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Intelligence Memorandum

Selected Foreign Policy Issues

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December 10, 1976

MEMORANDUM

Selected Foreign Policy Issues That Might Arise in the Early Days of the New Administration*

USSR

Soviet policy in the first few months of the new administration will probably reflect a cautious and hopeful attitude. The Soviet leaders are likely to avoid provocative actions that would cause a further deterioration in bilateral relations and prejudice negotiations which they hope may now move forward. They will be watching the new President to see what priority he assigns to US-Soviet relations and to detente. Brezhnev and his colleagues have started to probe and weigh the implications of policy pronouncements by the incoming administration on questions such as SALT and related issues. This continuing assessment of US policy and intentions will almost certainly produce numerous diplomatic exchanges and informal explorations in which the Soviets will attempt not only to discover and understand what US policy will be, but also to influence as much as possible the direction of that policy. As part of this effort, the Soviets may propose an early summit meeting between Brezhnev and the new President.

Specifically, Brezhnev is likely to do three things that may require President Carter to respond and that may significantly affect the Soviet appraisal of the new President:

* *This memorandum was prepared by the Office of Regional and Political Analysis to identify some of the foreign policy issues that might come to the fore in the early days of the new administration.*

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--He may push for an early response to Soviet proposals now on the table, including Soviet SALT proposals and MBFR proposals. (This would be consistent with Soviet behavior at the time Nixon first became President.)

--He may take soundings not only to try to clarify the new President's position on various issues, but to put him on the defensive. The initial presidential appointments will be closely examined by Brezhnev for indications of what President Carter's foreign policies will be.

--Brezhnev may be tempted to exploit opportunities arising independently of Soviet action, aiming in the process to find out what manner of man President Carter is. Brezhnev is astute enough, however, to recognize that any such testing could have negative consequences for the Soviet Union if the US were to react unfavorably.

An overt Soviet move intended to test the limits of US forbearance appears improbable. It is somewhat more likely that Soviet-US tensions could rise if certain long-term Soviet policies, such as Soviet-Cuban actions in Southern Africa, continue. Certain developments outside of Soviet control, such as a succession crisis in Yugoslavia following Tito's death or riots in Poland that local forces are unable or unwilling to manage, would also present the new administration and the USSR with a very sensitive situation.

SALT: It is already evident that the Soviets will take an early initiative to try to conclude a SALT II agreement or, if this does not prove possible, to place themselves in a position where they can claim that the US is responsible for failure to reach agreement. The forthcoming expiration of the Interim Agreement on Offensive Arms (October 1977) doubtless has stimulated Soviet interest in negotiating a SALT II treaty. Moscow has indicated unofficially that it would not welcome a lengthy extension of the Interim Agreement. In Bucharest

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on November 24 and in Moscow on November 30, Brezhnev called for a speedy completion of the current round of SALT negotiations within the Vladivostok framework.

We expect that the Soviets will soon test the waters to determine the new administration's position on the major unresolved issues--primarily the Backfire bomber and cruise missiles. They may also respond to the President-elect's public proposals, inter alia, to freeze qualitative improvements, and his statements questioning the advisability of the US B-1 bomber program by proposing some sort of constraint on the development and deployment of new strategic systems, possibly to include Trident as well as the B-1 and cruise missiles.

A pair of long-standing compliance issues are unresolved and may require high-level attention prior to the next SCC session scheduled to begin on March 21, 1977. These issues involve Soviet silo-type launch control facilities that are being constructed in conjunction with deployment of the new Soviet ICBMs, and environmental shelters that are being used by the US in conjunction with the Minuteman silo-hardening program.

The US is concerned about the launch control facilities because they might in the future be converted to ICBM launchers. 25X1

The stated basis for the Soviet concern is that the use of the current shelters over Minuteman launchers can be classified as a deliberate concealment measure within the meaning of the provisions of Article V of the Interim Agreement. The Soviets claim that they have received from the US "high-level" assurances that the use of the shelters would be discontinued. The US has denied that any such assurances were given.

MBFR: The MBFR negotiations in Vienna, which have dragged on for three years without significant results, also offer a forum in which the Soviets may choose to explore the negotiating mettle of the new administration. A new Soviet offer could be advertised as a litmus test of the sincerity of the new administration's interest in promoting military

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detente in Europe. The USSR could, for example, make some modest move to satisfy the West's interest in narrowing the numerical disparity between Warsaw Pact and NATO forces in the area of negotiations.

