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Tuesday August 30, 1977 CG NIDC 77-202C

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National Intelligence Daily Cable for Tuesday 30 August 1977

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

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SOMALIA-USSR-ETHIOPIA: Diplomacy

25X1 [redacted] //Somali President Siad's flight to Moscow on Sunday was in response to a request from Soviet President Brezhnev to visit the USSR for talks on the Ethiopian-Somali conflict. Siad is unlikely to engage in meaningful negotiations, but he and the Soviets will probably consider the possibility of a future settlement allowing Somalia to keep the Ethiopian territory it has already seized. Ethiopia, by raising possible UN involvement in the dispute, may be prodding the USSR to press Siad harder for a negotiated settlement. Siad has responded to the US refusal to supply arms to Somalia while the conflict is in progress by suggesting other ways in which the US could aid Somalia.//

25X1 [redacted] Brezhnev on Saturday had again requested a meeting and sent a special plane to bring Siad to Moscow. Siad had refused previous invitations from Brezhnev for face-to-face talks.

25X1 [redacted] The meeting is part of the continuing but so far fruitless Soviet effort to mediate between Ethiopia and Somalia. Siad's presence in Moscow is unlikely to result in a quick settlement of the conflict. He probably views the visit as a chance to state personally his unwillingness to compromise with Ethiopia. He shows no sign of abandoning his insistence that Ethiopia either agree to a political solution giving self-determination to the ethnic Somali inhabitants of the Ogaden region or risk losing the territory by force of arms.

25X1 [redacted] Siad will probably also reiterate his publicly and privately stated warning against a Soviet attempt to tilt the military balance in Ethiopia's favor by undertaking a major arms lift. He may even urge the Soviets to reduce their support for Ethiopian leader Mengistu or risk losing their position in Somalia.

25X1 [redacted] While continuing to adhere to a hard line, Siad may be concerned about his forces' ability to take the remaining Ethiopian garrisons. He will probably sound out the Soviets about the type of settlement they would be willing to support. In particular, he may try to discern Soviet willingness to accept a solution allowing Somalia to keep control of the parts

of the Ogaden region its forces have already seized, while permitting Ethiopia to keep Harar, Jijiga, and Dire Dawa--the major towns still under Ethiopian control.

25X1 [] Siad would propose such a solution reluctantly and only if he became convinced Somali forces would be unable to take the towns. The Somalis are continuing probing operations against the garrisons and will almost certainly mount another major offensive against them soon.

25X1 [] Moscow's repeated invitations to Siad and its dispatch of an aircraft to pick him up are signs of continued Soviet concern, if not growing anxiety, over the recent events in the Horn of Africa. During Siad's visit, the Soviets will probably re-emphasize their dissatisfaction with the Somali role in the Ogaden conflict and their dedication to the success of the Ethiopian revolution.

25X1 [] Although Moscow may threaten--either explicitly or implicitly--to reduce its aid to Somalia if Mogadiscio persists in its present course, the Soviets would probably not actually cut Somalia off for fear that this would push Siad toward the West and the conservative Arabs. Moscow is more likely to press for negotiations between Ethiopia and Somalia in hopes of preserving its position in both countries.

25X1 [] The Soviets have continued their criticism of Somalia's role in the conflict. The Soviet weekly *Za Rubezhan* carried a sharp criticism of Somali actions last Friday. The Soviets are also placing greater blame, however, on "imperialist and reactionary forces" bent on the destruction of both Somalia and Ethiopia. In recent commentaries in *New Times* and *Pravda*, the US and Saudi Arabia were singled out for criticism.

25X1 [] Given the inconclusive military situation, the Soviets may believe that the time is ripe for new emphasis on mediation efforts. Moscow has continued to call for some sort of political settlement of the Ogaden problem under the auspices of the Organization of African Unity. In return for a cease-fire and an opening of negotiations, the Soviets in the near term may be willing to recognize Somali gains as an accomplished fact. This would surely meet with Ethiopian opposition, but Moscow may be willing to risk it. Ethiopia's dissatisfaction could be allayed by promises of more aid and some future and more acceptable settlement.

