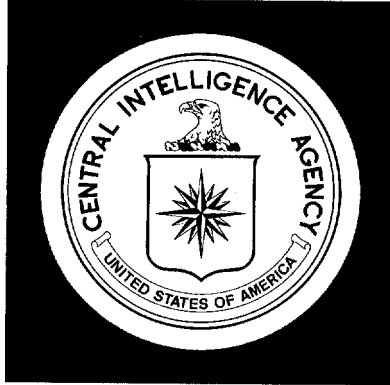




**Secret**



25X1



# Weekly Summary

State Dept. review completed.

**Secret**

CG WS 77-022  
June 3, 1977

Copy 1478

SECRET



## CONTENTS

June 3, 1977

The WEEKLY SUMMARY, issued every Friday morning by the Current Reporting Group, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Regional and Political Analysis, the Office of Economic Research, the Office of Strategic Research, the Office of Scientific Intelligence, the Office of Weapons Intelligence, and the Office of Geographic and Cartographic Research.

- 1 Europe**  
USSR; Portugal
- 2 Africa**  
Angola; Rhodesia
- 4 Asia**  
Pakistan; Bangladesh
- 4 Middle East**  
Israel; Lebanon
- 6 Nigeria: *Still Seeking Stability***
- 8 Uganda: *Trouble Mounting for Amin***
- 9 Japan: *Geothermal Energy Resources***
- 10 China: *The Importance of Western Technology***

25X1

Comments and queries on the contents of this publication are welcome. They may be directed to the editor of the Weekly,

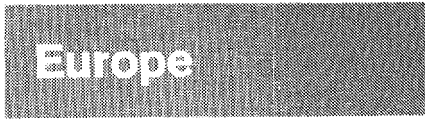
25X1

25X1

**Page Denied**

Next 2 Page(s) In Document Denied

SECRET



USSR

1-3

NEW CONSTITUTION

Plans for replacing the "Stalin constitution" in the USSR with a "Brezhnev constitution" are going forward swiftly. It seems increasingly likely that political issues raised by the draft of the new constitution in some way precipitated the abrupt, unceremonious ouster of President Podgorny from the Politburo at the Central Committee meeting on May 24. There is no firm evidence as to the issues involved in or the political ramifications of Podgorny's departure.

The Presidium of the Supreme Soviet met on May 27 to hear General Secretary Brezhnev's report on the draft of the new constitution. In his speech, Brezhnev implied that the dangers that formerly demanded rigid control mechanisms had lessened. Relaxing controls, however, has become a highly controversial issue in the leadership because of the review conference on European security and cooperation that will open on June 15 in Belgrade.

The session approved the draft "in the main" and decreed that it be published for public discussion on June 4. The draft will be given final approval at a special session of the USSR Supreme Soviet scheduled for October, when the Soviets celebrate the 60th anniversary of the October Revolution.

The Tass announcement of the Presidium meeting did not mention whether Podgorny attended, although he is president of that body. His absence would suggest that he is no longer acting as president. Formal action on his removal may not come until the Supreme Soviet session opens on June 16.

Some officials in Moscow have recently portrayed Podgorny as being increasingly out of step with the rest of the top leaders. A Central Committee employee, for example, said that for the past year Podgorny was uncooperative, even an obstructionist. In leadership meetings he reportedly frequently challenged the consensus. There have been other signs that Podgorny disagreed with some aspects of Brezhnev's detente policies and other matters.

4-6 GRAIN PROSPECTS

The USSR appears likely to have a record winter grain crop this year. This harvest—which normally accounts for about 30 percent of total Soviet grain production—will be well above the previous record of 63.5 million metric tons, and possibly could reach 70 million tons.

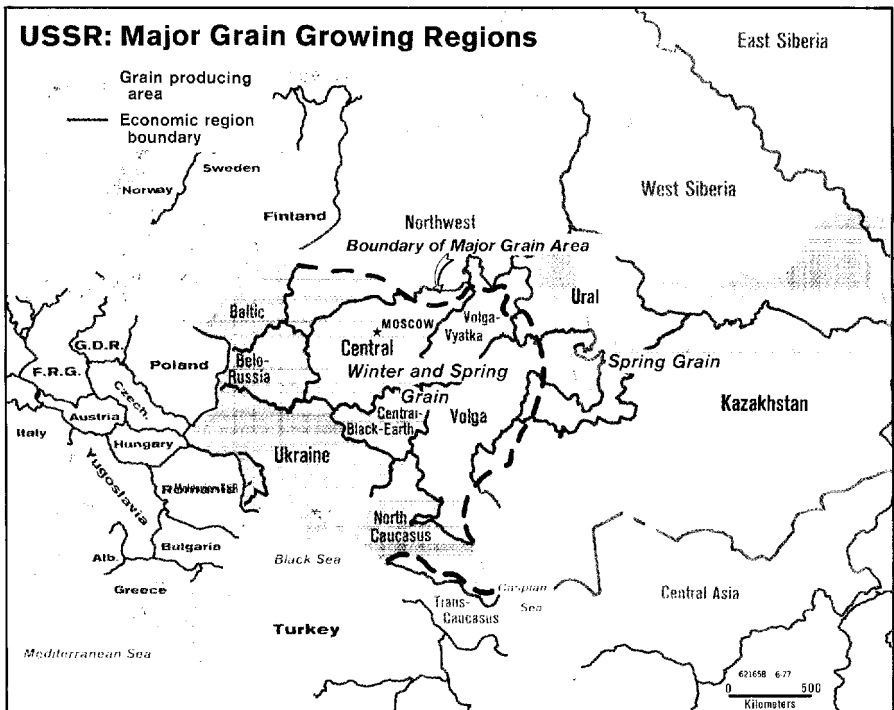
The Soviet consumer still faces serious

meat shortages stemming from the poor 1975 harvest. Meat production in the state sector improved in March and April, but a substantial lag exists between increased output and improved retail supplies because of the generally inefficient distribution system.

The record grain prospects are in large part due to this year's expanded harvest area—up about 16 percent over last year. Winter grains were sown last fall on 38.5 million hectares—the largest area since 1968, and 1 million hectares greater than last year. Winter losses are believed to be smaller than usual this year. Unusually wet growing conditions throughout much of the European USSR, however, have led to weed infestation and plant diseases that may limit yields somewhat.

Spring grain output is still in doubt. Sowing was delayed in some regions, and this may lower crop yields. In addition, inadequate subsoil moisture in both the southern Urals and parts of Kazakhstan

25X1

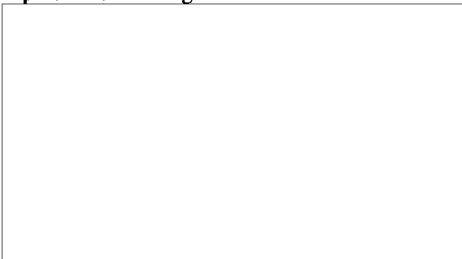


SECRET

SECRET

means yields in these areas will be dependent on rainfall from now through July.

