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# National Intelligence Bulletin

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February 4, 1976

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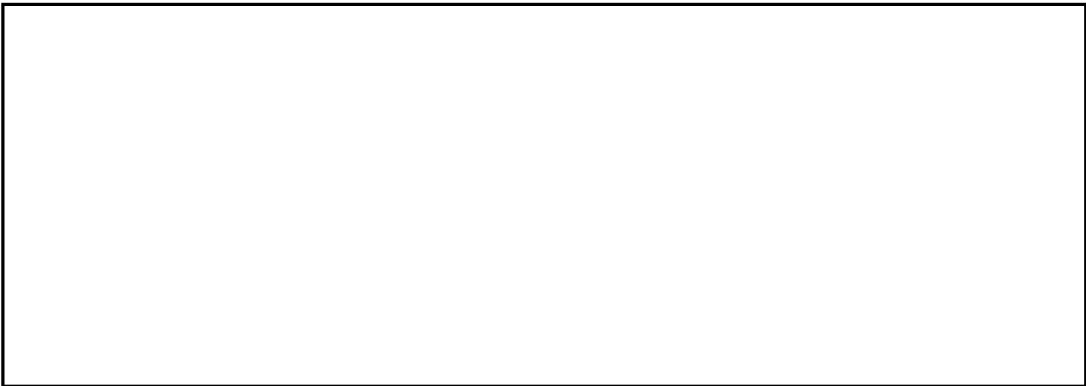
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### ALGERIA-MOROCCO

Neither Algiers nor Rabat appears disposed to make major concessions on Spanish Sahara, despite the continuing Arab mediation attempts and the dispatch of a UN envoy to the area.

Algeria's party newspaper yesterday welcomed the decision by UN Secretary General Waldheim—under pressure from Algiers—to send a personal representative to the area. Waldheim's envoy, Sweden's ambassador to the UN, will leave for Madrid today and will visit the Saharan territory later in the week. The newspaper held out little hope of success for the Arab diplomatic effort.

Algeria's preference for a UN role in mediating the dispute with Morocco over Sahara reflects its disappointment with the lack of support from other Arabs. Libya and South Yemen are the only Arab states publicly backing Algiers.

The Algerians presumably will push their case for a referendum on self-determination with the UN envoy. The envoy, however, is expected to limit his role to a fact-finding mission and not make any specific commitments on self-determination.

The most persistent of several Arab mediators, Egyptian Vice President Mubarak, yesterday continued his diplomatic shuttle between Algiers and Rabat. Press reports from Rabat indicate the Moroccans are insisting on recognition of their sovereignty over the territory. Rabat maintains it has already consulted the Saharan people through the territorial assembly.

Algeria, which has rejected the tripartite agreement signed last November transferring administrative authority from Madrid to Rabat and Nouakchott, characterizes Morocco's presence in Sahara as totally illegitimate.

According to the press reports from Rabat, Morocco is also insisting on a withdrawal of "Algerian forces" from several points in Sahara and northern Mauritania as a condition for accepting mediation of the dispute. Rabat almost certainly is including the Algerian-backed Polisario guerrillas among the Algerian forces and demanding their withdrawal, a condition unacceptable to Algiers.

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### ICELAND-UK

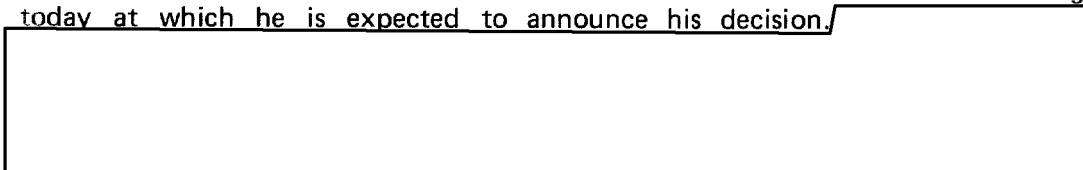
Reykjavik yesterday rejected proposals worked out in London last week for a solution to the cod war, but offered to reopen discussions for a three-month agreement.

Icelandic Prime Minister Hallgrimsson was apparently unable to overcome the objections of cabinet members, mainly in the Progressive Party, who favor making no concessions to the British. Hallgrimsson has had to put his political future on the line, and he probably backed off rather than risk a domestic political crisis.

Iceland's proposal to schedule more talks suggests Reykjavik does not want to reject the British proposals out of hand and thereby provoke renewed confrontations at sea. London reportedly offered to reduce its annual catch by an additional 25,000 tons to 85,000 tons during talks last week in London between Hallgrimsson and British Prime Minister Wilson. Reykjavik is apparently unwilling to match London's flexibility and has so far refused to budge beyond 65,000 tons.

