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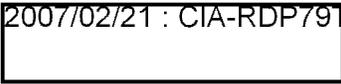
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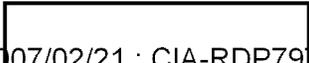
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ARAB STATES

After three days of closed deliberations, the Arab heads of state, meeting in Rabat, have endorsed the Palestine Liberation Organization (PLO) as the sole authority over the Palestinians on the Israeli-occupied West Bank and granted the PLO a greater role in negotiating the return of the area.

The official announcement of the summit decision did not specify that the PLO would have sole responsibility for negotiations. It called instead on Egypt, Syria, Jordan, and the PLO to coordinate on a formula for future Arab negotiating strategy.

Jordan's acceptance of the decision is being hailed as a victory for Arab unity, but the decision is a flat repudiation of King Husayn's arguments that only Jordan can negotiate with Israel and that ultimate disposition of the West Bank should be determined by a plebiscite.

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The outcome of the Arab summit eliminates any prospects for early negotiations over the West Bank with the Israelis, who will have nothing to do with the PLO. Indeed, now that they have granted the PLO its maximum demands, it is unclear how the Arabs hope to proceed during the next phase of negotiations. A mini-summit reportedly will be held in Algiers shortly after the Rabat

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conference adjourns today. Some decision may then be made on whether to press for a reconvening of the Geneva forum or whether perhaps to pursue first some further military disengagement in the Sinai or possibly in the Golan Heights area.

One press account has suggested that Jordan may seek an accommodation with Israel which would ignore the PLO claims, but Husayn so far has not indicated that he is contemplating unilateral action.

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BANGLADESH

Prime Minister Mujibur Rahman asked for and has received the resignation of leftist finance minister Tajuddin Ahmed, the main advocate of socialism in the cabinet and a staunch friend of the Soviet Union and India.

Tajuddin's ouster last Saturday may well be a signal to military officers, potentially Mujib's most powerful challengers, that the Prime Minister can act decisively, even at the possible cost of support from longtime Awami League stalwarts.

Tajuddin, leader of the ruling Awami League's left wing, had long opposed a pragmatic approach to economic problems and frequently attacked government policies publicly. Recently he expressed dissatisfaction with Mujib's purported plans to amend the constitution to allow a more centralized and possibly authoritarian presidential system of government--a change the military officers apparently favor.

One possible reason for removing Tajuddin may have been his opposition to the assistance program that a consortium of Western aid donors is developing for Bangladesh. Mujib could well have concluded that Tajuddin's continued presence in the cabinet would have made the aid negotiations unnecessarily difficult.

Other cabinet changes designed to bring pragmatic and capable technocrats--possibly even leftists--into the government may follow.

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CHINA - NORTH VIETNAM

Peking and Hanoi on October 26 signed annual agreements regarding Chinese military and economic grant aid to Hanoi and bilateral trade for 1975. As in past years, no details were announced.

An editorial in the North Vietnamese party newspaper said the aid would be used for reconstruction in North Vietnam and for continuation of the struggle in South Vietnam. Chinese statements put more emphasis on the need to shore up Hanoi's economy, with little mention of the military situation in South Vietnam.

The North Vietnamese delegation that negotiated and signed the agreement in Peking is embarked on Hanoi's yearly aid-seeking swing through China, the USSR, and Eastern Europe. Chinese treatment of the delegation seemed routine in most respects. The North Vietnamese were received warmly but not effusively, and they held talks with senior Chinese military and economic leaders, including a conversation with Premier Chou En-lai in a Peking hospital. The head of Hanoi's mission, economic expert and Politburo member Le Thanh Nghi, also met twice with Cambodian exile leader Prince Sihanouk.

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EC

The EC Commission has given qualified endorsement to eight of its nine members who are preparing to join several other nations in an emergency oil-sharing program. The Commission warned the eight, however, that they may not participate in the plan if it blocks their sharing of oil with France.

The ruling, which had been requested by one of the member states, supports the Commission's long-standing pleas for a common EC energy policy. It also may provide a mechanism by which France might participate indirectly in the international plan, which Paris has boycotted since its inception last February at the Washington energy conference.

