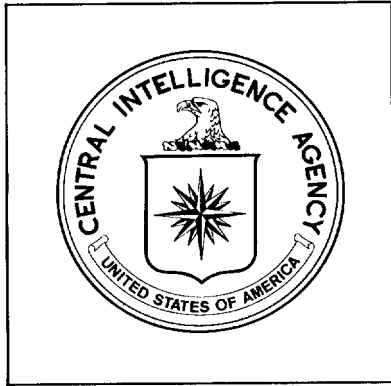


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WESTERN EUROPE – CANADA – INTERNATIONAL ORGANIZATIONS

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Bombings and Footdragging Complicate Spanish Sahara Settlement

Madrid's efforts to settle the dispute over the future of Spanish Sahara are being frustrated by the delaying tactics of Morocco and Mauritania over a four-power conference and renewed violence in the territory.

Spain's inability to persuade Morocco, Algeria and Mauritania to attend a conference in Madrid on July 9 has led the Spanish government to instruct its UN representative to urge Secretary General Waldheim to convoke four-power talks on Spanish Sahara under his auspices. Spanish officials hope that direct UN involvement in the dispute would deter the three powers from engaging in aggressive actions against the Sahara while talks are in progress.

The three African states may be no more responsive to a request by the Secretary General than they were to Spain's earlier invitation to meet in Madrid. Rabat is likely to be opposed, probably citing the pending decision by the International Court of Justice expected in October. Mauritania will probably straddle the fence and simply not reply, and the Algerians are likely to favor the conference. If action is not forthcoming and violence continues, Madrid is likely again to threaten unilateral withdrawal from Spanish Sahara.

Meanwhile, there was renewed violence in Spanish Sahara over the weekend. Three policemen in El Aaiun, the Saharan capital, were killed and a fourth seriously injured

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by a bomb allegedly planted by followers of the pro-independence Polisario Front backed by Algiers. In another incident, the son of the leader of the Spanish-backed Saharan National Union Party was killed when a bomb demolished a car. According to press reports, police arrested more than 150 persons in El Aaiun suspected of supporting the Polisario Front.

These bombings and a statement issued on July 7 by a Polisario Front representative in Paris demanding self-determination, cast further doubt on the recent statement by Morocco and Algeria that they had reached an understanding on the future of Spanish Sahara. This understanding envisages partition of the disputed territory between Morocco and Mauritania without recourse to a referendum.



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French Comment on Chill in Relations with Moscow

French foreign ministry officials have recently admitted to the US embassy that the USSR seems disappointed with President Giscard's foreign policy. The French officials, however, are confident that Giscard's trip to Moscow next October will clear the air, and they are not worried about adverse effects on bilateral relations.

The most recent manifestation of a "chill" in French-Soviet relations is the vitriolic attack on French Minister of the Interior Poniatoski carried by Tass, the Soviet news agency, last week. Poniatoski was condemned for asserting that the alleged Ponomarev document recently published in a French newspaper was not a fraud, as claimed by the French Communist Party, but a Soviet guideline for seizure of power by Communist parties.

Moscow could hardly have ignored Poniatoski's remarks, in view of its strong protestations that the "Ponomarev document" was a forgery trumped up by the Portuguese Socialists to discredit the Soviets and the Portuguese Communists. The French nevertheless assume that the Soviet attack on Giscard's closest political associate was also a thinly-veiled signal from Moscow to the French president on other issues. One high-ranking foreign ministry official believes that the Soviets have found Giscard too European and too Atlanticist.

The official believes that Moscow is particularly concerned about the possibility of a secret agreement between Paris and Bonn that would allow French Pluton tactical nuclear missiles to be stationed in West Germany. The Soviets fear that an agreement on Pluton

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could enhance the prospects for an independent European defense, to which Moscow is strongly opposed. Moscow may have viewed its blast at Poniatowski as an opportunity to weigh in with Giscard prior to the French-West German summit meeting at the end of this month.

Paris and Bonn continue to deny that there are plans for stationing Plutons in West Germany, although the French and West German military planners are probably engaged in contingency planning for use of the Pluton in the event of hostilities.

