



Director of  
Intelligence

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# National Intelligence Daily (Cable)

31 March 1979

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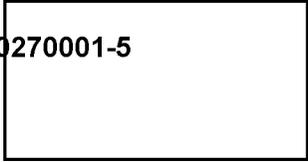
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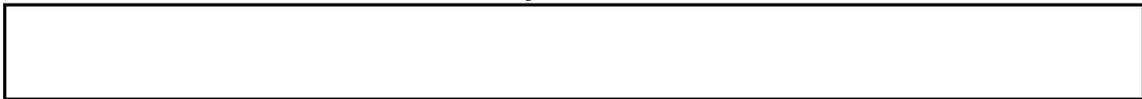
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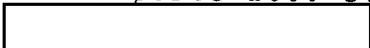
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EGYPT: Oil Production Prospects

*Increasing Egyptian oil production--partially as a result of the pending return of territory occupied by Israel--will strengthen Egyptian economic development in coming years. Oil production and refining will generate additional real economic growth, although the impact on employment will be small. Expanding production will also accommodate rising domestic petroleum consumption, facilitating growth throughout the economy. Finally, burgeoning oil exports will strengthen the balance of payments.*

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While lacking the reserves to rank with the major members of the Organization of Petroleum Exporting Countries, Egypt nevertheless has become the largest oil producer after Mexico among developing countries that are not members of OPEC. Egyptian oil production could reach 1.1 million barrels per day by 1984 compared with the current production level of slightly more than 500,000 barrels per day. Return of the territory from Israel will give Egypt oil from the Israeli-discovered Alma field, allow the completion of development work on fields that straddle Israeli-controlled Gulf of Suez waters, and permit exploratory drilling in promising offshore Gulf of Suez and onshore Sinai concessions that have been under Israeli jurisdiction.

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Projected increases in oil production and refining activity will directly add around 1 percentage point annually to real Egyptian economic growth through the mid-1980s. The most important effect of increased oil production will be the easing of balance-of-payments strains. With peace, Egyptian net foreign oil earnings of about \$700 million last year could approach \$2.4 billion in 1984--at 1979 oil prices. The increase in oil export revenues in the next several years will help reduce Cairo's need for foreign assistance. The value of the additional oil exports made possible by peace--\$600 million in current prices by 1984--about equals last year's aid disbursements

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NORTH YEMEN - SOUTH YEMEN: Unity Plan

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*The Presidents of North and South Yemen agreed yesterday to a plan for the establishment of a unified state--the latest in a 10-year series of merger efforts. As long as the present regimes in Sana and Aden are in power, however, it will prove difficult to implement the plan. Each side would like to see a unified Yemen, but one created in its own image.*

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The new unity plan calls for a constitution to be drafted within four months, followed by a referendum and the election of a single legislature. The time frame for completion of unification is not clearly set.

The Marxist South Yemeni Government has been the driving force behind the new unity effort, which, like most past efforts, has followed serious but inconclusive border clashes between the ideologically dissimilar regimes. The clashes, finally halted in mid-March by Arab League mediation, underscored the relative weakness of the Sana regime. North Yemeni President Salih's willingness to go along on unity this time may be intended to gain time to buttress his shaky internal position and to rebuild his army, which was mauled in the fighting.

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The outcome of the current unity scheme is more difficult to gauge than past efforts because of governmental changes that took place in Sana following the recent fighting. Some hardline foes of Aden, including Foreign Minister Asnaj, were ousted and replaced by ministers whose views are unknown to us. The weakness of the conservative Salih's government increases the uncertainty.

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Saudi Arabia, North Yemen's close ally, has not reacted to the announcement, but probably is troubled by the development. Riyadh's policy always has been to keep the two Yemens separate, fearing that a unified state would be a threat to Saudi interests.

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EC: No Common Energy Policy

*//EC energy ministers this week conceded the Community's inability to forge a common energy policy. Instead, they unanimously adopted a French proposal to base Community "policy" on the sum of member-state policies. The Community role will thus be exclusively advisory, emphasizing common ground and recommending improvements.//*

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*//The Council also left to member states the specific measures for reducing oil consumption to the level set by the recent European summit. Although adoption of the French proposal disappointed some ministers, Energy Minister Benn of the UK--the only EC country with substantial oil reserves--hailed the minimalist approach.//*

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*//The decision not to pursue a common energy policy--a Community goal for years--indicates that the member states believe they cannot now go much beyond what they are doing nationally. Their opportunities for substantial energy conservation, supply diversification, and alternative sources are few in the near term.//*