25X1 [redacted] In the long term, Moscow may hope that appeals to international socialist solidarity will yet win out over Ethiopian and Somali nationalism. The Soviets may still envisage some sort of socialist confederation in the Horn. An end to the current conflict would at least delay Moscow's having to choose between Somalia and Ethiopia.

25X1 [redacted] The Ethiopians have raised the possibility of taking their case to the UN. They have not made a formal request, but Addis Ababa radio broadcasts said yesterday that the members of the Security Council must assume their responsibility and maintain international peace and security.

25X1 [redacted] Ethiopia will probably raise the Ogaden fighting at the UN General Assembly session next month but will probably hold off taking the issue to the Security Council. The Soviets have argued against such a move out of concern that a Security Council debate would put them in an embarrassing position by drawing attention to their provision of military assistance to both sides. Ethiopia's hint of asking for UN involvement may be a subtle warning to Moscow to press Siad harder for a settlement.

25X1 [redacted] //Siad, after being informed of the US refusal to provide arms to Somalia during its conflict with Ethiopia, has requested other forms of US support. The request was delivered to Ambassador Loughran on Friday by Somali Ambassador to the US Abdullahi Addou, who is currently in Mogadiscio. Addou said Siad had "swallowed his disappointment" with the US arms decision and was ready to discuss alternative ways the US could assist Somalia.//

25X1 [redacted] //Siad asked that the US encourage third countries--especially Egypt and Morocco--to provide Somalia with arms and spare parts. He requested a US statement that it would not view with indifference the introduction of foreign troops into Ethiopia. According to Addou, Siad believes such a statement would be especially useful in warning Moscow and Havana to keep their advisers or forces out of Ethiopia.//

25X1 [redacted] //Addou further stated that Siad had said he needed some tangible evidence of the US commitment to provide

Somalia with defensive arms. Siad said that he understood why the US could not provide arms now but that he hoped arms would be delivered as soon as circumstances in Ethiopia permitted.//

25X1 [redacted] //Saudi Foreign Minister Saud, in a meeting with the US Ambassador on Sunday, took strong exception to the US decision to delay supplying arms to Somalia. He said that for the US to announce publicly a decision to provide arms to Somalia and then to appear to reverse this decision would have a negative symbolic effect and would be contrary to both US and Saudi interests in counteracting Soviet influence in the region.//

RHODESIA: Election Preview

25X1 [redacted] *Rhodesian Prime Minister Smith is likely to win a mandate in the national election tomorrow to proceed with his plan for an internal peace settlement. He has pledged to arrange a settlement by the end of the year and has indicated that he feels he must go ahead with his own plan because the proposals made by the UK and the US are unacceptable. Smith's chief opposition comes from a new conservative party that wants to maintain a dominant position for whites in the government and argues that black majority rule is unnecessary.*

25X1 [redacted] In the last election, in 1974, Smith's Rhodesian Front won more than 75 percent of the vote and all 50 seats reserved for whites in Rhodesia's 66-seat parliament. Last spring, however, 12 right-wing legislators defected from the front and subsequently formed the Rhodesian Action Party.

25X1 [redacted] Smith hopes the front can win at least the 44 seats needed for a two-thirds majority, to ensure passage of the constitutional amendments his settlement plan would require. Even if his party falls short of two-thirds, however, Smith can probably obtain the necessary votes from black members of parliament.

25X1 [redacted] The Prime Minister's emphasis on South African support for his settlement plan may be a telling point in the election. He has been informing voters that vital aid from Pretoria would end if the Rhodesian Action Party won the election.

25X1 [redacted] Smith himself is unopposed for re-election, but the new party is contesting 46 of 50 white seats. The 12 legislators who formed the party are its only candidates with any national stature, and some of them apparently are in trouble. The party is charging Smith with lacking leadership and selling out white interests. Its program for a federal approach similar to South Africa's and for a more vigorous military effort against the guerrillas does not appear popular with the war-weary white population.

25X1 [redacted] A coalition of small liberal parties, the National Unifying Force, is also contesting some of the white seats, but it is unlikely to do well. Voters who might otherwise support the coalition may fear that this would only take votes away from Smith and help elect Rhodesian Action Party candidates. The liberals have been campaigning in support of the US-British settlement proposals. Of the 16 black seats, eight are appointed by a group of tribal chiefs basically loyal to Smith.