As a result of the favorable outlook for this year's grain crop and the record harvest in 1976, the Soviets have made no new grain purchases since last December. After good harvest years, the USSR usually waits until the summer to enter the international market. A Soviet grain delegation, in Washington in late May for biannual consultations under the long-term grain agreement, would say only that the USSR would buy the required 6-million-ton minimum for delivery during the second year of the agreement—October 1977 through September 1978. The Soviets showed a general interest in soybeans but noted the price was too high.



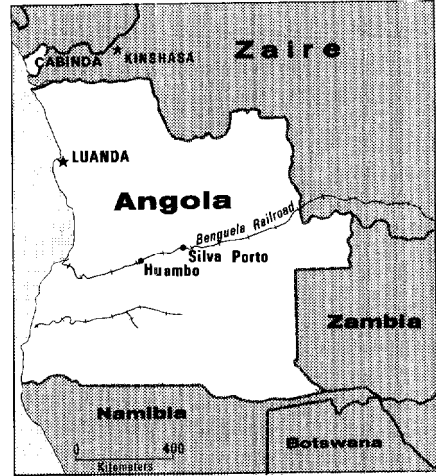
government's refusal to consult them on policy matters.

The two parties want to mute their own differences, attempt to force the Socialists to join with them, and isolate the Communists. They invited the Socialists to attend the meeting that produced the communique, but the Socialists, who have avoided alliances with parties to the right or the left in order to maintain unity within their own ranks, declined.

Social Democratic Center leader Freitas do Amaral said that the Socialists might face an early election if they refuse to change their ways. The opposition, however, has not directly challenged the government by calling for a vote of no confidence. The Socialists control 40 percent of the legislature and could probably survive with the support of the Communists, who hold 15 percent of the seats.

The opposition parties' determination to challenge the Socialists will be clearer when pending legislation on labor, agrarian reform, and the economy comes to a vote. The government proposals are generally moderate and are badly needed. The Communists are unlikely to support them.

If the Social Democrats and the Social Democratic Center withhold their support, President Eanes may be forced to call for the formation of a new government. Eanes, the key to stability in Portugal, has recently been playing a more active role in the government. The opposition parties would prefer a nonpartisan government under Eanes' strong presidential leadership.



political repression. Factions in the ruling party are considering further moves against Neto.

In the coup attempt, dissidents loyal to former interior minister Nito Alves attacked the presidential palace and army headquarters and freed Alves and another dissident leader, former armed forces chief Jose van Dunem, from prison. They also seized control of Radio Luanda for several hours and proclaimed the installation of a "revolutionary dictatorship of the exploited classes."

According to press reports, more than 100 people were killed as government troops put down the rebellion, and hundreds more have been arrested. The government announced that the dissidents killed the finance minister, four other members of the central committee of the ruling Popular Movement, and a senior official of the internal security forces. Alves and van Dunem, who were jailed after Neto dropped them from the central committee last month, apparently escaped.

There are some indications that Cuban troops participated in the recapture of the radio station and in patrolling the city afterward. There is no firm evidence, however, of either Cuban or Soviet involvement.

Alves' faction has been critical of Neto's go-slow approach toward converting Angola into a radical socialist state

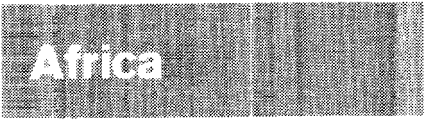
25X1

PORTUGAL

7/10

Portugal's two major opposition parties issued a joint communique on May 25 harshly criticizing the government. The criticism was probably intended to make use of growing public dissatisfaction with the limited accomplishments of Prime Minister Soares' minority Socialist government to press the Socialists into consulting the two parties on government programs. It does not appear to be the beginning of a campaign to bring down the government in parliament.

In their communique, the centrist Social Democratic Party and the conservative Social Democratic Center complained that Portugal can no longer tolerate the Socialists' "vague policies" and that minority rule by the Socialists cannot last much longer. The opposition parties have supported the Socialists frequently but are impatient with the



ANGOLA

11-12; 14-15

The abortive coup last week against President Neto reflects rising discontent in Angola over deteriorating economic and social conditions, corruption, and

25X1

SECRET



*QAMMA*

*Guerrillas on patrol in Mozambique near the Rhodesian border*

ever since early 1976, when the Popular Movement gained control of Angola. Alves also contends that blacks are underrepresented at the upper levels of the regime, an attitude that has won substantial support among black radicals in the army and unemployed blacks in the slums of Luanda.

The Alves faction may now seek allies among other dissidents in the military and the party

25X1

representatives have approached members of the Active Revolt, a more moderate dissident group within the Popular Movement whose supporters are among the better-educated members of the party.

The Active Revolt has been gaining strength in recent months, and many believe it is the only workable alternative to the Neto government. The Active Revolt may have disseminated anti-Neto pamphlets that appeared in Luanda in April.

Members of the Active Revolt charge that corruption has become a way of life among top party leaders, including Neto, and that the government is torturing political prisoners. They hope to open an exterior branch to publicize these conditions and seek support from moderate African states such as Senegal and Ivory Coast.

**Insurgent Gains 24-27**

The Neto government is also under severe strain in the south from the insurgent National Union forces of Jonas Savimbi. Recent reports indicate that the guerrillas have succeeded in their strategy of isolating population centers and disrupting the movement of food supplies.

25X1

[Redacted]

claims that the guerrillas now control all of Angola south of the Benguela railroad except for the major cities. [Redacted] the insurgents are well armed and well disciplined and that they enjoy the support of the local population.

The guerrillas have damaged all major bridges on the Benguela railroad and sabotaged major sections of track. They also cut important roads; [Redacted]

[Redacted] most towns in the south are accessible only by air.

The morale of government troops is low, and they have not launched a major campaign against the insurgents since mid-April. The Cubans stationed in the south appear to garrison themselves in the cities and rarely venture out on patrol for fear of ambush. The lack of Cuban support has angered government troops, and incidents between Angolans and Cuban soldiers are reportedly on the increase.

[Redacted]

**RHODESIA**

*16/17*

The major Rhodesian military incursion into Mozambique last weekend was launched shortly after a US-UK team finished talks in Salisbury on a Rhodesian settlement and went on to Mozambique. In authorizing the attack, Prime Minister Smith may have been seeking to show Rhodesia's determination to carry the war to the insurgents and a willingness to back tough negotiating positions with strong military action.

Several hundred black and white Rhodesian troops, with air support, reportedly participated in the incursion. The attackers overran four Rhodesian

guerrilla bases in western Mozambique and seized the town of Mapai, some 75 kilometers from the border. According to the Rhodesian military commander, General Walls, a guerrilla camp outside Mapai was a key supply base for the guerrillas.

The Rhodesians say the attacking force seized a large quantity of military equipment and killed at least 32 guerrillas while suffering no casualties itself. The attackers expected to encounter more insurgents, but the guerrillas apparently scattered into the countryside. The Rhodesian force began withdrawing from Mozambique toward the end of the week.

25X1

The raid was the third major Rhodesian strike into Mozambique since last August, and it may have been the largest. The guerrillas based in Mozambique are affiliated with the Zimbabwe African National Union, the most militant and militarily the strongest of the Rhodesian guerrilla groups. General Walls said the strike was launched after Rhodesian intelligence received new reports on a buildup by the guerrillas in Mozambique.