By proposing a short-term agreement, Iceland may be hoping that the UN Law of the Sea conference, which will conclude its next session in May—about the same time that a three-month fishing agreement would expire—will approve a 200-mile economic zone. Broad international support for the 200-mile concept already exists, but the British contend that since it has not yet been recognized in a treaty, Iceland's unilateral declaration is illegal. It is unlikely that this session of the conference will produce such a treaty.

Reykjavik, meanwhile, has not said whether it will continue to harass British trawlers during any renewed talks. London must now decide whether to continue compensating British fishermen for their financial losses because of Icelandic harassment or to send back its frigates to protect the trawlers. British Foreign Secretary Callaghan has called the ambassadors of all NATO countries to a meeting today at which he is expected to announce his decision.



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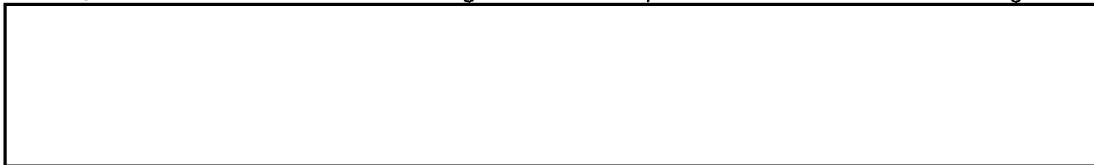
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### FRANCE

Minister of Defense Bourges recently announced that the fourth long-term defense plan will be submitted to the National Assembly this spring.

The new plan, unlike previous ones, will not be for five years because past experience has shown the plans were too optimistic and no more than 60 percent of the goals were achieved. The new plan will span six to nine years but will contain precise budgetary obligations only for the first three years. At the end of each three-year period, political and strategic changes will be considered before the next phase is defined.

The plan's format is apparently a compromise between the government and certain Gaullists. When the defense budget for 1976 was approved last October, the government was criticized for its failure to present a new five-year plan. The new proposal combines the government's desire to keep defense plans flexible and to satisfy critics who have been calling for a more specific definition of defense goals.



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### CUBA-GUYANA

A Cuban tanker that docked outside Georgetown, Guyana, for nine days departed on January 31 after delivering fuel and petroleum storage equipment, probably for a refueling site.

Last week, a number of fuel tanks with an estimated total capacity of 300,000 gallons were delivered to a Guyanese defense force compound outside Timehri airport. The jet fuel that was unloaded by the ship reportedly is contaminated.

The tanker is reported to have also delivered arms and ammunition. Such a delivery would be designed to support Prime Minister Burnham's plans for an improved defense capability, particularly along Guyanese borders. The construction of a refueling site at Timehri airport will provide Havana with supplies for its airlift to Angola, which has now been temporarily interrupted.

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### ARGENTINA

The dismissal of a prestigious cabinet member yesterday will damage but not cripple the administration.

President Peron replaced Economy Minister Cafiero—for some time one of the cabinet's top figures—and Labor Minister Ruckauf. The departure of both had been rumored since last month's shakeup, in which four members of the eight-man cabinet were replaced.

All of the changes this year, as well as previous shifts, appear to have been urged upon the President by the small group of right-wing Peronist loyalists who advise her. They have repeatedly ousted men whom they dislike personally or who exercise independent action.

The appointment of Cafiero last summer had been seen at the time as strengthening the administration. A trained economist with important labor backing, he was viewed as one of the few who could attempt to administer the economy and not alienate organized labor.

In recent months, however, Cafiero had evidently come to favor the President's departure either by extended leave or by resignation; thus he could not long be tolerated. Indeed he probably was spared in last month's shakeup only because of his importance and because the administration was seeking to minimize the impact of the cabinet's revamping by doing it in stages. Cafiero's recent differences over wage policy with one of Peron's closest aides was the last straw.

Peron at least partly offset the effect of Cafiero's departure by appointing a distinguished figure—Central Bank chief Emilio Mondelli—in his place. Her choice of a Buenos Aires unionist to take the top labor post is a less distinguished person.

The military are not likely to be overly perturbed by the latest moves. Last month they acceded to the dismissal of the man many felt was closest to them, former interior minister Robledo.

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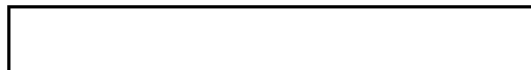
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