25X1 [redacted] Most observers expect Smith's party to win a large majority. One poll taken by a Rhodesian magazine last week showed it with more than 57 percent, compared to 3.9 percent for the Rhodesian Action Party and 2.2 percent for the liberals. More than 36 percent were undecided or unwilling to disclose their sentiments.

25X1 [redacted] Although the Rhodesian guerrillas had reportedly hoped to increase military activity to disrupt the election campaign, the overall level of fighting has not increased significantly in recent weeks. There could be isolated incidents on election day, but the guerrillas do not appear capable of interfering seriously with the voting. [redacted]

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EAST GERMANY: Dissident Charged

25X1 [redacted] *Last week, East Germany for the first time charged a dissident with espionage for the West. This action does not necessarily indicate that the East Germans intend to crack down on dissidents. At about the same time, authorities also released five prominent activists and allowed them to emigrate to West Germany.*

25X1 [redacted] On 23 August, the regime arrested Rudolph Bahro, an economist and long-time party member, and charged him with "intelligence activities" on behalf of West Germany. Several days earlier, West German television broadcast an interview with Bahro that was harshly critical of the East German regime, and a magazine carried excerpts of his book, which will be published in West Germany in September.

25X1 [redacted] Bahro says the USSR and the East European regimes have become "industrial despotisms." He urges the formation of a "Marxist opposition" within East Germany to revamp the overly bureaucratic party structure, and he advocates reforms patterned after the short-lived system in Czechoslovakia in 1968.

25X1 [redacted] Last spring, Bahro circulated some 200 unsigned manuscripts of his book and also sent copies to numerous officials within the party hierarchy. When the regime did not move against him, he submitted the manuscript to the state publishing house, which rejected it.

25X1 [redacted] Bahro's criticism may not strike a responsive chord within East German society. The 41-year-old critic is not a member of the dissident cultural intelligentsia, and he was unknown outside the country until his arrest. He joined the party in 1952 and was earlier considered a hard-line Marxist.

25X1 [redacted] The regime's treatment of Bahro does not necessarily presage a stricter line in dealing with dissidents. East Germany has been encouraging dissidents to emigrate and has been allowing them to travel more freely to the West.

25X1 [] Last Friday, in fact, the East Germans released five of their most prominent political detainees. Earlier, there were rumors that three of them--Gerulf Pannach, Christian Kunert, and Juergen Fuchs--would stand trial. They were arrested when they protested the expulsion last November of singer Wolf Biermann. The others--Professor Hellmuth Nitsche and Dr. Karl-Heinz Nitschke--were apparently detained last spring when they complained about violations of human rights in East Germany.

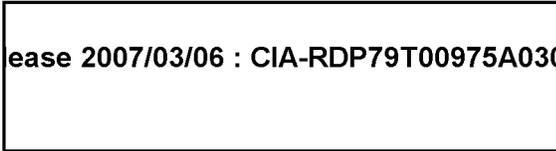
25X1 [] The regime may plan to free even more of its better-known critics. About two weeks ago, the East Germans told the West Germans that they might release some 50 imprisoned dissidents in return for financial compensation "in the usual way." The West Germans have long paid substantial amounts of money to East Germany in return for the release of specific prisoners.

25X1 [] The two countries are currently engaged in preparatory soundings for another round of inter-German talks, and humanitarian issues may be a sensitive point in the discussions.