25X1  
25X1

Earlier last month, Smith threatened to make pre-emptive strikes against guerrillas based in Zambia. These guerrillas are loyal to Joshua Nkomo's Zimbabwe African People's Union, which is loosely allied with ZANU in the Patriotic Front alliance.

25X1  
25X1  
25X1



**SECRET**

SECRET

GAMMA



PAKISTAN 29-33

Prime Minister Bhutto and his political opponents have agreed to resume negotiations on June 3 in an effort to resolve Pakistan's political crisis. Neither side appears willing to make significant concessions.

The decision to hold new talks followed a week of consultations among opposition leaders in response to a Saudi Arabian initiative. Other Arabs, including members of the Palestine Liberation Organization, also have participated in the effort to resolve Bhutto's differences with his opponents. The opposition may have agreed to negotiate in the hope that pressure from the Arabs would make Bhutto more conciliatory, but it is doubtful that the Arabs will try to force the Prime Minister to make concessions.

Both sides apparently have agreed to a new National Assembly election, but major differences remain over timing and other specifics. The opposition wants an immediate election, while Bhutto wants as much time as possible to rebuild his political position. Last week, a member of his cabinet said no election could be held before March.

The opposition leaders have also demanded that Bhutto resign before an election; they argue that if Bhutto still controls the government, a new election would be as fraudulent as the one held in March. Bhutto, for his part, has no intention of stepping down. Some of the opposition leaders may be willing to modify their demands, but they are well aware that their colleagues would reject any proposal that leaves Bhutto in office. One opposition leader already has publicly denounced talks as a ruse to buy time for the Prime Minister.

The US embassy believes that, despite the present calm in Pakistan, Bhutto still faces a highly volatile and dangerous



Prime Minister Bhutto

security situation. Major cities are quiet only because of martial law, curfews, and an opposition decision to reduce demonstrations during negotiations. Outside the major cities, demonstrations continue and there have been a few serious outbreaks of violence, but press censorship has greatly limited news of the situation. [redacted]

BANGLADESH 41/42

The President of Bangladesh, General Ziaur Rahman, won an overwhelming vote of confidence this week in a referendum on his program and his continuation in office. Zia, as he is generally known, is popular with both the people and the armed forces and has won the support of some of the country's politicians—particularly those with strong Muslim leanings.

The turnout in the referendum was much larger than the 56 percent of the electorate that voted in Bangladesh's last national election four years ago. This will effectively prevent Zia's opponents from citing voter apathy to disparage the result of the vote.

Zia was installed as president last month, although he has been de facto

ruler since a military coup in November 1975. Under his leadership, Bangladesh has enjoyed greater political stability and economic security than at any other time since it gained independence from Pakistan in 1971. Many Bangladeshis believe the only alternative to Zia would be a return to the violence and corruption that prevailed under past civilian governments.

Zia's shrewd handling of incipient army mutinies and his crackdown on government corruption and inefficiency have added to his reputation as a relatively honest and dedicated leader. His trip to China last winter and an improvement in relations with India have also enhanced his prestige at home. Good rice harvests and plentiful foreign aid have further strengthened his support.

Bangladesh has a large Muslim majority; Zia's recent declaration of intent to amend the constitution to make Islam one of the fundamental principles of the state, while troubling to the Hindu and Christian minorities, brought public pledges of support from the Muslim political parties. He did not, however, have the support of the secular Awami League, the party that ruled Bangladesh in the four years following independence and that remains the largest. Zia may now begin building a political party of his own, or try to take over one of the existing parties, in preparation for the national election he promised for December 1978. Many supporters of the small Muslim parties and moderates in other parties might defect to a party led by Zia. [redacted]

25X1

25X1



ISRAEL N.S.

The Likud party's prospects for putting together a broadly based government appear to have improved following a decision by the Democratic Movement for Change to resume negotiations on a coal-

SECRET

SECRET

tion. The decision came after Likud leader Menachem Begin agreed to delay—but not cancel—the appointment of former defense minister Moshe Dayan as foreign minister.

Democratic Movement chief Yigael Yadin and other party officials fear that with the conservative Dayan as foreign minister, their party would be unable to exert a significant moderating influence on Likud's hard-line stance on Arab-Israeli issues. The Democratic Movement also had protested that Likud did not consult it on Dayan's appointment even though the two parties were discussing a coalition government. Without the Democratic Movement, Likud would have to form a narrow right-wing coalition in which small religious parties would wield disproportionate influence.

Although Begin still seems determined to bring Dayan into the cabinet, the Democratic Movement was apparently placated when Likud's executive committee passed a compromise resolution. The resolution requires Begin to submit all his cabinet nominations to the committee after he is formally designated sometime this month to form a government. In effect, the resolution temporarily freezes the Dayan appointment but



Moshe Dayan

LPI

preserves Begin's right to nominate whomever he pleases. Begin later reassured Yadin that all policies and appointments would be open for discussion among members of a prospective coalition.

Leaders of Likud's Liberal faction, who also protested that they were not consulted about Dayan's nomination, appear satisfied with the new arrangement, since all party factions are represented on the executive committee. This is only a face-saving device for the Liberals, however; Begin's Herut faction and other party groups that support the Dayan appointment have a majority on the committee.

Begin's health, meanwhile, remains a major question; he suffered a serious heart attack during the election campaign. He was released last weekend from an Israeli hospital, which he had entered because of fatigue a few days after his party won the May 17 election. The Herut faction's Ezer Weizman, who might well head Likud if Begin were incapacitated, reportedly holds even more hard-line views than Begin [redacted]

## LEBANON

43-45

The Syrians have recently entertained a procession of Lebanese and Palestinian leaders in Damascus in an effort to promote an agreement on the so-called Cairo accords that lay down the ground rules for Palestinian activities in Lebanon. The negotiations are not going well.

The main obstacle is Lebanese President Sarkis' insistence that the Palestinian guerrillas give up most of their weapons and permit Lebanese authorities to provide security for the refugee camps. Sarkis believes that if the Palestinians are disarmed he will have grounds for demanding that Christian forces disarm. He hopes this will enhance his authority and lay the groundwork for future political negotiations between the Christian and Muslim communities.

Palestine Liberation Organization chairman Yasir Arafat has resisted these pressures. He fears—with



President Sarkis

justification—that disarming the Palestinians would allow the Syrians to gain control of the movement and leave the guerrillas vulnerable to Christian retaliation.

The Syrians agree with Sarkis but are reluctant to use force, which would be strongly resisted by the Palestinians. The Syrians believe a show of force would also antagonize Saudi Arabia and Kuwait, which are subsidizing Syrian operations in Lebanon but do not want Syria to gain complete control over the PLO. Serious fighting would also undermine Syrian efforts to project an image of Arab unity during negotiations with Israel.

