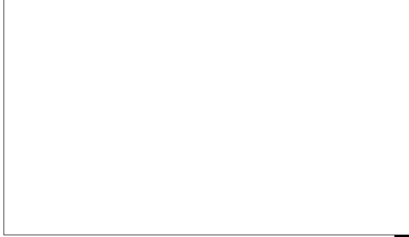




**Director of
Central
Intelligence**

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National Intelligence Daily

*Wednesday
24 January 1979*

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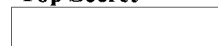
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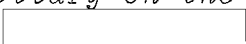
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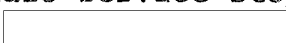


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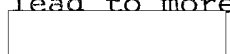
IRAN

Military and police forces closed Tehran's international airport late last night Washington time, and police officials indicated that the airport would remain shut until Sunday. There was no immediate official confirmation that the closing was intended to prevent the planned return of Ayatollah Khomeini on Friday. The move is likely to widen further the differences between Prime Minister Bakhtiar's government and the military on the one hand and the opposition on the other. 

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No other military actions were reported in the Tehran area, and it is not certain whether the security forces moved under instructions from Prime Minister Bakhtiar. The Tehran domestic radio service stopped broadcasting early this morning. 

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Bakhtiar was planning steps to seize the initiative from the opposition before Khomeini's intended return. Progovernment demonstrations were being organized in Tehran and other cities; they could lead to more street battles with antigovernment forces. 

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 moderate religious leader Ayatollah Shariatmaderi believes he has Khomeini's agreement to consult with other Islamic leaders before he announces the formation of his Islamic Revolutionary Council--an announcement that would provoke the military.

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[Redacted]

The Shah's Activities

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The Shah evidently is moving to take a stronger role in the Iranian situation.

[Redacted]

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[Redacted] the Shah will return to Egypt and hopes that he can use it as a staging point.

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The Shah undoubtedly is in touch with senior military and SAVAK officials in Iran and probably is aware of the coup plotting under way. He probably hopes that if Prime Minister Bakhtiar's government is unable to deal with Khomeini, the military will invite the Shah to return to restore order. If the Shah encourages the military to seize power on his behalf, the chances that hard-line officers will mount a coup would be significantly increased.

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Many Iranians would blame the US for any move by the Shah to return or for a military takeover on his behalf.

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Sadat views the Shah as a close personal friend and may hope that from Cairo the Shah will be able to influence events in Iran during the coming months. The Shah's return to Egypt, however, could generate protests from political and religious extremists.

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During the Shah's recent stay in Aswan, leftists distributed leaflets denouncing him as a tool of the CIA. Last month, a series of minor demonstrations reportedly were mounted by followers of the conservative Muslim Brotherhood protesting public expressions of support for the Shah by a leading government-appointed religious leader.

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The US could also be the target of criticism generated by the Shah's presence. Ambassador Eilts reports that, as the situation in Iran has deteriorated, there has been a marked increase in suspicion and animosity toward the US on the part of orthodox Egyptian Muslims who apparently believe the US is hostile toward Islam.

[Redacted] -CIA Late Item-

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BRIEFS AND COMMENTS

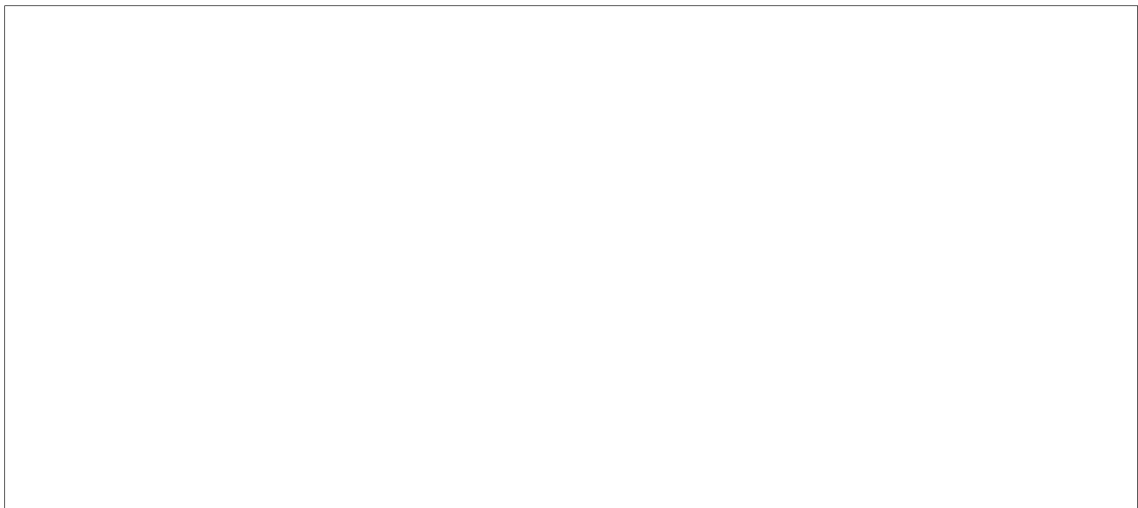
THAILAND: Indochina Relations

Thai leaders, reluctant to antagonize either China or Vietnam, are maintaining a neutral position on the conflict in Kampuchea. Because of the unexpected scale and speed of the Vietnamese invasion, Thailand initially seemed prepared to accept Vietnam's takeover as an accomplished fact. There are tentative signs, however, that Thailand may develop a more cooperative attitude toward Pol Pot's resistance movement. [Redacted] 25X1