This might be accompanied by an attempt to deal with the MBFR problem on a bilateral basis, possibly even at the summit level. Such a gambit would have the advantage of disrupting the Western negotiating front as well as serving as a gauge of the administration's interest in developing a "special" relationship with the Soviets.

Most Favored Nation: The USSR may renew its efforts to gain most favored nation (MFN) status. Such a move would be comparatively free of risk and, if successful, result in important economic gains. In addition, from the Soviet perspective, it would be a tacit admission by the US of the growing international importance of the Soviet Union and the wisdom of a continued policy of detente. Nevertheless, the Soviet leadership does not, as the events of 1974 revealed, see victory on this front as essential to Soviet interests. Thus the USSR could save face by again terminating negotiations if they took a bad turn.

In any new diplomatic forays, the Soviets would try to separate the MFN question from other issues such as trade credits and Jewish emigration. Mindful of the results of past efforts, the Soviet leadership would pay close attention to both the Congress and the President, and see MFN negotiations as a measure of the new administration's interest in improved relations and of the new President's ability to influence Congress.

Eastern Europe: The area is troubled by economic slowdowns, chronic shortages of goods, consumer discontent, and simmering national resentments. The situation is the worst in Poland, where efforts to deal with economic problems through price hikes have been frustrated by the violent opposition of industrial workers. The regime's attempts to deal with workers through a combination of coercion and conciliation have succeeded only in bringing Poland's restive intellectuals and the powerful Roman Catholic hierarchy out against it. The atmosphere is also troubled in neighboring East Germany, where a crackdown on dissident intellectuals has provoked unrest.

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If disorders were to erupt in Poland or elsewhere in Eastern Europe, the Soviets would go a considerable distance to avoid a direct role in their suppression. They would greatly prefer to leave that task to the local authorities and probably would support economic concessions in the interest of restoring order (they have already extended large credits to Warsaw). If the local authorities should prove incapable of restoring order, however, there is little doubt that the Soviets would exert whatever degree of force was necessary to restore the situation.

Yugoslavia: Major Soviet actions centering on Yugoslavia are unlikely to be made by the USSR before Tito's departure or before the CSCE follow-up conference in Belgrade next spring. Even after these events, barring a major deterioration on the domestic scene that would encourage Soviet meddling, Soviet policy is likely to be subtle and indirect. Yugoslavia's unique position in Eastern Europe--outside of the Warsaw Pact and CEMA and inside the leadership of the nonaligned movement--provides it with considerable protection from overt demands as long as Soviet foreign policy remains committed to detente.

In view of Yugoslavia's strategic location, Soviet pressures are likely to include increased efforts to obtain expanded access to repair and provisioning facilities on the Adriatic for Soviet naval forces. The immediate Soviet aim is likely to be primarily to modify Yugoslav behavior in ways favorable to Soviet interests.

Korean Crisis: The Soviets are well aware that US troops would be immediately involved in any renewal of major hostilities in Korea, and this is an unlikely area of Soviet provocation. The Soviets have made it clear in a number of private conversations that they accept the status quo in Korea and would expect any changes in the situation to benefit the Chinese. Moscow probably would welcome any move Kim Il-song might make in the direction of negotiations with the US and away from tension-building on the peninsula. The Russians have very little leverage with him, however, and any diplomatic initiative he may decide to take would be guided by his view of Pyongyang's interests. Relations between the USSR and Korea are bad; the Russians criticize Kim [redacted] and they have shown little 25X1 25X1

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desire to help him with his problem of international trade debts. If Kim were to resort to tension-building actions (such as increased infiltration of agents along the demilitarized zone), Moscow undoubtedly would try to dissociate itself from him, fearful that Soviet-US relations would be harmed by any view in Washington of Soviet support for Kim's actions.

The Middle East: The most likely Soviet initiative would be diplomatic--perhaps yet another formal proposal for the convening of a Middle East peace conference in Geneva. Such a move would be designed to probe the new administration's readiness to engage in cooperative efforts with the USSR in the region and its willingness to put pressure on Israel.

Southern Africa: It is likely that Soviet intervention in three areas of southern Africa--Angola, Mozambique (and the Rhodesian insurgency), and Southwest Africa will increase in coming months, not in response to the change of administrations in the US, but as part of a continuing drive to extend Soviet influence to these areas and in accordance with the changing circumstances and opportunities that arise there.

Moscow probably views Southwest Africa as a lower priority target than Rhodesia; it is unlikely that any dramatic escalation of assistance to the Southwest African insurgency will take place in the coming months.

