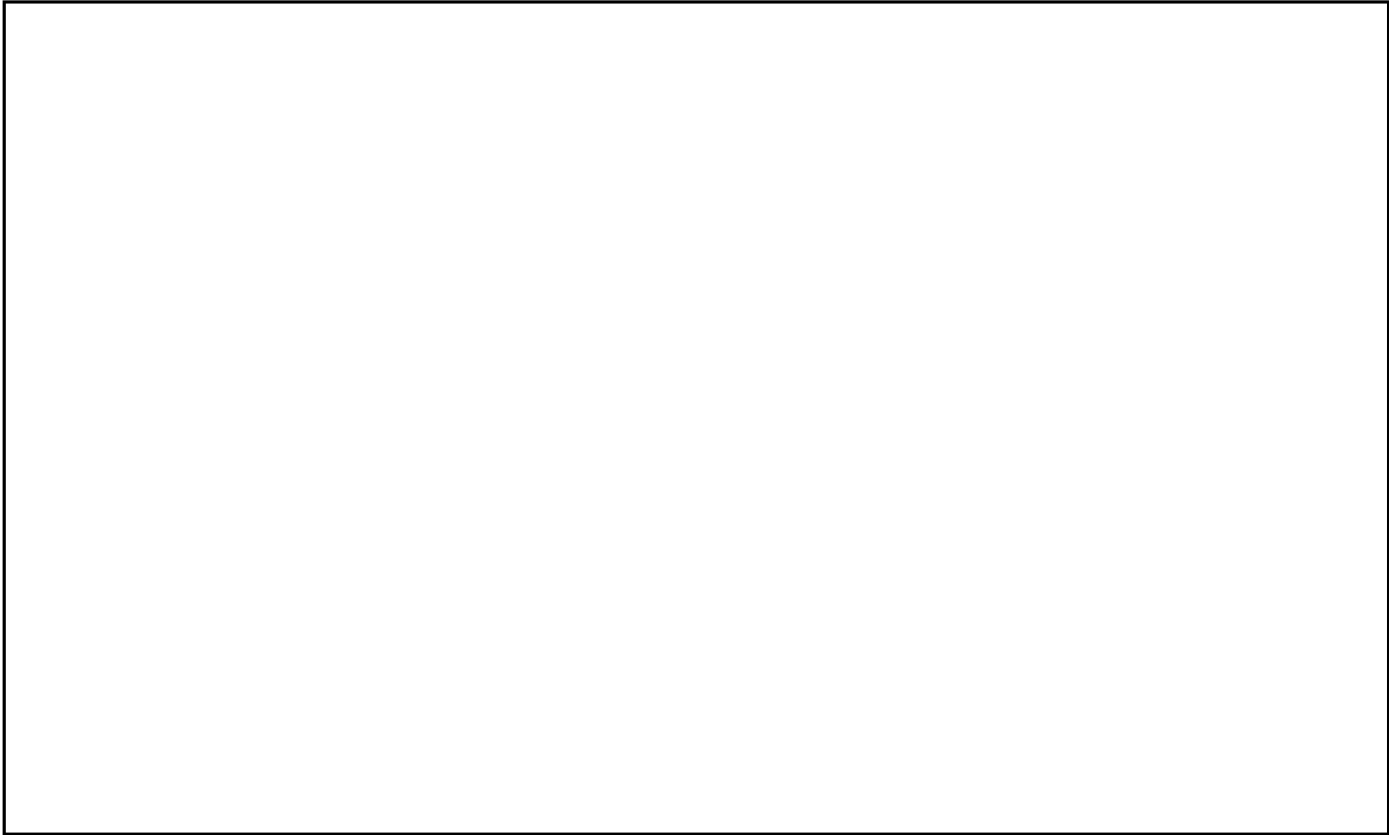
25X1 [redacted] During the ASEAN talks, Marcos probably will go no further than to sound out US representatives on the resumption of negotiations. Marcos has privately argued for a pragmatic resolution of irritants peripheral to the base issue--such as body searches of Filipino employees and the use of guard dogs against scavengers. [redacted]



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China: Party Congress

25X1 [redacted] *China's 11th party congress has opened, according to a Chinese official in Peking who spoke yesterday to a member of UN Secretary General Waldheim's delegation. The Chinese usually do not announce major party meetings until they are concluded.*

25X1 [redacted] The congress will elect a new central committee, which in turn will elect a new politburo. The current central committee and politburo, which were elected in August 1973, have been depleted by the deaths of senior members and the purge last October of its leading leftist members.

25X1 [redacted] The congress is likely to be a short and pro forma affair. Major issues relating to the selection of the new politburo and central committee, principally the return to power of Vice Premier Teng Hsiao-ping, were worked out at party meetings in

March and July. The new central committee may also consider the question of whether Teng will replace chairman Hua Kuo-feng as premier. A decision, however, almost certainly will not be announced until the National People's Congress, scheduled for later this year.

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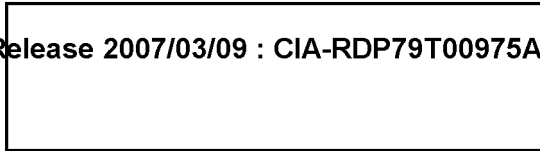
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BRIEF


Sweden:

//The Swedish government, under pressure from fishermen and the opposition Social Democrats, has unilaterally extended its fishing zone from 12 to 200 nautical miles. The new limit, effective January 1, 1978, will give Sweden claim to 45 percent of the Baltic fishing area, compared with its current 10 percent.//

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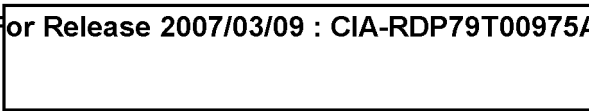
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 //A strong response can be expected from the USSR, which has negotiated for a median line between the Swedish and Soviet mainlands. The new limit gives Sweden a claim to a 10,000-square-mile area it would not have had under a Soviet boundary proposal. The Finnish foreign minister, in a move clearly aimed at placating the Soviets, called the move "politically deplorable" and asserted that cooperation among the Baltic states will now be more difficult.

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