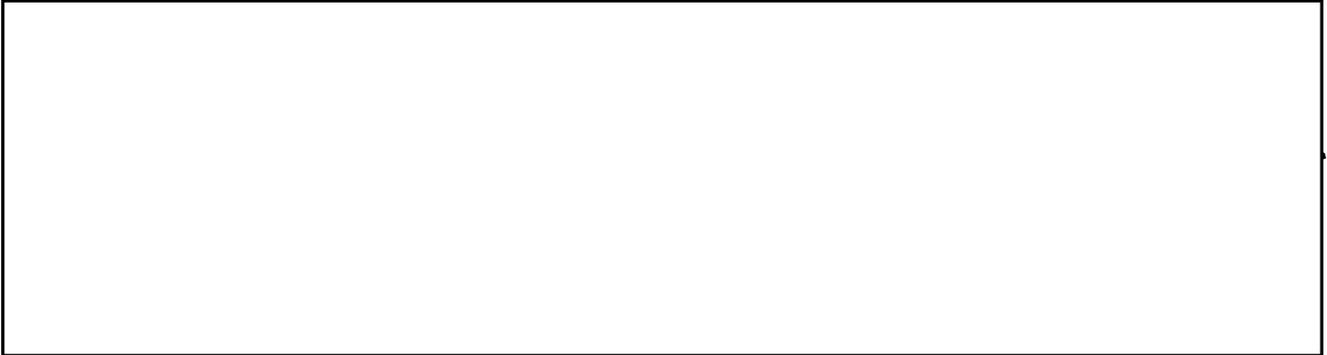
25X1 [] The East Germans may also hope that the recent releases will help avoid incidents with remaining dissidents before the Belgrade talks on European security open in early October. Since July, East German dissidents have been more active, and a number of them have carried their case to Western media. []

WEST BANK: Political Activity

25X1 [] *//Political activity among competing Arab groups on the Israeli-occupied West Bank has increased in recent weeks in an apparent effort to respond to initiatives undertaken by the new Israeli Government, particularly its establishment of additional Jewish settlements there. Jordan and the Palestine Liberation Organization are also trying to increase their own influence in the area and curb independent initiatives by the West Bank mayors, who are attempting to establish a new political organization of their own. The Israelis are likely to move quickly to disrupt any political activity that appears to be gaining wide support.//*



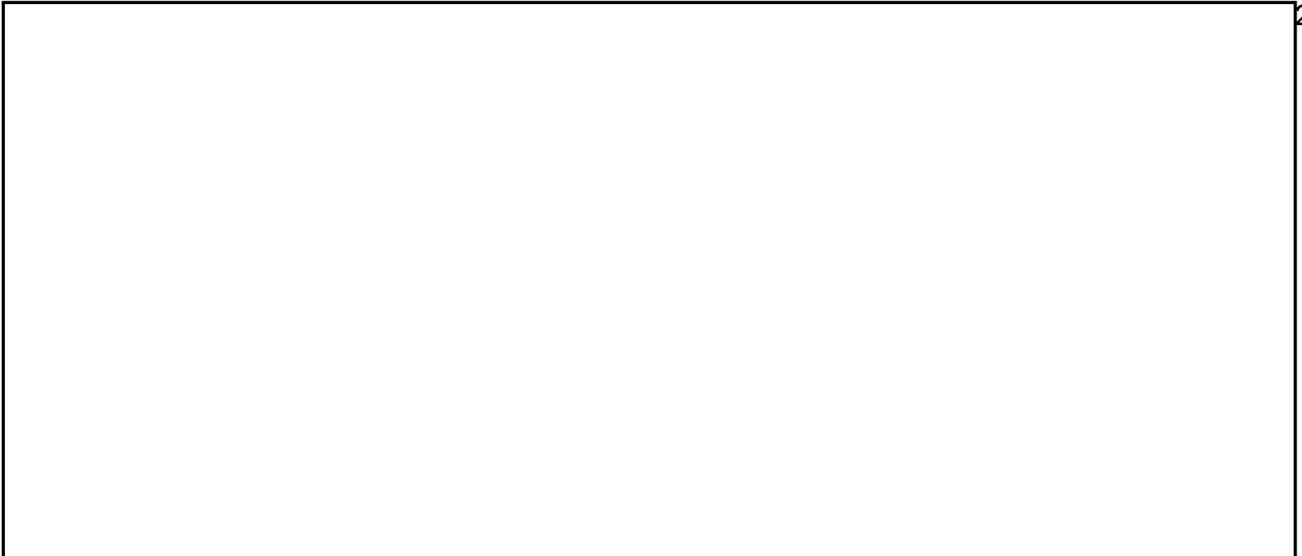
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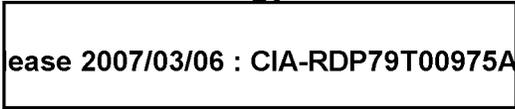
 In the past, the mayors have argued that their mandate did not extend beyond municipal affairs and that the PLO represented them in regional and international matters. The mayors continue to insist that they have no intention of undermining the PLO, but the formation of the policy group would give them a forum to express their views on Middle East issues independently of the PLO.