It is conceivable that Moscow may opt for a military solution in Rhodesia, by pressing or encouraging black African participants in Geneva to make demands so great as to ensure rejection by the Smith government and failure of the talks. The Soviets see nothing working to their advantage in these negotiations.

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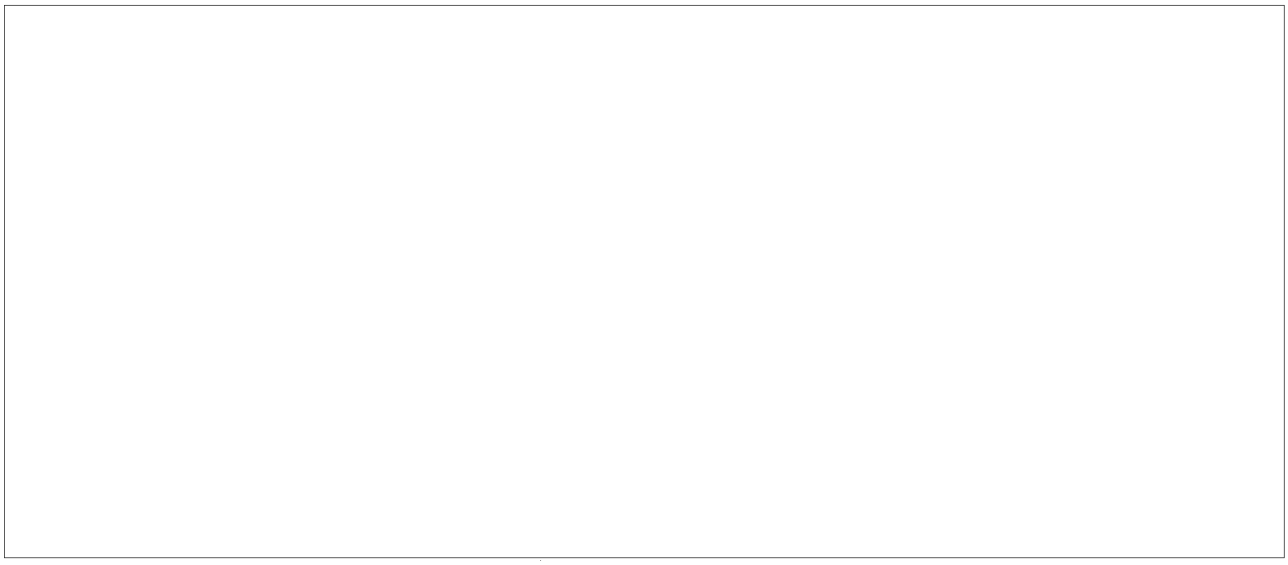

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Turkey: Congressional rejection of the pending US-Turkish defense cooperation agreement would almost certainly result in Turkish demands to withdraw US troops from the common defense installations

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What additional retaliatory steps the Turks might take are unclear. While most Turks probably see no reasonable alternative to some form of security relationship with the US, nationalism and the political exigencies of the coming parliamentary election campaign could force Turkish leaders into a reassessment of the relationship.

Continued delay in Congressional action on the agreement could also lead to tension in Turkish-US relations. Many Turks see the delay as an affront to Turkish national honor, and pressure is building on Prime Minister Demirel to force the issue.

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He may even be considering closing the US facilities if the defense agreement remains unapproved by election time--no later than next October. Demirel is probably reluctant to do any of this, knowing that such tactics could backfire, but here again domestic political pressures could be the deciding factor.

As in the past, the Turks will probably attempt to influence Washington's deliberations on the defense agreement by raising the specter of closer Soviet-Turkish ties. They

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are unlikely, however, to make any significant moves toward the Soviets unless the pending agreement is rejected. Ankara would probably be unwilling to let Turkish Cypriot leader Denktash act on his desire for a unilateral declaration of independence.

Cyprus: Turkish and Turkish Cypriot authorities have stepped up the expulsion of the estimated 4,000 Greek Cypriots remaining in the Turkish-occupied north of Cyprus.

MIDDLE EAST

Egypt: Cairo is eager to revive movement toward a Middle East peace settlement. How and when the new administration acts in this regard will be a critical factor in determining future US-Egyptian relations. A prolonged absence of US efforts to revive peace negotiations could raise tensions not only in US-Egyptian relations, but also in US relations with other Arab states that depend on Egypt for leadership.