Commission Vice President Simonet, at a news conference announcing the Commission's decision, cited possible conflicts between the oil-sharing program and EC treaty provisions on free circulation of goods. Simonet said these obstacles could be bypassed by a formal commitment from the eight to share oil with France. The oil-sharing program would not restrict its members from sharing oil with nonmember states, but it does require members to establish certain stock levels and to impose automatically consumption curbs in the face of an oil shortage.

Consumption restrictions that Paris has imposed recently and French oil stock levels already exceed those demanded by the program. France could become a de facto partner in the plan if the EC agreed to share oil as part of a common energy policy. Simonet said the EC could join the international program on its own right and be considered as an entity for purposes of oil-sharing with other members of the program.

France could also be brought more formally into the fold if the EC were to become a full member of the program. Simonet pointed out that precedents exist for EC membership in organizations to which not all member states belong individually.

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Formal acceptance of the program is due today and all of the original participants except Norway--the eight EC states, Canada, Japan, and the US--have either accepted or are expected to do so. The Norwegian government will seek associate status and pledge solidarity with the consumer states, but it feels that it faces too many domestic pressures to obtain legislative approval for full membership.

Several other states, including Sweden, Switzerland, Australia, and New Zealand, are due to announce their intentions about joining the group early next week. The program will officially come into force on November 18 if the OECD Council accepts a draft decision establishing the program and creating an international energy agency to implement the plan.

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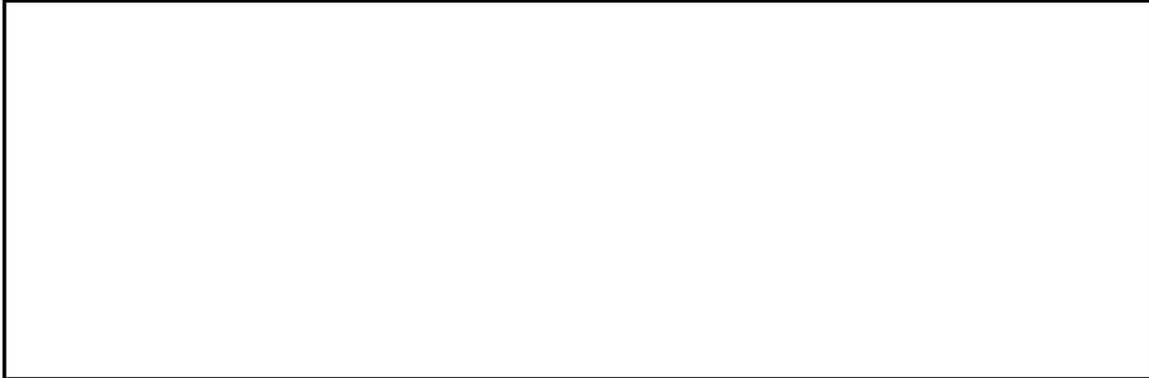
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SOUTH AFRICA - MOZAMBIQUE

Pretoria is taking the initiative to establish working relations with the new black-dominated transitional government in Mozambique. South African Prime Minister Vorster's senior security adviser, who often undertakes diplomatic missions for Vorster, is scheduled to go to Lourenco Marques sometime this week for talks with Mozambique's Prime Minister Chissano.

The visit will mark the first high-level contact between Pretoria and the transitional government since the latter was established last month.

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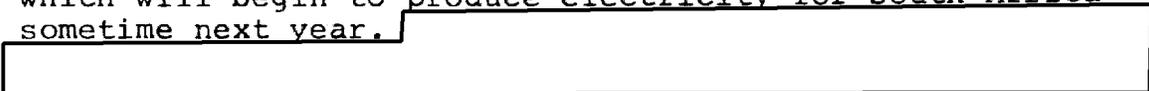


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The South Africans have been encouraged by the moderate stance the Front has taken toward South Africa, despite its past revolutionary talk against white rule in southern Africa. The Vorster government has publicly expressed willingness to coexist with any black government that will maintain constructive relations, and it believes that the Mozambican government will want to retain the economic benefits of cooperation with South Africa.

In 1973, Mozambique received about \$200 million from rail, port, and tourist earnings from South Africa and Rhodesia and from the repatriated wages of some 100,000 Mozambican blacks working in South Africa's mines. South African investment in Mozambique is also substantial, and has gone largely to the Cabora Bassa project, which will begin to produce electricity for South Africa sometime next year.

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