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 A pro-Jordanian, anti-PLO effort led by Hebron lawyer Husayn al Shuyuki has received predictably heavy play in the Israeli press because of Shuyuki's outspoken attacks on the PLO. He claims to have substantial support in Amman and other Arab capitals and in more conservative Palestinian circles.



25X1 [redacted] Despite Israeli press claims and Shuyuki's own boasts, however, he appears to have little support beyond Hebron and few prospects for widening the support he does have.

25X1 [redacted] In fact, Jordanian influence on the West Bank appears to be at a low ebb. Several mayors refused to attend King Husayn's silver jubilee celebrations in Amman, and the influence of pro-Jordanian West Bankers has declined notably in recent months.

25X1 [redacted] The cooling of old ties with Amman may reflect a growing realization among some West Bank leaders that they need a political organization of their own to combat increasingly aggressive Israeli policies in the area. Some West Bankers may also be seeking to establish an alternative to the PLO that they hope will be more acceptable to the Israelis and thus facilitate a resumption of the Geneva peace talks.

25X1 [redacted] Barriers against any one organization encompassing the entire West Bank, however, are formidable. Regional differences remain strong, and there are significant personal animosities between many of the area's leading politicians.

25X1 [redacted] More importantly, the Israeli authorities are unlikely to permit the development of any broadly based political organization that they cannot control. In the past, Israeli security services have moved rapidly to arrest or deport West Bank political activists who appeared to be gaining wide support.

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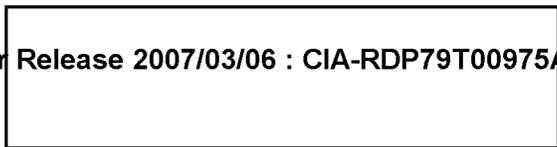
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UAE: Pushing Oil Exploration

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 The chief oil spokesman for the United Arab Emirates, Abu Dhabi Oil Minister Utayba, said Saturday that foreign oil companies would lose some of their concession areas if they did not begin to search for more oil. The minister told an interviewer that companies henceforth would be expected to find new reserves equivalent to the oil they extract.

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 Utayba's statement is aimed at contending with the recent abrupt halt in the discovery of new oil reserves in Abu Dhabi--by far the largest oil producer among the seven emirates in the federation. No new reserves have been proved in Abu Dhabi since 1974. Proved reserves nearly tripled during the period 1970-74, reaching a peak of 30 billion barrels. By the end of 1976, they had dropped to 29 billion barrels, as companies extracted about 1 billion barrels without adding appreciably to reserves.

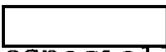
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 The Oil Minister has a strong hand in setting oil policy throughout the federation, and his insistence on stepped-up company exploration will weigh heavily with the other emirates. Under the directions outlined by Utayba, producing companies that do not find sufficient oil could lose portions of their concessions where no exploration is taking place. These areas could be transferred to other companies for exploration.

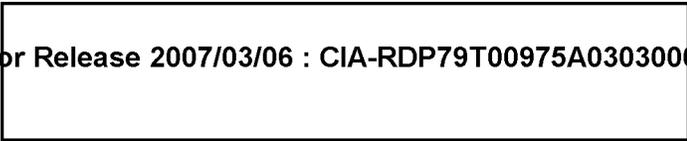
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 Abu Dhabi currently produces about 1.7 million barrels per day of crude oil. Collectively, the emirates produce 2.1 million barrels daily--sixth highest among OPEC producers.

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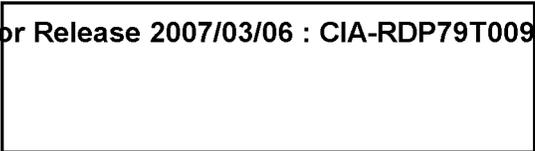
 Development of additional capacity will be expensive, especially since most oilfields are small and present difficult

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operating conditions; many are offshore. Government oil officials recognize this and have given foreign companies considerable leeway in their operations, never threatening full nationalization.