Egyptian Foreign Minister Fahmi has publicly called for a US-Soviet initiative to reconvene the Geneva peace conference within the first quarter of next year. The Egyptians are also pressing for a UN General Assembly resolution that would call on the Security Council to review the Middle East immediately after the Secretary General submits a report on the situation on February 1. The Egyptian strategy in naming these timetables is less to set real deadlines than to convey a sense of urgency and to press the US to give the Arab-Israeli situation priority attention.

The Egyptians, in particular President Sadat, have a fairly good understanding of the US political process. They recognize that the transition to the new administration will take time. They are also aware that too much pressure could be counterproductive. At the same time, however, the stability of Sadat's domestic position and the maintenance of his

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newly re-established position of leadership among the Arabs depend heavily on his ability to demonstrate that his relationship with the US produces results.

Egypt does not want Israel's national election now scheduled for October 1977 to be accepted as an automatic reason for postponement of negotiations. If Israel refuses to participate before the election, the Egyptians might be amenable to waiting, provided they were convinced that the US had made an effort, even an unsuccessful one, to dissuade Israel.

FAR EAST

China: The Chinese perceive two key problems in their relations with Washington. The first--and most important--is the continuing political/military link between the US and the Chinese Nationalist government on Taiwan. The other is what the Chinese view as the failure of the US to resist forcefully Soviet "social imperialism" in many areas of the world--an inherent defect, they say, of the US policy of detente.

Although Chinese officials have privately expressed some concern that President-elect Carter may not be willing to change the US position on these issues, they seem prepared to be patient with the new administration. Some officials have commented that they will await the selection of top policy-making officials before forming an opinion about the new administration's attitude toward China. Even then, Peking will probably not make any quick judgments as to the future direction of the Carter administration, preferring to wait for the first moves from the other side.

The issues that are most important to Peking are not ones on which the Chinese can exert a great deal of leverage at the moment. They seem persuaded that pressure on the Taiwan question--especially any military posturing--could work to Peking's disadvantage by regenerating support in the US for the Nationalists. Although Peking is almost certainly

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prepared to take additional steps at some point to demonstrate that it will not consider guaranteeing a non-military "liberation" of Taiwan, most of the Chinese leaders are stressing their "reasonableness" on the issue. Certainly, the Chinese will be reluctant to make any moves during the first months of the Carter administration that might lead the US to give greater support to Taipei.

The Chinese are likely to try to convince the new administration of their reasonableness, by attempting to show that they are earnestly seeking to resolve the Taiwan question. They might, for example, circulate rumors that they want to begin talks with the Nationalists.

Eventually, the Chinese might see merit in moving toward an improvement in Sino-Soviet relations on the assumption that it would create pressures in the US to bolster its own links with Peking. For the time being, however, this option will probably not be exercised. The Chinese have gone to some lengths to belittle current Soviet gestures toward Peking, describing them as "fake moves." Nonetheless, the Chinese are probably not entirely displeased that the Soviet overtures have provoked speculation in the Western press that there might soon be dramatic improvements in Sino-Soviet relations.

In short, there are few areas where the Chinese feel pressure on the US would be to Peking's advantage, especially during a period when, they feel, the new administration will be doing its own probing. The Chinese leadership clearly places a high value on improving relations with the US; they may even recognize that they need the US more than the US needs them. If that is the case, the Chinese almost certainly are persuaded that a cautious, patient approach toward the new administration is the best course to follow.

North Korea: Pyongyang is very interested in the Carter administration's view of the US troop presence in Korea. In an unusual display of restraint, North Korean media have not yet branded the US election result a "farce," as was the case within days after the 1968 and 1972 elections. Pyongyang may be content to have the US make the first move;

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In order to explore the chances of any policy changes, however, Pyongyang might make a public diplomatic initiative, essentially involving a repackaging of earlier proposals:

--It might propose bilateral talks with the US without conditions or a prescribed agenda to discuss means for reducing tensions in Korea. Since the spring of 1974 the North Koreans, through a series of public statements and resolutions, have attempted to draw the US into bilateral talks on a "peace agreement" to replace the 1953 armistice agreement.

--Alternatively, Pyongyang might announce qualified acceptance of the US concept of four-power talks, perhaps with a proviso that South Korea, China, and possibly additional interested powers would participate only as observers after the ground had been initially explored in private US - North Korea talks.

Any North Korean political initiative would be designed to encourage American sentiment for an early removal of US military forces from South Korea. It might be accompanied by efforts to establish direct, private contacts with US officials. Similar rounds of "diplomatic" approaches by North Korean officials occurred in the fall of 1974 and again in the spring of 1975. Although less likely, North Korea might enlist a third country as an intermediary for secret Washington-Pyongyang talks.