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*//The Council's positive actions were restricted to monitoring efforts, further reports, and demonstration projects. The ministers postponed consideration of the recent price increases by the Organization of Petroleum Exporting Countries until a special meeting on 24 April. That session will also consider possibilities for an EC dialogue with OPEC on oil subjects other than price, which might include other countries as well.*

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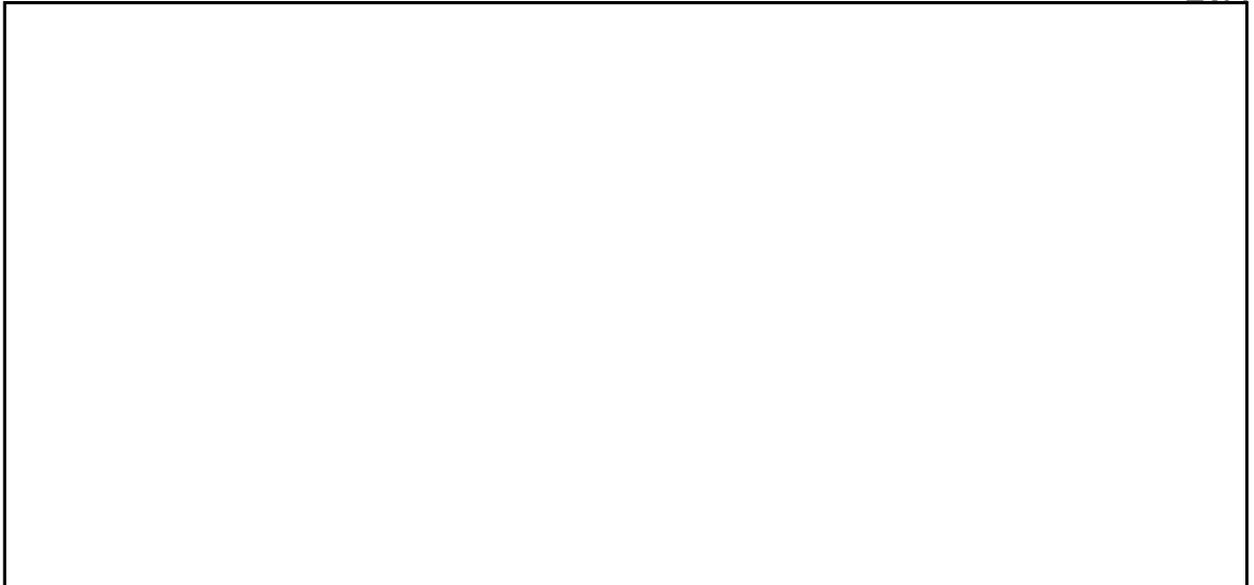
IRAN: Defense Minister Resigns

The resignation of Defense Minister Ahmad Madani yesterday, following the resignation of Chief of Staff Qarani earlier this week, is a further indication of the confusion in the Iranian military. Madani's replacement, 70-year-old Taqi Riahi, served as Army Chief of Staff under Prime Minister Mossadegh in 1953 and has longstanding ties with the National Front. Madani will continue to serve as commander of the Navy. The military is apparently having serious problems in restoring order in Gonbad-e Qabus where Turkomen tribesmen have been fighting government forces since Monday. The town is under martial law, and Tehran has sent reinforcements to bolster local progovernment militiamen. Tehran also appears concerned about the Baluchi tribes in southeastern Iran and the Azarbayjanis in the northwest. Khomeini dispatched emissaries yesterday to Zahedan and Ardabil to meet with local leaders of the two dissident tribes.

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ZAIRE: Departure of the Inter-African Force

Moroccan King Hassan and Zairian President Mobutu have decided that the Inter-African Force that has been in Zaire's Shaba Region since the invasion by ex-Katangan rebels last spring will withdraw at the end of June, according to the Moroccan commander of the force. Although there have been many rumors regarding the departure of the Inter-African Force, this is the first time that the commander has offered any concrete information on withdrawal. The withdrawal could lead to an exodus from Shaba of expatriates who help run Zaire's vital mining complexes. The expatriates regard the Inter-African presence as necessary for security from rebel attacks and for protection from the Zairian Army. [REDACTED]