In a move that appears to have been tacitly supported by Sarkis, and perhaps by the Syrians, Christian leaders denounced the Cairo accords last weekend as null and void. This may have been an effort to try to break the deadlock by forcing fence sitters—both Lebanese Muslims and the Saudis and Kuwaitis—to back a full and immediate implementation of the accords despite Arafat's objections. In all likelihood, Arafat will try to keep his supporters from yielding to such pressure and string out negotiations for as long as he can.

[redacted]

SECRET

PICTORIAL PARADE

25X1

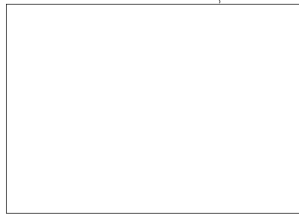
25X1



SECRET

*Nigeria's military government is suffering from a decline in its popularity and from factionalism within the ruling council. The regime seems committed to a return to civilian rule in 1979.*

25X1



## Nigeria: Still Seeking Stability

Nigeria is still far from stable 16 months after the coup attempt in which the nation's dynamic head of state—General Murtala Muhammed—was assassinated. Although the military regime of Lieutenant General Olusegun Obasanjo has tried to project an image of a relatively stable and popular government, it is badly factionalized, uncertain of its support, and very unsure of its grip on power.

In recent months, disenchantment with the Obasanjo regime has been mounting both within the army and among civilians. Obasanjo and his colleagues on the ruling Supreme Military Council have serious domestic challenges to surmount if they are to remain in office and proceed with their announced intention of handing over power to an elected civilian government in 1979.

There is a strong feeling in Nigeria that the military has proved itself unfit to govern. Obasanjo has not demonstrated the drive and decisiveness of his predecessor. The regime has postponed domestic programs because of its preoccupation with maintaining an ethnic balance of power, ferreting out suspected dissidents, and retaining the loyalty of the army.

Prolonged inaction has bred suspicion and uncertainty among the population at large. Some are comparing the regime's performance with the drift and corruption of the last years of General Gowon, who was overthrown in July 1975 in the coup that brought Muhammed to power.

Students and the Nigerian press are calling for the replacement of state military governors, charging them with being entrenched, venal builders of fiefdoms in the fashion of the Gowon era.

The government seems to recognize that something must be done. In March, more civilians were brought into the cabinet in a shuffle that ousted some allegedly corrupt military officers. Also, the military has announced that the army will sell its luxury cars in line with the more austere image the military is trying to project.

### A Divided Regime

Rivalry between two groups within the ruling 23-member military council is increasingly evident.

The ascendant clique is composed of young officers with a decided xenophobic, chauvinistic bias. The leader is armed forces Chief of Staff Shehu Yar'Adua, the regime's second-ranking officer—if not its real leader. Although a northern Hausa tribesman like the late Muhammed, he is not fully trusted by the generally conservative north, which has usually dominated Nigerian political life.

The other group is a loose and shifting alliance of pragmatic nationalists led by Head of State Obasanjo and a number of other senior officers who attempt to exert a moderating influence. The young militants, however, have found that by raising internal security concerns and fanning suspicion of foreigners and foreign influence, they can intimidate their more moderate colleagues.

Obasanjo is a southerner and the first member of the Yoruba tribe to be head of

state. He is beholden to powerful northern ethnic interests who agreed to his succession for the sake of national unity. At first a reluctant head of state, he has warmed to the job and is displaying much greater confidence. If Obasanjo should fall—he probably has a less than even chance of staying in power through the end of the year—his most logical successor is Yar'Adua, providing the chief of staff wins the acceptance of the north and key elements of the divided army.

### The Army

Over the past five months, there have been scattered reports of army dissatisfaction with the Obasanjo regime and numerous rumors of impending coups. The military council and many well-informed civilians apparently believe there are widespread conspiracies afoot.

Two council members, who are also division commanders, attribute the growing disaffection in the army partly to the government's failure to replace state military governors—which would open up these lucrative posts to other officers—and to the top command's failure to respond to requests by disgruntled officers for transfers of assignments. Reinforced security patrols and nighttime roadblocks are again very much in evidence in Lagos.

The military council is most concerned about the attitude of middle-grade officers. There are indications that some majors and lieutenant colonels are dissatisfied with their share of lucrative administrative posts and may not be as committed to restoring civilian rule as are their superiors.

SECRET

SECRET

In one recent effort to head off potential trouble, the regime held a mandatory seminar for all majors concerning their "military responsibilities." Army Chief of Staff Danjuma and the army's four division commanders reportedly visit field units frequently and put out the word that anyone starting trouble will be executed.

Disgruntled "middle belt" members of the many small tribes of the country's central region, who make up nearly a third of the army's strength—also concern the regime, which since the July 1975 coup has been dominated by the large and powerful tribes of northern and southern Nigeria. The "middle belt" resent losing the influence they had during the Gowon regime, when they served as brokers between the northern and southern factions in the army and occupied all senior army posts.

Minority tribesmen were heavily involved in the unsuccessful coup of February 1976 and bore the brunt of the executions that followed the attempt. As a precautionary measure, the regime has dispersed "middle belt" to units far from Lagos.

Many officers and enlisted men are upset over plans to demobilize part of the oversized army, which grew during the 1967-1970 civil war from about 10,000 men to some 250,000. The leadership's intention to cut the army by 100,000 men was an important factor behind the coup attempt in February 1976.

Although little has been said in public since then about these plans, Danjuma apparently still has hopes for substantial cuts, perhaps as many as 60,000 spaced over the next two years. In March, he announced that 5,000 veterans recalled to duty during the civil war had been demobilized and that 10,000 disabled soldiers still on the army rolls were to follow.

#### Living Conditions

The government's failure to do more to improve living conditions for the general public is a source of considerable frustration, grumbling, and potential unrest. Inflation is running at 30 to 40 percent an-

nually. The current five-year development plan, scheduled for completion in 1980, and other ambitious schemes are lagging badly. The government is hard pressed to keep providing essential services, public utilities, and housing for Nigeria's estimated 80 million people, a population that is increasing at a rate of about 3 percent a year.

Workers, faced with the continuation of a year-old wage freeze, are restive, and a wave of crippling wildcat strikes and other manifestations of labor unrest are a distinct possibility.

#### Civilian Politics

The civilian elite awaits its promised return to power in 1979 with impatience and fear that the military will renege, as Gowon did in 1974, on its program to restore civilian rule. If the regime slows its timetable for a return to civilian rule, serious friction could erupt between civilians and the military.

The regime seems genuinely committed to handing over power. The Nigerian press has interpreted the March cabinet shuffle, which gave civilians a majority of slots, as a demonstration of the military's intent to involve more civilians in decision-making.

A ban on politics is not scheduled to be formally lifted until sometime after the

country's new draft constitution is approved by a constituent assembly to be convened this October. The assembly will have six months to complete its work, and it could prove to be a stormy exercise.

Most of the assembly delegates are to be chosen by local government councilors, who were elected last November and December as part of a reform of local government institutions. These nonpartisan elections, the first since the military took power in January 1966, proceeded smoothly for the most part. There were scattered complaints of election irregularities, but no reports of widespread fraud.

An election commission has been appointed. It is charged with organizing and monitoring state and national elections, the last two stages of the military's five-point program to return Nigeria to civilian rule. It will also register political parties and delineate election constituencies.