Thai leaders have shown little enthusiasm for Chinese suggestions that Pol Pot's forces could be resupplied through Thailand. [Redacted]

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[Redacted] Small arms, ammunition, and other items required by the Kampuchean resistance could easily be transported covertly across the Thai border. [Redacted] 25X1 25X1



Thailand, although critical of Vietnam's actions, is unlikely to lock itself into an openly anti-Vietnamese stance. Thailand recently signed a previously negotiated shipping agreement with Vietnam to demonstrate its desire to continue developing bilateral relations. [Redacted]

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ISRAEL-LEBANON: Cease-Fire Agreement

Ambassador Lewis last night reported from Tel Aviv that Israel and the PLO have agreed to halt the five-day old artillery and rocket exchanges along the Israeli-Lebanese border. If a cease-fire is maintained, it could bring at least a temporary end to the worst period of shelling, terrorist incidents, and other military actions in the troubled region since the Israeli incursion into southern Lebanon last spring.

Lebanese Prime Minister Huss told Ambassador Dean in Beirut late last night that PLO leader Arafat had ordered Palestinian forces to stop firing. Huss asked that the US pass word of the cease-fire order to the Israelis. Israeli Defense Minister Weizman, who agreed to arrange the cease-fire to become effective as of 2300 EST last night, said he noted that the situation along the border had been quiet since late yesterday afternoon.

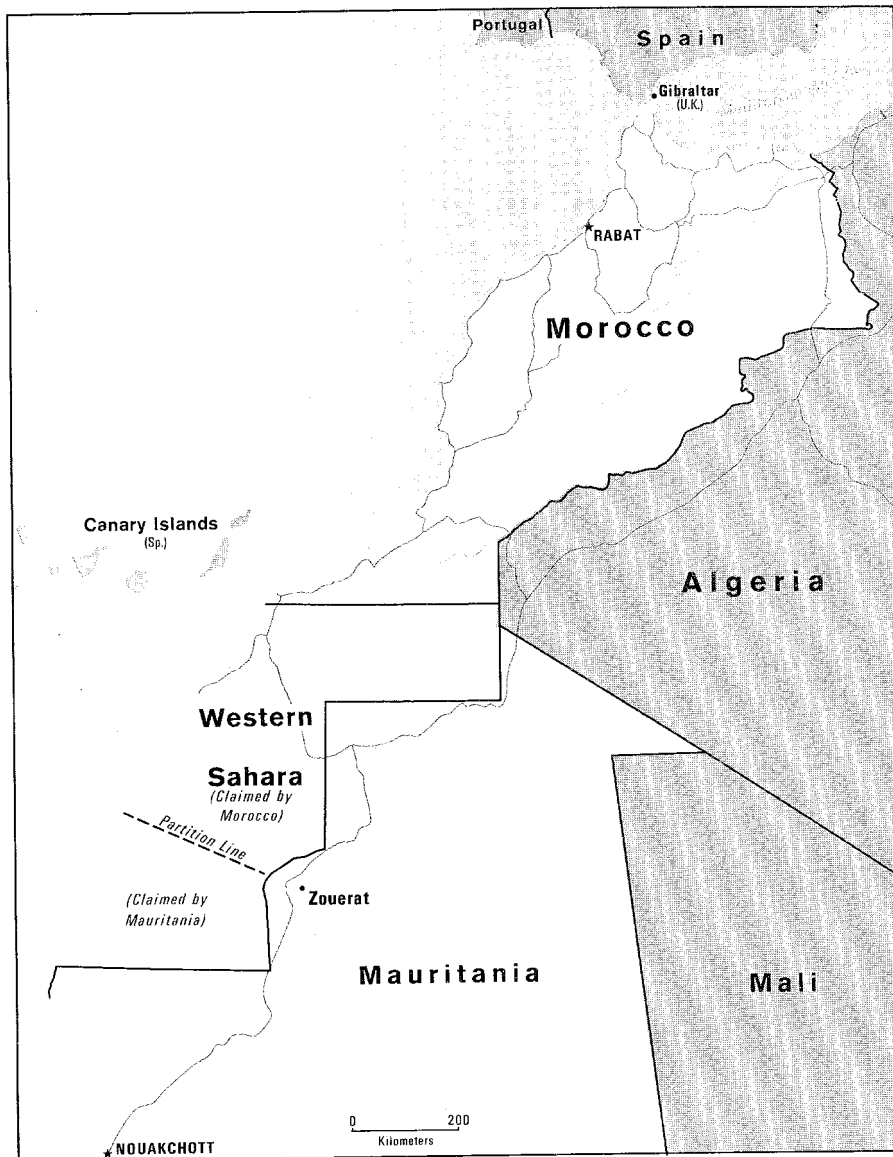
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A cease-fire may require some time to take hold. Arafat apparently told Huss that, while he had issued the command, word had not yet filtered down to all Palestinian units. It is possible that some Palestinians will not comply.

