

Top Secret

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NATIONAL INTELLIGENCE DAILY CABLE

Monday 25 September 1978

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National Intelligence Daily Cable for 26 September 1978

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JORDAN: Hussein Buying Time

25X1 [redacted] Jordan's King Hussein is trying to pick his way through the dilemma into which he believes he was thrust by the Camp David framework for a Middle Eastern peace, which gave him a key role in the negotiating process. At the same time, he is being pressed by members of the Steadfastness Front, who are eager to bring him into their camp. Perhaps to buy time and to test the waters in Jordan, Hussein has set up a special working group on summit issues.

25X1 [redacted] In his news conference on Saturday, Hussein clearly indicated that he found the results of Camp David wanting because they contain no assurance of eventual Arab sovereignty, Palestinian self-determination, or total Israeli withdrawal from Arab territories. The Jordanian King stressed that, before he could become a participant in any negotiations, he would have to know their end product. The negotiations themselves, in his view, should focus on mechanisms and timing.

25X1 [redacted] Hussein said he was not consulted on the Camp David provisions applying to Jordan and thus is not bound by the summit's outcome. He said he is examining the agreements closely because many statements about the summit accords were "contradictory" and others were "discouraging." Hussein left the door open, however, saying that he would maintain a dialogue with the US and other Arab states and not act rashly or hastily.

25X1 [redacted] The text of the news conference tended to obscure Hussein's views on Egyptian President Sadat's expressed willingness to negotiate West Bank issues without Hussein's participation. The US Ambassador in Amman reports that Hussein seemed to take "special umbrage" at Sadat's statements. [redacted]

ARAB STATES: Rejectionist Summit

25X1 [redacted] The communique issued on Saturday following the summit in Syria of hardline Arab states announced that the members of the Steadfastness Front are breaking off political and economic relations with Egypt. The decision will have little immediate effect on Egypt.

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[Redacted]

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[Redacted] The Front--made up of Syria, Libya, Algeria, South Yemen, and the Palestine Liberation Organization--formed a Higher Command composed of its leaders, which will meet every six months, and a Political Committee composed of the five foreign ministers, which will meet every three months. A single military command was also formed, and the Front pledged to assist any member, with armed force if necessary, in the event of an attack--a clear reference to possible Egyptian military action against Libya.

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[Redacted] Egypt had already broken diplomatic relations with the hardline states following their first summit last December, although it has since established interests sections in Damascus and Algiers. On the economic side, it is not clear whether Egyptian workers employed in the hardline states--particularly the more than 100,000 in Libya--will be forced to return to Egypt.

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[Redacted] The US Embassy in Cairo has described the mood there as one of support for the Camp David accords, without the euphoria that accompanied President Sadat's return from Jerusalem last November. An Egyptian labor leader told an Embassy official that Egyptian labor would endorse even a separate agreement so long as it appeared likely to end economic stagnation. In an apparent effort to head off incidents, authorities have delayed for one week the opening of the fall semester at Egyptian universities.

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[Redacted] We have no information on a Time-Life News Service story that Saudi Arabia has decided to cut off military aid to Egypt while continuing to provide nonmilitary aid. [Redacted]

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[Redacted]

ECUADOR: Election Continuation

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[Redacted] After 10 weeks of uncertainty, Ecuador's presidential elections appear back on track following a decision by top military leaders to ignore charges of widespread fraud in the initial round on 16 July. //The decision substantially increases

[Redacted]

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*the likelihood that populist Jaime Roldos--opposed by many of-
ficers because of his close association with their arch-foe
Assad Bucaram--will become the country's next President.//*

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[redacted] A council of general officers--hurriedly convened on Saturday morning to review fraud charges made the previous evening by Supreme Electoral Tribunal president Arizaga--unanimously voted to continue the election process. The council accepted the resignations of members of the tribunal, indicated that replacements would be named, and announced that legislative elections would be held at the same time as the second presidential round. A date has not yet been set for the next round.