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SPAIN: Suarez Investiture

Prime Minister Suarez won his vote of investiture yesterday with seven votes more than the absolute majority required for the first ballot. As anticipated, the rightist Democratic Coalition, the Andalusian Socialist Party, and a few independents joined Suarez' Union of the Democratic Center in supporting him, while the main Socialist Party, the Communists, and a few loners were opposed. The only surprise was Suarez' decision--regarded as highhanded by the left--to insist on the investiture vote before permitting a full debate on his program. Although doubtless aware that he might be setting a precedent, Suarez apparently had his eye on the municipal elections next Tuesday and wanted to prevent his opponents from scoring points with the voters. [REDACTED]

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SPECIAL ANALYSIS

SOUTH AFRICA: The African National Congress

[REDACTED]

*The African National Congress--South Africa's principal black insurgent group--has increased its military capabilities in the past two years but it still lacks effective leadership, organization, and trained manpower to play a significant role in destabilizing South Africa in the near future. The group is receiving military aid from the USSR, Cuba, and East Germany, and recruits are training at bases in several neighboring black African countries, as well as in Libya and Cuba.*

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//Recruitment by the ANC was spurred by the Soweto riots in 1976, after which the group was able to enlist large numbers of dedicated and embittered young blacks who had fled South Africa.

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[REDACTED]

//The organization's nominal leader, Nelson Mandela, remains the symbol of the liberation movement for many blacks even though he has been in a South African prison since 1964. Acting President Oliver Tambo is not a dynamic leader and has been unable to build a well-organized force or to increase ANC operations significantly.

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[REDACTED]

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ANC leaders believe that terrorism, civil disorder, strikes, and propaganda are the only practical means now

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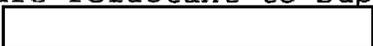
available to break down authority within South Africa. They have avoided direct military confrontation with South African security forces because of the difficulty of smuggling large quantities of arms across the border and because of the efficiency of the South African military. ANC leaders are aware that urban terrorism could lead to a backlash against them because the black community, which would be hurt most by terrorist acts, largely opposes violence.

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//The organization claims credit for about half the terrorist attacks inside South Africa since 1975. Although the frequency of such attacks has increased noticeably in recent months, the security forces have dealt effectively with them. ANC leaders encourage pressure for political change from within the country rather than from outside because they realize that the frontline countries fear South African military and economic retaliation and other African States are reluctant to support large-scale ANC operations.

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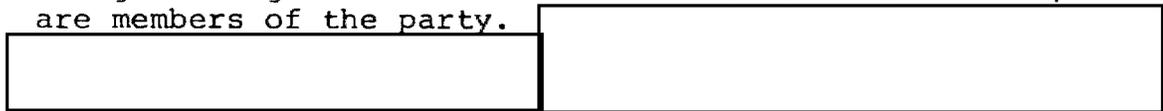
The organization has long been strongly oriented toward the USSR and became even more so after Soviet President Podgorny promised Tambo increased military training and weapons in 1977. The USSR, as well as East Germany and Cuba, have been receiving ANC recruits selected for political training. Most of those chosen for military training are sent to Angola where Cuban advisers conduct the training.

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The banned South African Communist Party has considerable influence in the ANC and many of the members of the ANC's Revolutionary Council, the executive body in charge of organization activities inside South Africa, are members of the party.

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The ANC maintains training bases in Mozambique, Zambia, and Tanzania. Swaziland has become important as a

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recruitment area and a route into and out of South Africa for ANC personnel. Some guerrillas also undoubtedly transit Botswana periodically en route to South Africa without official sanction from the Botswanan Government.

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[REDACTED]

The ANC's objective is the destruction of white rule in South Africa, but most ANC leaders recognize that majority rule will not come soon. They hope their efforts will gradually lead to the breaking down of South African Government authority and encourage growing numbers of blacks to support their cause. In support of this strategy we expect terrorist activities to increase over the long term and take place over a more extensive area. [REDACTED]

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Significant destabilization of South Africa would require widespread terrorism, black civil disorder, and strikes, possible with much more sophisticated direction and internal organization than the ANC now possesses. The ANC could become increasingly irrelevant if militant young blacks gain confidence and experience by carrying out further outbursts like the 1976 events in Soweto on their own or under the leadership of ad hoc groups. [REDACTED]

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The South African Government may find itself faced with intensified problems should an independent Namibia and a black-ruled Rhodesia provide additional ANC infiltration routes, but it will be some years, if ever, before the ANC will be able to field enough manpower to threaten seriously the efficient South African security services. Black South Africans are not now leaving the country in large enough numbers to enable the ANC to infiltrate significant numbers of trained terrorists back into South Africa. [REDACTED]

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