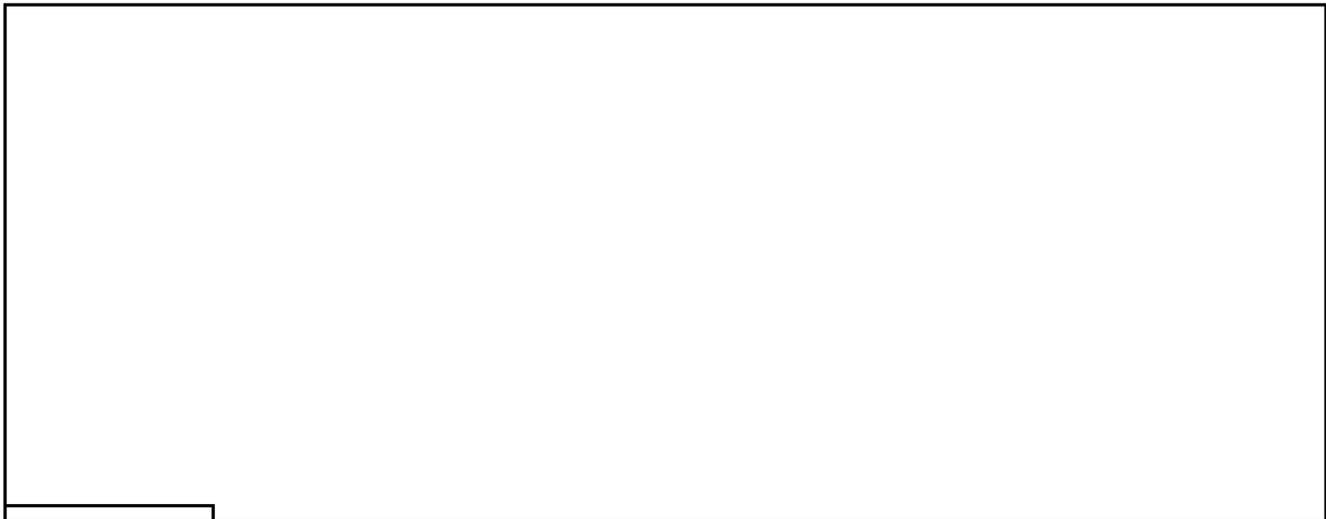
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The companies have responded with heavy investment in primary and secondary recovery projects. A \$400-million offshore waterflood complex--the world's largest--was put into operation this spring by a consortium led by British Petroleum. The complex is designed to boost declining reservoir pressure at Abu Dhabi's Umm Shaif offshore field. The UAE apparently is now concerned that oil-producing projects are being overemphasized at the expense of exploration. Continued production from existing fields without development of new areas would further damage reservoir pressures and could reduce ultimate recoverable reserves.

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BRAZIL: Anti-US Policies



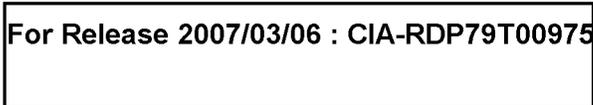
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Brazil has been seeking to loosen its trade and investment ties with the US for a wide variety of economic reasons:

--Concern over Brazil's substantial trade deficit with the US.

--The search for new export markets.

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--The strong and growing presence of West European, especially West German, and Japanese multinational firms in Brazil.

--Continuing irritation over the countervailing duty provisions of the US Trade Reform Act.

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[] The most plausible explanation for any shift away from US products seems to be a widespread fear that the US may exert economic pressure to try to force Brazilian leaders to abandon their plans to acquire uranium enrichment and nuclear reprocessing facilities from West Germany and to be more sensitive to human rights issues.

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[] There has been no firm evidence to date that a general policy of discrimination against US firms is being implemented, but if Brazilian leaders believe the US is becoming more discriminatory, the current climate of strong competition among US, West European, and Japanese economic interests in Brazil would allow the government to give preference to non-US firms. The growing importance of state enterprises in the economy provides policymakers with the opportunity to direct sizable amounts of import purchases away from the US.

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