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[redacted] //Arizaga's claims of fraud--which were largely trumped up--were part of a plot by Supreme Council member General Duran and Government Minister Jarrin to frustrate Roldos' drive for the presidency by canceling the elections.//

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[redacted] //Although the conspiracy had the support of a number of high-ranking officers, the Guayaquil oligarchy, and the conservative wing of the Radical Liberal Party, it was widely exposed in recent weeks by civilian political leaders and the media. [redacted]

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[redacted] //Although completion of the vote by a new tribunal and the organization of legislative elections could provide time for further plotting, it appears that the major crisis of this election has now passed. It also seems likely that the voice of the Ecuadorean voters--who gave Roldos a ringing 31-percent plurality in the first round and probably will back him overwhelmingly in the second--will finally be heard.// [redacted]

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GUATEMALA-UK: Belize Negotiations

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[redacted] //Guatemalan President Lucas intends to take an unexpectedly reasonable approach in negotiations with the UK on the Belize dispute, but many pitfalls still remain in the way of a final settlement.//

25X1 [redacted] //Last November, former President Laugerud's negotiators--who are being retained by Lucas--reached tentative agreement with the British both on Guatemalan acquisition of a small section of southern Belize--the so-called Moho River Line--and on a seaward boundary that would assure Guatemalan access to the Caribbean.

25X1 [redacted] //Although Lucas still has strong reservations about this "minimal" settlement, he recognizes that it is probably the best that can be expected. In any case, he is apparently willing to present it to the Guatemalan people--although without any government endorsement--and let them decide whether it is acceptable.//

25X1 [redacted] //It will probably take several negotiating sessions for the Guatemalans to fall back completely to their minimum position, since they would certainly gain nothing by doing so this week. Moreover, the question of the division of any future oil or gas discoveries in the ceded area has to be worked out, as does the size of the indemnity--if any--that the Guatemalans hope to receive from the British.//

25X1 [redacted] //Even after the UK and Guatemala reach an agreement, however, there is still another crucial factor involved; even the minimum Guatemalan position is unacceptable both to Belizean Premier Price and to opposition leader Dean Lindo, so long as it involves any cession of land. Realizing that Belize has a vital say in a settlement, the Guatemalans decided at their strategy session to try to weaken Price's position by playing up to Lindo; the two will be taking part jointly in the talks for the first time.//

25X1 [redacted] //Price is a staunch advocate of quick independence for Belize, while Lindo prefers a slower course, but both have often promised never to cede any territory. Price is in deep political trouble at home, and both Lindo and the Guatemalans no doubt would like to take advantage of his difficulties, although for much different reasons. [redacted]

USSR: Disarmament Proposals

25X1 [] Soviet Foreign Minister Gromyko, in his annual speech to the UN General Assembly tomorrow, is likely to focus on disarmament issues. He will stress a Soviet proposal--conveyed in a letter to UN Secretary General Waldheim early this month--for an international convention guaranteeing the security of nonnuclear states against threats by nuclear powers. The Soviets apparently are concerned that the image of the USSR as a peaceful country and an advocate of disarmament has deteriorated over the past year.

25X1 [] The proposal, hailed as a "new peaceloving initiative" by the Soviet press, is actually a rehash of one the Soviets made in February 1966 to the then 18-nation disarmament committee. It would commit signatories not to use and not to threaten the use of nuclear weapons against states that renounce the acquisition of these weapons and prohibit the stationing of them on their territory.

25X1 [] The Soviets are presumably responding to the frustrations expressed by Third World nations over the prolonged course of the SALT and comprehensive test ban negotiations. At the UN Special Session on Disarmament this summer, both the USSR and the US felt it necessary to make unilateral pledges concerning these so-called negative security assurances for nonnuclear states; Gromyko offered to conclude an "appropriate bilateral agreement" with any of the nonnuclear states.

