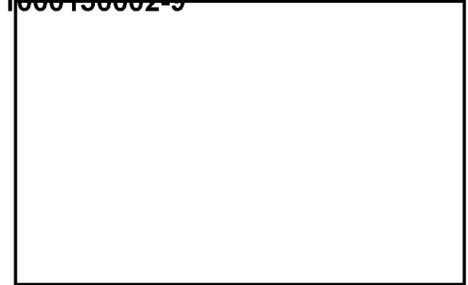




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National Intelligence Daily (Cable)

24 January 1979

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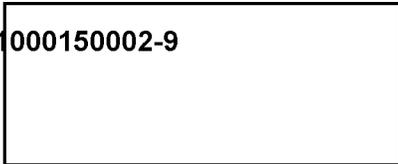
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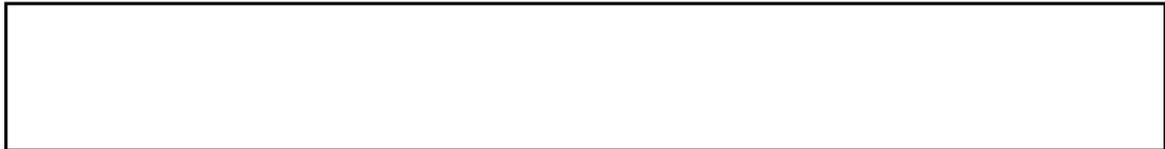
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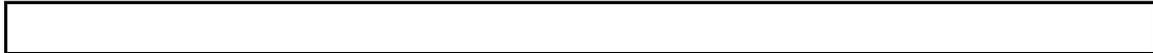
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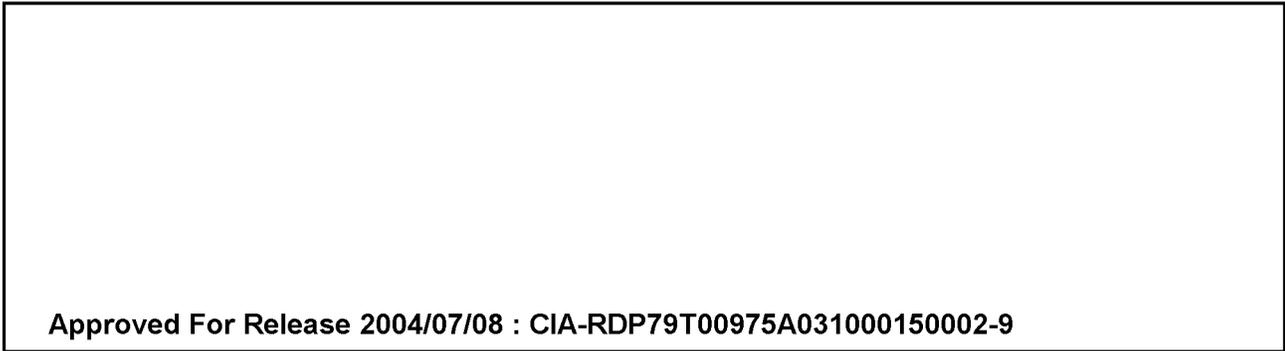
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MOROCCO-MAURITANIA: Troop Withdrawal

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//Moroccan King Hassan is beginning to withdraw the military forces he sent to Mauritania in 1977 to help fight Algerian-backed Polisario Front guerrillas. The withdrawal is likely to proceed cautiously, allowing Hassan time to assess the attitude of the post-Boumediene regime in Algiers and that of the guerrillas toward negotiating a settlement to the Western Sahara conflict.//

Three basic considerations now make a negotiated settlement more attractive to Hassan: the apparent decision by Mauritania's military leaders to abandon the struggle against the Polisario; the death of Boumediene, who made the Polisario cause a matter of personal prestige; and the evaporation of popular enthusiasm in Morocco for a military solution.

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Hassan seems to recognize that keeping Moroccan forces in Mauritania in the face of the Mauritanian Government's requests for their departure would only further damage relations. He may also now believe that the political costs of using Moroccan forces to block a formal unilateral peace between Mauritania and the guerrillas would be prohibitive.

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The defacto truce between Mauritania and the Polisario, moreover, has largely eliminated the need for Moroccan troops to protect Mauritanian rail lines and industrial sites. As a result, Hassan's military commanders may have urged disengagement in Mauritania in order to free additional Moroccan forces for service in the Moroccan-controlled sector of Western Sahara, where the guerrillas remain very active.

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Moroccan forces were sent to Mauritania under agreements concluded with the Mauritanian civilian regime that was ousted last July. There are now 8,000 to 9,000 Moroccan soldiers in Mauritania and in the Mauritanian-claimed part of Western Sahara.

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NORTH KOREA - SOUTH KOREA: Pyongyang's Proposal

As a counteroffer to South Korean President Pak's recent call for North-South talks, North Korea yesterday proposed a meeting of representatives of all political parties and mass organizations of the two Koreas. The North Korean proposal seems designed to convey a sense of flexibility, but it does present problems for the South. A period of heightened tactical maneuvering by the two sides seems in prospect.