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MOROCCO-MAURITANIA: Troop Withdrawal

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.

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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 de facto 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.

25X1

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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ITALY: Communists' Options

[redacted] Communist chief Berlinguer's advisers are urging him to ask by tomorrow for a summit meeting of the five parties comprising the Andreotti government's parliamentary majority. Berlinguer would apparently use the meeting to set the stage for Communist withdrawal from the majority--and blame the Christian Democrats for failing to live up to the five-party parliamentary accord. [redacted]

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Berlinguer is still reluctant to bring down the government and force an early parliamentary election, both likely results of the Communists' withdrawal. Other Communist leaders, however, consider the current situation intolerable, primarily because the government ignored their recommendations concerning several major policy decisions. Berlinguer's tough line apparently is designed in part to mollify rank-and-file dissatisfaction with the leadership's support of the government prior to the party congress slated for March. [redacted]

Berlinguer's supporters have recommended that he launch an attack soon against Christian Democratic conduct in government, thus preparing the ground for Communist withdrawal. Some of his advisers want to avoid having the break occur in connection with the parliamentary debate beginning on Monday over the government's economic plan. They fear this would enable the Christian Democrats to accuse the Communists of ignoring Italy's most pressing problems. [redacted]

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For its part, the leadership of the Christian Democrats has reaffirmed its commitment to the current governing arrangement and its willingness to discuss differences with the other parties. The Christian Democrats, however, insist that these discussions focus on the government's economic plan rather than the makeup of the government. [redacted]

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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, and it presents 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.

25X1

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's) coming visit to the US.

25X1

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 Saturday 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. He is supported by a number of officers who think President Morales Bermudez has frequently been indecisive.

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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

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. [redacted]

25X1

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. [redacted]

25X1

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. [redacted]

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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

NATO: Reactions to Guadeloupe

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[redacted]
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. [redacted] 25X1

The concerns of the excluded members were compounded by what they considered to be an inadequate briefing on the summit at the meeting of the North Atlantic Council on 9 January. The meeting last week of the Guadeloupe participants to talk about aid to Turkey--a discussion begun at Guadeloupe--also served to heighten suspicions. The criticism was directed at all four of the states that participated in the summit--the US, the UK, France, and West Germany. [redacted] 25X1

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. [redacted] 25X1

Luns also noted that developments in Africa and Iran had been ignored in NATO forums and expressed concern over the lack of consultation about the present situation in Spain. Luns warned that unless the alliance was more than a technical defense agency, public support would decline. [redacted] 25X1

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The smaller NATO members always have jealously guarded their right to play a full role in NATO and have 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. [redacted] 25X1

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. [redacted] 25X1

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. [redacted] 25X1

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." [redacted] 25X1

The Canadians fear that the decline of the NATO consultative process could leave them isolated within the Alliance. There may also be domestic reasons for the strong Canadian stand. The Canadian press interpreted the timing of the announcement of the Guadeloupe meeting--on the eve of Prime Minister Trudeau's visit to Paris--as a snub by France. [redacted] 25X1

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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 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 in future instances in which they believe 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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OVERNIGHT REPORTS

(The items in the Overnight Reports section have not been coordinated within the intelligence community. They are prepared overnight by the Office of Current Operations with analyst comment where possible from the production offices of NFAC.)

Iran

The Tehran domestic radio service resumed broadcasting its usual programs this morning (see Situation Report). [Redacted]

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Saudi Arabia

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[Redacted]

The King is expected to remain at his desert hunting camp until the mid-February visit of Queen Elizabeth II to Saudi Arabia. [Redacted]

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China

Chinese dissidents report that authorities have ordered a crackdown--including imprisonment--on human rights groups and on unofficial contacts with foreigners. A Chinese source has also reported the arrest of at least one leader of the recent peasant march on the Chinese leaders' compound. According to a press report, a diplomat in Beijing (Peking) has speculated that the drive may be aimed at embarrassing Vice Premier Deng just before he visits the US. [redacted] 25X1

USSR

Press sources--citing official Soviet accounts--report that the Soviet Republics of Armenia and Azerbaijan are experiencing serious economic problems because of the interruption of natural gas deliveries from Iran. Local Soviet officials and newspapers have reported that industries and power and heating stations have switched from gas to heavy fuel oil in the cities of Baku and Yerevan. Other unconfirmed reports suggest a similar fuel emergency in Soviet Georgia. Until last October, the Soviets had been importing about 350 billion cubic feet of natural gas a year from Iran at a cost of \$1 million a day. [redacted] 25X1

Poland-France

The US Embassy in Warsaw reports that Poland has requested a credit from France to purchase an additional 400,000 tons of wheat worth about \$50 million. According to a member of the French Embassy, France will grant the credit. The total amount of credits Poland will receive from France this year is expected to reach \$150 million. [redacted] 25X1

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