The commission and its members can expect to come under intense pressure as the times for ending the ban on politics and for holding state and national elections draw closer. The political fortunes of many would-be politicians will depend on the commission's decisions.

25X1  
25X1

Head of State Obasanjo

CRS



Chief of Staff Yar'Adua

CRS

SECRET

SECRET

*The turmoil in Uganda has worsened in recent months, and plotting against President Amin has increased. The most serious threat comes from groups in or close to the armed forces.*

## Uganda: Trouble Mounting for Amin

25X1

During Ugandan President Idi Amin's six years in power, he has managed to stay barely one step ahead of his growing number of internal and external op-

ponents. A combination of luck, shrewdness, and terror has enabled him to cope with the results of his misrule. There are signs, however, that Amin's problems may soon catch up with him.

Conditions in Uganda have grown even more chaotic in recent months. Most Ugandan civilians, who play minor roles in what remains of the country's modern sector, will probably continue to suffer in silence. Support for Amin among more influential people, however—especially in the military—may finally be deteriorating more rapidly than it can be repaired.

Dissident groups pose the most immediate problem for Amin. Their number and their plotting against him have increased markedly in recent months.

Some conspirators, especially those in exile with limited contacts inside Uganda, appear to have little chance of influencing events. The exiled leaders may hope at best to establish their credentials for participation in a post-Amin government.

A more pressing threat to Amin comes from groups in or close to the military. These dissidents seem to have the most external support, especially from neighboring Tanzania and Kenya, which have long been nervous about Amin. Plotters with influence in the military also are probably the ones most capable of penetrating Amin's pervasive security apparatus and neutralizing or winning over key units still considered loyal to the President.

Signs of military unrest and disloyalty, in fact, appear to have increased over the last several months. The unruly military has been a persistent feature of Amin's regime. His latest purges of tribal opponents, triggered by a number of assassination attempts on him this year,



*President Amin at a press conference*

GAMMA

SECRET

SECRET

appear to have exacerbated the situation.

Insubordination, desertions, and low morale have increased in part from uncertainty as to who is next on Amin's list. Several senior commanders are reportedly fearful that the armed forces are disintegrating as a result of the purges and defections.

In recent weeks, Amin and his senior military colleagues have been especially active in exhorting troops to maintain discipline and avoid tribal and religious friction. Amin has also attempted to preoccupy the military with alerts, charges of subversion, threats of invasion from Tanzania, and publicity about support for Zaire against its Katangan invaders.

Amin has stepped up recruitment of fellow southern Sudanese tribesmen into his special security and marine units. These units are responsible for much of the recent government-sanctioned

violence. The intensified recruitment may be largely an effort by Amin to offset rising disenchantment elsewhere in the army, but it also suggests that disloyalty may even have begun to affect these key units.

Other signs also point to a precarious domestic situation. In an effort to stem the rising number of robberies, assaults, and murders in Kampala, Amin imposed tight security measures in April and initiated a roundup of arms and jobless civilians. He also gave a stern warning to students.

As a result of the turmoil, more Ugandans are fleeing the country, and some cabinet ministers have defected in the last month or so. Already limited day-to-day government operations have all but ceased in some sectors. Medical services are in very short supply; public transportation has been curtailed by a fuel shortage.

The overthrow or death of Amin would probably not bring a quick end to the chaos. Uganda's traditionally deep ethnic, regional, and religious divisions have been aggravated during Amin's rule. His fellow Muslims and Sudanese tribesmen, who have enjoyed a privileged position, are especially despised.

The immediate post-Amin period is likely to be marked by the settling of old scores, the sorting out of new loyalties and alliances, and efforts by various tribal groups to safeguard their interests.

The various exile groups, which for the most part do not coordinate their activities and lack notable personalities, are unlikely to play a major role in the immediate post-Amin period. Another military regime with some civilian participation might bring some stability to the country, but probably only after more bloodshed.

25X1

*Japan is developing its substantial geothermal energy resources and has become the world's leading exporter of geothermal technology.*

68-80

## Japan: Geothermal Energy Resources

25X1

Japan has an extensive program to develop the technology and construct the power plants needed to use its geothermal energy resources to help overcome its dependence on imported fuels. The Japanese hope to obtain nearly an eighth of their electric power from geothermal facilities by the end of the century. Development of geothermal power has also enabled Japan to become the leading exporter of technology in this field, particularly to developing countries.

Japan has experimented with generating geothermal power for some time, and completed its first practical

geothermal power plant in 1966. Operating geothermal plants now have a total capacity of 53 megawatts; three facilities of 50 megawatts each are under construction. All use natural geothermal steam. By 1985, the Japanese hope to have 2,100 megawatts of operational power capacity using natural geothermal steam.

Other sources of geothermal heat, such as thermal waters, volcanic rock, and magma, which is molten rock, will subsequently be exploited. A 10-megawatt test unit using thermal waters is planned for 1980 and a 50-megawatt plant for 1990. A 100-megawatt facility exploiting volcanic or dry hot-rock technology is

planned for operation by 1995.

Altogether, the Japanese expect to have approximately 48,000 megawatts of geothermal power capacity by the end of the century. Recent surveys have identified over 10,000 sites in Japan where geothermal power production may be possible. One source estimates that Japan has 10 percent of the earth's readily accessible geothermal potential.

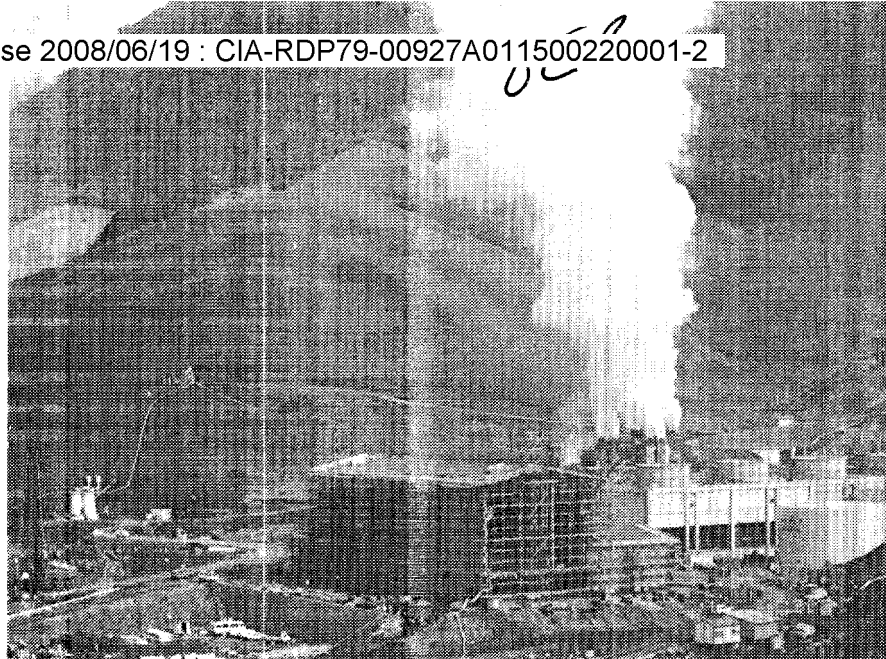
The requisite technology is available to build the more than 40 natural steam power plants of 50 megawatts each that Japan will need to achieve its 1985 goals for geothermal generating capacity. Further increases in geothermal power production in Japan will include new

SECRET

technology to exploit lower temperature water and dry heat sources such as hot-rock and magma deposits. The Japanese and others are studying these systems, and the Soviets recently announced that they will undertake a volcanic power project on Kamchatka.