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North Korea proposes that both sides begin a series of actions to ease tension and that preliminary talks start in June to prepare for a meeting in early September in Pyongyang or Seoul of various political groups. The North Koreans specifically invited Pak but as president of the Democratic Republican Party rather than as head of state.

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North Korea may have calculated that resumption of a dialogue might accelerate US troop withdrawals, limit the amount of US compensatory military assistance to South Korea, and perhaps lay the groundwork for eventual contacts with the US. The North probably feels some need to counter recent publicity in the US over the sizable increases in estimates of its order of battle. It may also see its proposal as a means of keeping the initiative on the Korea question during Chinese Vice Premier Deng Xiaoping's (Teng Hsiao-ping) coming visit to the US.

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North Korea's latest proposal presents difficulties for the Pak government, which may well believe that North Korea's plan is designed to undercut the legitimacy of the South Korean Government. South Korea, nonetheless, probably feels under considerable pressure now to avoid a premature negative reaction. If so, a period of heightened tactical maneuvering seems likely by both sides while they consider ways of addressing the issues that divide them.

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PERU: Relations with Neighbors

//Peru's expulsion of the Chilean Ambassador and its strong protest over Ecuador's alleged maltreatment of a group of Peruvians are demonstrations of Lima's hardening stance toward its southern and northern neighbors. If continued, this new truculence, which stems largely from the growing assertiveness and influence of hard-line officers, could lead to increased tension among the Andean nations, especially because this year will mark the centennial of Peru's military defeat by Chile in the War of the Pacific.//

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The Peruvians on 20 January declared the Chilean envoy persona non grata to protest acts of espionage committed by Chilean diplomats and naval personnel late last year. On the same day, the government executed a Peruvian airman convicted of helping the Chileans acquire information.

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//Peruvian Army General Richter, who directed the government's forceful handling of a recent general strike attempt, led the push for firm action. Scheduled to become Peru's prime minister on 1 February, he will undoubtedly be determined to project an image of toughness at home and abroad.

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Peru's responses are out of proportion to the low level of the espionage incidents, and Chile has so far taken the expulsion calmly. The Chileans had tacitly acknowledged the spying charges, but they had expected a much milder rebuke.

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Peru has also lashed out at the Ecuadoreans, who had earlier arrested some seven Peruvians, apparently on charges of espionage. Peru charges that the Ecuadoreans tortured the prisoners to extract military information, and in its formal protest has demanded an explanation.

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HUNGARY-USSR: No Raw Material Agreement

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Hungary has been unable to persuade the USSR to increase raw material shipments to Hungary for the 1981-85 plan period or to provide Hungary with a \$1-billion loan, presumably to finance increased purchases from the USSR.



The USSR has offered to continue deliveries of raw materials at the 1980 level and was noncommittal about a loan. The Soviets, moreover, want to stop paying for a portion of their agricultural imports from Hungary in hard currency and substitute transferable rubles, beginning in 1981. The USSR also has insisted that Hungary invest more in developing Soviet natural resources.



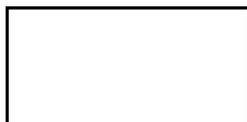
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Hungary, already heavily burdened by payments for oil from the Middle East, will have added hard currency problems if it cannot increase its purchases of raw materials from the Soviet Union. Hungarian officials report that a stagnation in deliveries of raw materials will hurt the next five-year plan, when the rate of growth is expected to be only 3 to 3.5 percent compared with an average of over 5 percent in the 1976-80 plan period. Other East European countries also are attempting to arrange such agreements with the Soviets but so far have been unsuccessful.



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UN: Committee on Disarmament

//The UN Committee on Disarmament convenes today in Geneva for its first session since being renamed, reorganized, and expanded to 40 members. Algeria will be the first to serve as the Committee's chairman, a rotating position that has replaced the permanent US-USSR cochairmanship. France, represented by Foreign Minister Francois-Poncet, will participate for the first time since 1960. China will not be represented but has reserved the right to take its seat. There are indications that the USSR and its allies might challenge this arrangement; the "Group of 21" developing countries and the Committee's Western members apparently will support China's request. A limit on the use of chemical weapons and a comprehensive nuclear test ban will be the main topics of discussion.//

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SCANDINAVIA-VIETNAM: Freeze on New Aid

//Scandinavian countries, which in earlier years supported the Hanoi regime, probably will complete projects now under way in Vietnam, but will delay future economic aid until Vietnam withdraws from Kampuchea. Parliamentary debates are scheduled this week in Sweden and Norway where public anti-Vietnam sentiment has been growing. Swedish Prime Minister Ullsten said the pace of Vietnam's withdrawal will influence decisions on future Swedish aid. A Norwegian Foreign Ministry official said Norway will consider halting current projects if Vietnamese forces threaten to cross the Thai border. The Danish Government also has decided to freeze additional aid to Vietnam, including \$30 million that had already been budgeted for that purpose.//