Giscard has already demonstrated an awareness of the Soviet concerns in this area. Last May, he sympathized with Soviet fears of an independent European defense arrangement and asserted that the problem should not be addressed until more political unification has been achieved. His statement was widely criticized in France as a concession to the Soviets.

French-Soviet relations have suffered other, more minor irritants in the past two months. The irritants include Giscard's termination of V-E Day celebrations in France and his visit to Poland in mid-June. The Soviets were also annoyed by the several strong attacks on the USSR made by Chinese Vice-Premier Teng Hsiao-Ping during his visit to Paris in mid-May. Pravda took French Prime Minister Chirac to task for expressing satisfaction with the visit.

We have reason to believe that French-Soviet economic relations, in addition, are not proceeding as smoothly as Paris had expected, despite Minister of Finance Fourcade's "successful" trip to Moscow last week. In March, Paris had predicted orders of \$2.8 billion from the USSR this year; so far, according to the Paris daily Le Figaro, firm orders amount to less than \$14 million.

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The discrepancy is probably due in part to over-optimism by French businessmen. It may also reflect Soviet delay while the USSR "digests" the flood of goods it ordered at the end of last year in order to profit from low interest rates that expired on December 31.



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Visit of French Minister Marks Continued
Improvement in French-Canadian Relations

Canadian officials, as well as the media, are hailing the visit to Ottawa last week of French Minister of State and Interior Poniatoski as further evidence of the continued improvement in relations between Ottawa and Paris. Poniatoski is the highest-ranking French official to visit Canada since DeGaulle's controversial visit in 1967.

An official in the Department of External Affairs told the US embassy that the chief accomplishments of the five-day visit were:

- reaffirmation of French support for a Canadian "contractual link" with the EC;
- news that President Giscard was planning to visit Canada no later than spring of 1977 rather than near the end of his term in 1981 as previously suggested;
- the agreement to expand cultural exchanges between France and the Canadian provinces, which up until now had been limited to Quebec.

Ottawa was also said to be more receptive to the possibility of establishing a joint French-Quebec uranium enrichment plant at James Bay in Quebec. Although he was previously thought to be cool toward the project, Prime

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Minister Trudeau told Parliament on July 10 that the results of the feasibility study indicated the case against the project was not as clear cut as he had previously believed. Poniatoski said that Paris wanted a Canadian decision on the project within the next six to eight months. He also said that he was more optimistic about an affirmative answer after talking with Canadian officials.

Although Paris is well along in the negotiations leading to the sale of uranium reprocessing equipment to Seoul, Poniatoski at a press conference on July 8 stated flatly that France did not intend to sell such equipment to South Korea. Canadians have been concerned that the sale of such equipment by Paris, when combined with the sale of Canadian nuclear reactors, could give Seoul a nuclear weapons capability.

Apparently unaware of Poniatoski's remarks, Canadian Minister of External Affairs MacEachen the next day told Parliament that the South Korean Foreign Minister had said that Seoul intended to buy reprocessing equipment from France. The Canadian embassy in Paris has been asked to seek clarification of the French position on this issue.

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CSCE Summit Set for July 30

Agreement was reached Monday at the European security conference to accept a Canadian proposal setting July 30 as the opening date for a Helsinki summit.

The decision was made possible when NATO and the Warsaw Pact bowed to Malta's demand that the final document include a call for the eventual reduction of armed forces in the Mediterranean region. After dropping an earlier demand for a phased withdrawal of the US and Soviet fleets from the Mediterranean, Malta's Prime Minister Mintoff forced conference acceptance of this language by refusing to agree on a summit date.

The Canadian proposal sets July 15 as the deadline for resolving all remaining issues, but negotiations--primarily concerning confidence-building measures--will probably be extended for several days. If final agreement is not reached in time to convene a July 30 summit, the conference will assume Finland's costs. Preparations were begun in Helsinki on Saturday in anticipation of Monday's decision.

Final agreement was also reached Monday on language concerning follow-on procedures for the conference and a clause protecting Allied rights in Berlin and Germany. [REDACTED]

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