None of the new systems being studied has yet been used anywhere to generate electric power on a commercial scale. Exploitation of geothermal sources other than steam is unlikely to contribute greatly to helping Japan meet its ambitious geothermal power goals for the year 2000.

The Japanese geothermal power development effort was formally organized in 1974 as part of Project Sunshine under the Ministry of International Trade and Industry. In 1976, the government allocated \$15.4 million to Project Sunshine to study alternative energy sources; roughly a third of this appropriation was designated for research in geothermal power. In contrast, nuclear development received a \$326-million appropriation. Between now and the year 2000, Japan plans to spend a total of some \$300 million for geothermal power development, about 27 percent of the Project Sunshine budget for the period.



*Hatchobaru geothermal power station under construction in Aso volcano zone*

Geothermal sources are expected to contribute about 1.5 percent of Japan's electricity supply by 1985 and possibly 12 percent by the year 2000. By comparison, installed nuclear capacity in 2000 is conservatively expected to constitute about a quarter of Japan's electricity supply but could, conceivably, furnish as much as half of electricity output.

Despite a somewhat belated exploitation of its geothermal resources, Japan has rapidly become the world's leading exporter of geothermal power technology.

Geothermal research funded under Project Sunshine is enabling Japan to stay in the forefront of developments in the geothermal power field.

The Japanese, moreover, are participating in all phases of international geothermal development. Japanese firms are involved in projects all over the world; their participation runs the gamut from design, development, and production of equipment to assistance in planning, construction, and operation of completed facilities.

25X1

*Imports of industrial plants are increasingly important to the development of China's economy, despite the misgivings of some Chinese leaders about overdependence on foreign credit and imports and the country's ability to absorb sophisticated technology.*

## **China: The Importance of Western Technology**

25X1

The purchase abroad of complete industrial plants is the most effective method for China to acquire modern industrial technology. In the third major wave of foreign purchases, China is now

buying Western plants on an unprecedented scale. The first buying wave in the 1950s focused on plants from the USSR and Eastern Europe; the second, between the collapse of the Great Leap Forward in 1960 and the Cultural Revolution (1966 to 1969), included moderate purchases from the West.

In the current wave, the biggest sellers are Japan, Western Europe, and the US. Between 1972 and 1976, China signed contracts in the West for about 140 plants worth \$2.7 billion. Japan and Western Europe together got more than 90 percent of this business.

Japan's leading role as a plant supplier

SECRET

SECRET

reflects its competitive advantages in the Chinese market, including low transportation costs, considerable experience in dealing with the Chinese, favorable financing, and relatively low-cost, advanced technology. The Japanese are selling several petrochemical plants, mainly for the new complex at Chin-shan-wei near Shanghai, and steel mills and electric power plants.

France, China's second largest supplier, has landed the largest single contract—a \$300-million petrochemical complex of 16 plants to be built in Manchuria.

The West Germans have re-entered the complete plant stakes on a large scale for the first time since some of their technicians were imprisoned in the 1960s; their sales to date include several chemical plants and two large steel mills.

In late 1975, the UK agreed to sell jet engine manufacturing equipment and related technology worth \$200 million.

Most of the \$217 million in direct sales by US firms reflects contracts for eight ammonia plants.

#### Types of Plants

Of the \$2.7 billion spent by the Chinese on modern industrial plants since 1972, nearly 90 percent has gone to the petrochemical, fertilizer, steel, and electric power industries. Most of the petrochemical plants will be built in four industrial complexes in widely separated parts of the country. Almost all the steel facilities are being erected at the Wuhan steel center in Hupeh Province.

When these industrial plants are completed in the next year or two, they will:

- Greatly increase the output of synthetic fiber for clothing, thus freeing land now used to produce cotton for food production.
- Double China's annual nitrogen fertilizer production to about 7 million tons of nutrient.
- Add more than 3 million tons to the current capacity of 18 million to 19 million tons of finished steel.
- Add 1,700 megawatts to China's estimated 34,000 megawatts of electric generating capacity, and boost output in the industrial areas of the northeast.

- Enable Peking to hold down or reduce major commodity imports such as fertilizer, steel, textile fibers, and possibly grain.

#### Technology Transfer

One of the greatest benefits of the complete plant import program has been the training that Chinese technicians and engineers receive in the operation and maintenance of modern equipment. Some of the imported plants embody the world's highest technology; the ammonia-urea complexes are among the world's largest and most advanced, and other petrochemical plants will use some of the newest and most sophisticated processing equipment available.

Chinese technicians are being exposed to many Western technicians and new methods of production for the first time since the mid-1960s. Not since the withdrawal of Soviet aid in 1960 have so many foreign technicians been allowed in the country. An estimated 3,000 Western engineers have arrived in China over the past three years, and many have gone to areas not visited by foreigners for a decade or more.

At least 2,500 Chinese technicians,



*Workers at Szechuan petrochemical plant, a Sino-Japanese effort*

ORPA

SECRET

engineers, and maintenance personnel have been trained abroad under existing contracts. The total may exceed 4,000 when all current contracts are completed. More than 50 technicians have already been trained in the US to run ammonia-urea plants, and more are scheduled to come. Additional Chinese engineers and technicians have been sent to the US and other nations to inspect and approve equipment and machinery before shipment.

The typical Chinese trainee still cannot fully handle the equipment and technology. Even when they receive training beyond that specified in the contract, trainees at steel rolling mills have been unable to operate these sophisticated plants. Other plant suppliers have reported that long learning periods will be necessary before the Chinese can operate imported plants at full capacity. The growing pool of foreign-trained personnel nonetheless will contribute greatly to upgrading the competence of China's work force.

#### Specialized Equipment

China's deficient transportation system is benefiting considerably from imported equipment and technology. During the years 1970 to 1975, the Chinese imported nearly \$1.8 billion worth of transportation equipment. Motor vehicles and ships accounted for 75 percent of these imports, and aircraft and railway rolling stock for the remainder. The Chinese use the imports for prototypes to copy as well as for modern equipment for current use.

The Chinese have also imported almost \$700 million of specialized equipment for the construction, mining, and petroleum industries. They are almost totally dependent on foreign sources for offshore drilling rigs. They also lack the capability to produce large pieces of machinery such as 120-ton trucks, heavy-duty power shovels, mechanized coal face equipment, and heavy dredges.

Importing this type of machinery has helped China expand open-pit mining, begin an offshore oil drilling program, and launch a major port and waterway improvement effort. US firms have been

SECRET

important suppliers of these types of equipment and are negotiating for additional sales.