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SPECIAL ANALYSIS

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NATO: Reactions to Guadeloupe



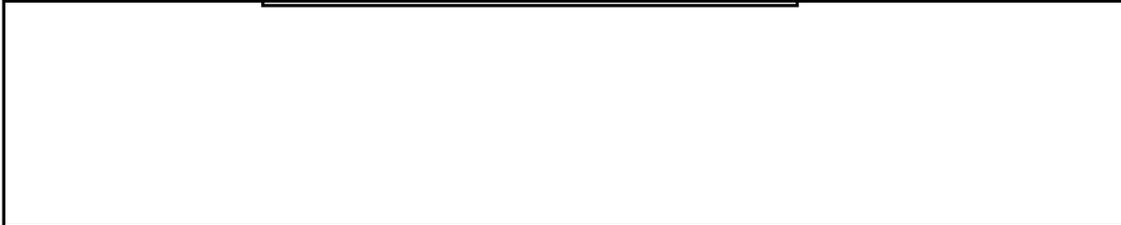
//The concern and suspicion being voiced by the NATO governments that were excluded from the Guadeloupe summit was intense last week. Some representatives said the health of the Alliance's consultative process--which keeps tension within reasonable bounds and reinforces trust--is at stake.

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//Canada's Permanent Representative led off a NATO session on 16 January by observing that NATO's consultation process had been in a state of decline prior to the Guadeloupe summit, but that Guadeloupe had made matters worse. NATO Secretary General Luns was more direct: he said NATO consultations had "failed" in recent months and went on to point to the increasing number of restricted multilateral consultations as a symptom of that failure.

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//The smaller NATO members always have jealously guarded their right to play a full role in NATO and have

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strongly objected to any attempts by their larger partners to establish distinct and exclusionary relationships. In large part, this is because Alliance membership provides the smaller states with more than physical security from aggression.//



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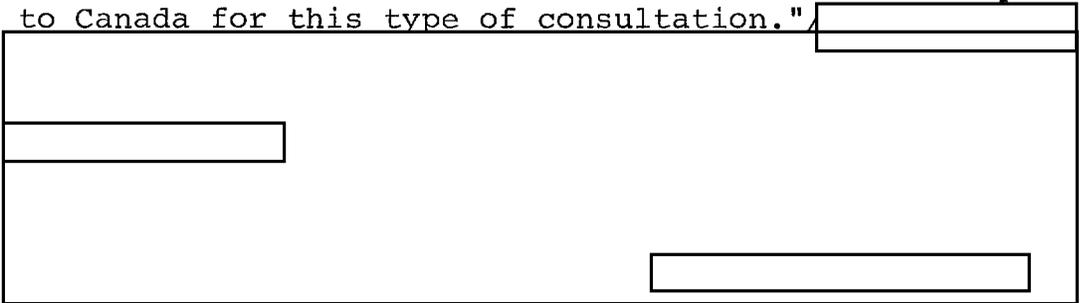
//Membership also gives them a sense of psychological security, an opportunity to make their views known, and a chance to play a larger role in world affairs. The Guadeloupe summit has revived and heightened their fears that the Alliance might become a two-tier system in which their influence would be diminished at a time when issues that directly affect them are coming to the fore.//



The divisions within NATO between the large and the small members could have an impact within the European Community. In the weeks ahead, the European participants at Guadeloupe will find it necessary to convince the other members of the EC that they have taken account of their partners' interests as well as their own.



//Canada places special importance on the NATO consultative process and the Canadian representative took the lead at the NATO meeting last week in criticizing the NATO "big four." He explained that because Canada is not a member of the EC "NATO is the sole forum open to Canada for this type of consultation."



//Although the Italians were relatively quiet at last week's NATO discussions, Italy is more sensitive to questions of "presence" and "consultation" than other members of the Alliance. As the largest of the small powers, moreover, Italy expects to be included in the councils of the larger powers. Its exclusion from Guadeloupe, coming just as the government was seeking to

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develop public support for joining the European Monetary System, is likely to figure in any future domestic disputes over EC and NATO issues.// [REDACTED]

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//The decision to give the nonparticipants a second, more detailed briefing on Guadeloupe smoothed some of the ruffled feathers, but the smaller allies will be particularly vigilant for future instances in which they feel they are being ignored. Some concede that there are times when the four major NATO members need to meet alone, but they all insist that the smaller countries must be kept fully informed about what occurs. This is particularly the case where the interests of all NATO members are involved as they were in many of the issues talked about at Guadeloupe and as they were in the discussions of aid to Turkey.// [REDACTED]

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//Current procedures for consulting with NATO--on the SALT negotiations, for example--will be strained as East-West negotiations on "Gray Area Systems" (primarily theater nuclear forces) approach. The rotational procedures in NATO's Nuclear Planning Group, where such measures are discussed, could become a source of controversy as some members of the Alliance become concerned that crucial decisions will be made without them.// [REDACTED]

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