We believe it unlikely that Pyongyang would resort to tension-building tactics along the DMZ or elsewhere in Korea at the outset of the Carter administration in advance of any Korean policy review. The Panmunjom incident in August again demonstrated to the North that such tactics are counterproductive. Even so, over the years Kim Il-song has demonstated a flair for abruptly changing course, and he could assume a tougher stance if he judges that no US troop withdrawal is in the immediate offing.

Vietnam: Hanoi is likely to sound out the new administration's position on the conditions for allowing Vietnamese entry into the UN and for normalizing bilateral relations.

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The Vietnamese have decided not to press the UN issue further until the new administration takes office, and they have a chance to assess its position and the extent of domestic pressures in the post-election period. They could make a gesture, such as the release of more names or the cordial reception of an American delegation, to project an image of reasonableness without changing their essential negotiating position--reparations for information.

Laos: It is quite possible that the Lao Communist regime will confront the new President with a renewed demand for so-called "reparations"--a term it uses in lieu of "economic assistance."

To support this demand, the Lao Communists usually quote the 1973 Vientiane agreement, which referred to a US government statement promising that "it will contribute to the healing of the wounds of war and to the postwar reconstruction of the whole of Indochina."

In putting forward that demand, the Lao regime may make some vague promises to search for Americans still missing in action in Laos. Recent statements by a Lao Central Committee member, however, have made it clear that the Lao authorities are not in a position to account for all those missing.

The Lao approach to the US will be coordinated with that of the Vietnamese Communists, whose influence on Lao foreign policies has been visible in the past year.

WESTERN HEMISPHERE

Panama: We expect Chief of Government Omar Torrijos to be probing the new administration's intentions regarding the canal treaty negotiations from the outset. Although Panamanian spokesmen have put a cautiously optimistic face on Carter's victory, they were upset by some of his campaign statements and would have preferred a Ford triumph. Consequently, Torrijos will not only be pressing Panama's vigorous international campaign to make the canal issue a priority US concern, but will be looking for signals of US intentions. Deepening domestic difficulties--serious economic

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problems and weakening political support--have persuaded the General that a treaty may be his only long-term solution.

Panama's initial diplomatic campaign is expected to be fairly reasonable. Torrijos would not be surprised by some hiatus in full substantive discussions on outstanding treaty issues. He will be pushing, however, for at least some sign of continued commitment by the Executive Branch to the 1974 statement of negotiating principles. As time passes, and especially if the domestic situation worsens, Torrijos will be more prone to dramatize his warnings to the US.

Cuba: There are several things Castro might do to explore the new administration's policies. The cancellation--effective April 15, 1977--of the February 1973 hijacking accord between the US and Cuba was almost certainly intended as an early probe of the new administration's attitude toward Havana. Prime Minister Castro announced the cancellation on October 15, 1976, but did not make his action effective immediately. He could have done so based on his claim that the US had not honored the agreement. Instead, he announced his intention to let the agreement's cancellation clause run its full six months, thus extending into the next administration.

Dispatching troops to Mozambique, increasing propaganda pressure for Puerto Rican independence, or attempting to threaten US SR-71 reconnaissance flights over Cuba are other things the Cubans might do early in the new year. Castro will want to see if the warnings about further Cuban military adventures made by high officials of the present administration in the wake of Angola remain valid after January 20. He will also want to see how sensitive the next administration is on Puerto Rico and whether he can force a review of US policy on Cuban overflights.

LDCs

Certain key LDCs at the Paris Conference on International Economic Cooperation (CIEC) will seek an early exposition of President Carter's policy toward North-South relations. They

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have made clear that their support of the postponement (until March) of the CIEC Ministerial Review Conference is based on expectations that the new administration will agree to soften the current US/EC position on LDC debt rescheduling and will also ask Congress for increased US contributions to the World Bank's "soft" loan facility. These LDCs maintain that such initiatives will be essential not only to the continuation of the CIEC, but also to US diplomacy in the UN General Assembly. This will be especially true on such issues as Law of the Sea, the International Development Strategy, reform of the GATT, and the regulation of the export of nuclear technology. Initiatives, they say, would also be helpful for the UNCTAD Commodity Consultations scheduled through mid-1978.

In the absence of the initiatives described above, the evidence now available indicates that many of the LDCs that have acted as moderating influences at the CIEC may threaten to reconsider their positions. They are likely to voice skepticism about the US commitment to a North-South dialogue, and at least some of them will seriously consider withdrawal of their behind-the-scenes support for US-proposed compromises at the CIEC and other North-South negotiations.

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