#### High-Technology Imports

China must import such advanced technological equipment as semiconductors, telecommunications machines, computers, and electric instruments and devices. Much of the material acquired in recent years has military as well as civilian applications, but the Chinese have circumvented embargos.

China's capability to produce integrated circuits is largely due to its success in obtaining embargoed equip-

ment and technology. China also is acquiring a considerable amount of embargoed electronic instruments needed for research in both civilian and defense industries. Japan has been the primary supplier of embargoed equipment.

Imported computers and computer technology have helped to fill some of China's pressing data processing needs. At least 100 computers, valued at more than \$50 million, have been imported from the West in the last decade. Although the domestic industry handles an increasing share of such requirements, foreign computers are required for

high-technology applications such as seismic oil exploration, industrial production control, and weather forecasting.

Imports play a vital role in Chinese telecommunications development. Most of the hardware devoted to international telecommunications has come from the US and Japan.

#### Military Hardware

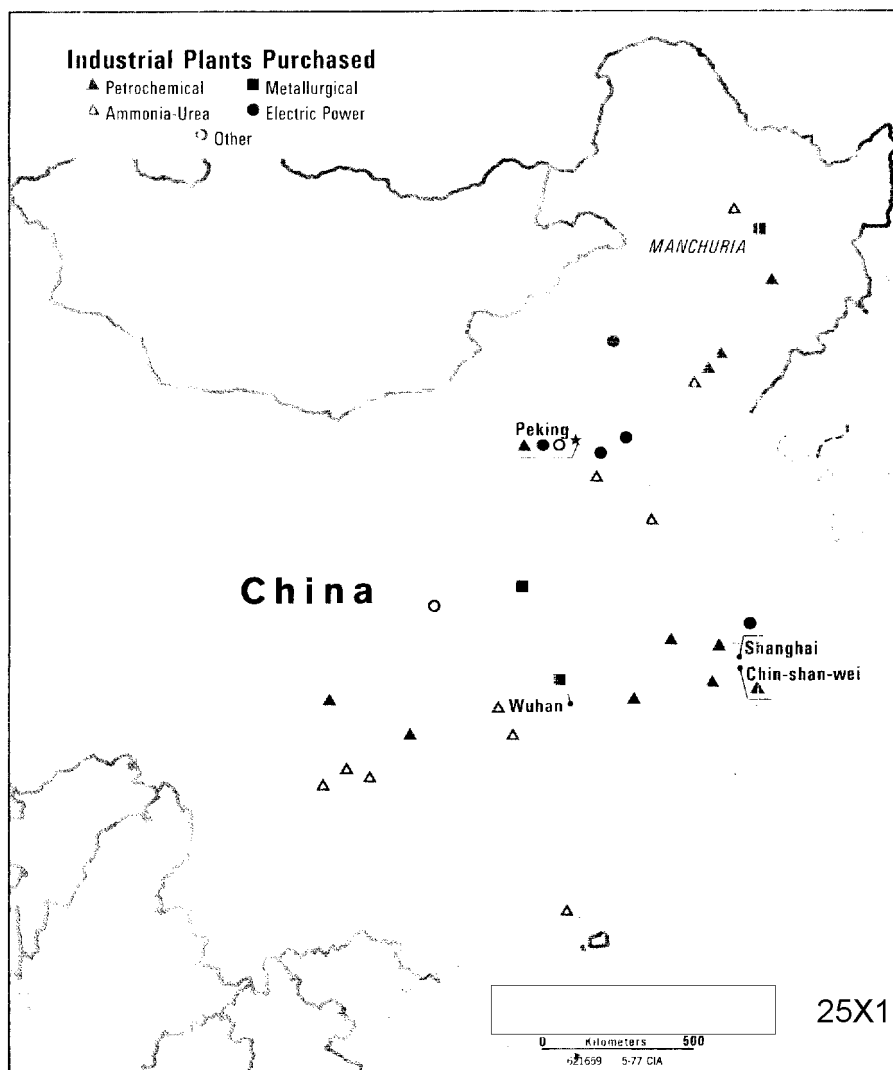
The Chinese tacitly admitted the deficiencies in their aircraft engine industry when they signed a \$200-million contract in December 1975 with Rolls Royce for the technology and equipment to produce the Spey aircraft engine. With this acquisition, China will be able to produce turbofan engines to power new combat aircraft that will probably come on line in the early 1980s.

The Chinese appear interested in prototype or design technology for Western tanks, antitank missiles, satellite photographic equipment, electronic countermeasure systems, and antisubmarine warfare equipment. Chinese officials have made discreet inquiries in Western Europe and Japan about the acquisition of production technology for such equipment, but no major contracts have apparently been signed.

#### Prospects

China's imports of machinery and equipment have slowed since 1974 because of political disruptions, financial problems, and the difficulty the economy has had in absorbing modern industrial technology.

The huge trade deficits incurred during 1973 to 1975 involved a heavier reliance on foreign credit than the Chinese would have liked. Even if Peking were to reverse its custom and accept long-term credit to finance new purchases, it would take a year or two before the inflow of machinery and equipment picked up substantially because of the lead time required to fill major orders. Over the longer term, however, a shift in policy could bring a very large jump in advanced-technology imports because Peking would have little difficulty in obtaining the Western credits desired.



SECRET

SECRET

*The new 200-mile fishing zones being established throughout the world could reduce the Soviet fish catch by as much as 25 percent. Japan, the world's largest fishing nation, faces significant reductions but may fare somewhat better.*

110-115

## USSR-Japan: Impact of 200-Mile Limit

25X1

The failure of the UN-sponsored Law of the Sea conference, after more than three years of negotiations, to establish a comprehensive treaty has led to a proliferation of national 200-mile maritime fishing zones. Currently, 44 countries have claimed such boundaries, 20 since the beginning of this year. Nearly all the world's prime fishing grounds are within such 200-mile zones, and the impact on the USSR and Japan, the two leading distant-water fishing nations is particularly serious.

The proliferation of 200-mile zones could force a substantial reduction in the Soviet fish catch. During 1975, the Soviets caught 9.9 million tons of fish, roughly 15 percent of the world catch of some 70 million tons. Official Soviet statistics indicate that nearly 90 percent of the catch came from waters not controlled by the USSR.

Under the restrictions imposed by the US, Canada, and the EC—all of which established 200-mile zones this year—the total Soviet fish catch could be reduced by nearly 1.5 million tons. The Soviets may lose another 500,000 to 1 million tons from quotas imposed by other countries that extended their maritime jurisdiction to 200 miles during the past year. Thus, the potential Soviet fish loss could amount to about 25 percent of the total

catch.

Japan, the world's largest fishing nation with a catch of 10.5 million tons in 1975, will fare somewhat better than the USSR. During 1975, only about 35 percent of Japan's total catch was taken within 200 miles of foreign countries. The largest foreign catch was in US waters, where slightly more than 1.4 million tons were taken. Under current US allocations, Japan will be allowed to take 1.2 million tons in US waters in 1977, only about 14 percent less than in 1975.

Japan faces a much larger cutback in Soviet waters, where it harvested about 1.4 million tons in 1975. The Japanese fishing fleet has been barred from Soviet waters since April 1, awaiting the outcome of negotiations on quotas.