25X1 [] Since the UN special session, Soviet propaganda has contrasted the USSR's sincerity with US and Western intransigence. Soviet diplomats also lobbied actively at the recent UN debate on an international treaty for the nonuse of force and at the meetings for the convocation of a world disarmament conference--both long-favored Soviet projects. [] 25X1

DJIBOUTI: Government Dissolved

25X1 [] President Gouled of Djibouti dissolved his government last week but said current ministers will continue in a caretaker capacity until a new cabinet is formed. This could take some time.

25X1 [redacted] Gouled, an ethnic Issa, earlier this month acknowledged that his beleaguered government needed major administrative and economic reforms. In order to preserve the country's fragile stability, the new cabinet will have to accommodate the delicate balance between the antagonistic Afar and Issa communities as well as the competing interests of neighboring Ethiopia and Somalia.

25X1 [redacted] Prime Minister Kamil, who is the highest ranking Afar in the government and also the Foreign Minister and Defense Minister, told the US Charge that he interpreted Gouled's remarks earlier this month as a warning to the Afar community that it must either accept the leadership of the Somali-related Issas or be crushed. Kamil's strong language reflected the apprehension about Gouled's plans among the country's large Afar minority, who have close ethnic ties with Ethiopians.

25X1 [redacted] It is unclear whether Kamil, until recently acceptable to Gouled because he has generally avoided pro-Afar politicking, will be given a leading position.

25X1 [redacted] Ethiopia and Somalia will be watching Gouled's moves carefully. Ethiopia depends on the Djibouti - Addis Ababa railway for its only rail outlet to the sea, while Somalia has long considered Djibouti part of Greater Somalia. Gouled has already improved relations with Ethiopia at Somalia's expense. [redacted] 25X1

NIGERIA: Financial Crunch Worsens

25X1 [redacted] *Nigeria's recent failure to arrange the full amount of a \$1 billion Eurodollar loan--despite its low debt-service ratio--will further aggravate its deteriorating financial position.*

25X1 [redacted] Foreign exchange reserves hit a new four-year low of \$1.8 billion last month, and imports continued to accelerate during the second quarter despite restrictions announced in April. Nigeria will be hard pressed to cover its potential \$3 billion current account deficit this year, even if it draws on available financing from multilateral institutions.

25X1 [redacted] Nigeria two weeks ago formally reduced its bid for a \$1 billion Eurodollar loan to \$750 million after negotiations with a West German banking consortium failed. The international banking community believes Nigeria has had difficulty raising the full amount because it was unable to check its deteriorating balance of payments, brought on by declining oil revenues and soaring import bills.

25X1 [redacted] The size and the timing of the loan request--only five months after Nigeria received an initial \$1 billion Euro-market loan--the already heavy commitment of commercial banks to finance Nigerian projects, and the uncertain political climate surrounding Nigeria's return to civilian rule next year were also factors.

25X1 [redacted] Nigeria will now have to scale back expenditures for development even further than called for in a austerity budget published in April. General Obasanjo may reveal the extent of such cuts in public spending during his National Day speech on 1 October. Further major cutbacks would dramatically slow the oil-boom economy, which has experienced 7.5 percent average annual real growth during the past three years. An economic slowdown would also add to popular tensions, and the state of the economy is sure to be a major political issue during the election campaign next year. [redacted]

BRIEF

India

25X1 [redacted] India is likely to have another above-average harvest in the crop year that began on 1 July despite the severe flooding in northern India. Monsoon-grown summer crops, largely rice, generally benefit from widespread and timely rains. The areas hit by flooding, about 6 million hectares, represent only 7 percent of cropped area. Flood losses, now estimated at 1 million to 2 million tons, will pare the summer foodgrain crop by less than 3 percent, and foodgrain stockpiles of 18 million tons are more than adequate to aid flood victims.

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[redacted] The coming winter crop, mainly wheat that will be sown through November, will get a boost from ample moisture in the soil. This crop normally provides about 40 percent of India's total foodgrain harvest. Prospects are excellent that the 1978-79 foodgrain crop will match last year's record 125 million tons. [redacted]

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