### Moscow Tries to Cut Losses

The USSR will be able to offset some of its reduced fish catch by limiting foreign fishing operations in its own coastal waters. On March 1, Moscow established a 200-mile fishing zone off its coasts, where foreign fleets took over 2 million tons of fish during 1975. Japan and South Korea accounted for 1.8 million tons of that amount, part of which undoubtedly will now be allocated to the Soviet fleet.

The Soviets have not been in a hurry to negotiate quotas with some coastal fishing nations. They started talking with the Japanese in February and immediately introduced sensitive political issues and conflicting territorial claims that effectively

put off serious talk about fishing quotas for four months.

Moscow also stalled with the South Koreans, maintaining they could not negotiate a fishing agreement because the two countries had no diplomatic relations. During 1975, the South Koreans caught over 400,000 tons, nearly 20 percent of their total catch, in Soviet waters. Even if Moscow should back off from its position, South Korea's take in Soviet waters would probably be cut by 50 percent or more.

### Ties with Developing Countries

Another probable Soviet device to cut losses will be to expand the long-standing program of joint ventures with fishing companies in the developing countries. The USSR now has 18 joint fishing ventures with developing countries, and another nine are under negotiation.

These ventures are small investments with high rates of return. Soviet ships, leased or purchased by the joint company, are jointly manned and used for training, research, and fishing. Part of the catch is delivered to the developing-country partner for local distribution; the remainder is frozen and taken home or sold in Western markets.

The Soviets also have been active in signing fishing aid agreements with developing countries. As of December 1976, the USSR had fishing aid agreements valued at over \$200 million with more than 30 countries. These agreements involve grants or long-term

SECRET



SECRET

credits to be repaid in reciprocal services. The USSR often requires concessions from its partners for the Soviet fishing fleet, such as the use of repair facilities, refueling privileges, transfer of crews, and onshore processing.

The success of these actions is evident in the rapid increase in the Soviet catch off the coast of western Africa during the past 10 years. In 1975, more than 15 percent of the Soviet catch, or 1.5 million tons, came from west African waters, compared to less than 3 percent in 1965. Although several west African states have declared 200-mile fishing zones and expanded their own fishing operations, Moscow's continued aid and the creation of joint ventures will probably allow the Soviets to expand their catch there in the future.

#### Impact on the Soviet Diet

The reduced Soviet catch could affect the Soviet diet. In 1975, Soviet per capita consumption of fish was 16.8 kilograms, which represented about 15 percent of the animal protein in the Soviet diet. According to the current five-year plan (1976-1980), per capita fish consumption is to increase to almost 21 kilograms in 1980—a goal that will be difficult to achieve.

Moscow could lessen the impact of the reduced catch on the Soviet diet, but only at the expense of badly needed foreign-exchange earnings. Soviet fish products are sold around the world; sales have nearly tripled in volume since 1970 to 500,000 tons. Hard-currency earnings from fish exports amounted to roughly \$100 million in 1975.

#### Tokyo's Reactions

Japan has already started adapting to the new realities of international fishing. It has established a 12-mile territorial limit and will implement a 200-mile fishing zone later this year. It also has launched a \$700-million, seven-year program to increase yields in Japanese coastal waters. Tokyo is likely to try to reduce Soviet fishing in its waters, although enforcement will be difficult.

The Japanese also have been active in establishing joint ventures, especially in

the US. Of the more than 50 joint fishing ventures now operating in the US—most of which have been established within the past two years—more than 30 are with the Japanese. Most of the joint ventures with the Japanese operate along the Pacific Coast and in Alaska.

#### Dietary Impact in Japan

Japan—which relies more heavily on fish for animal protein than does any other developed country—is committed to maintaining its current level of fish consumption. In 1975, consumption of fish products accounted for more than half the animal protein in the average Japanese diet. The share was considerably higher for low-income families.

Since 1970, domestic consumption of fish has outpaced the increase in the country's catch, forcing Tokyo to shift from a net exporter to a large net importer. Fish imports exceeded exports by almost \$700 million in 1975, with net imports supplying 15 percent of consumption requirements. Part of the increase in the value of Japanese fish imports can be explained by the larger imports of more expensive products, such as shrimp and herring roe.

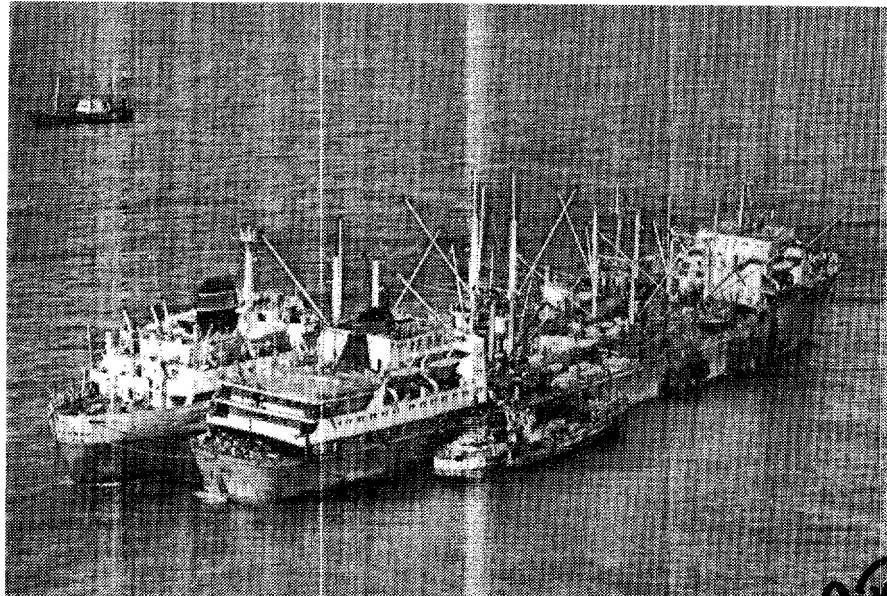
Japan can afford to increase its imports of fish, especially from the US. Last year, Japan's trade surplus worldwide was \$10 billion, half of which was with the US.

#### Fishing Off New Zealand

The USSR and Japan are attempting to locate new fishing areas to offset possible losses in their catch. As a result, the number of Soviet and Japanese fishing boats in the waters around New Zealand—where there is only a 12-mile restriction—has increased greatly in recent months. The Japanese fleet has grown from 235 to 335; the Soviet fleet from 15 to 52.

New Zealand had earlier announced that, in agreement with its Pacific neighbors, it would not declare a 200-mile fishing zone until after it had reviewed progress at the session of the Law of the Sea conference that began this week at the UN. New Zealand fishermen were afraid, however, that foreign fleets would cause considerable damage to fishing stocks in the area, and last week Prime Minister Muldoon announced his intention to introduce a bill to establish a 200-mile zone.

25X1



Soviet fishing operations: a small boat (r) unloads its catch into the large factory ship Pionersk (c) while the refrigerated transport Carl Linne waits

CR6

SECRET

**Page Denied**

**Secret**

**Secret**