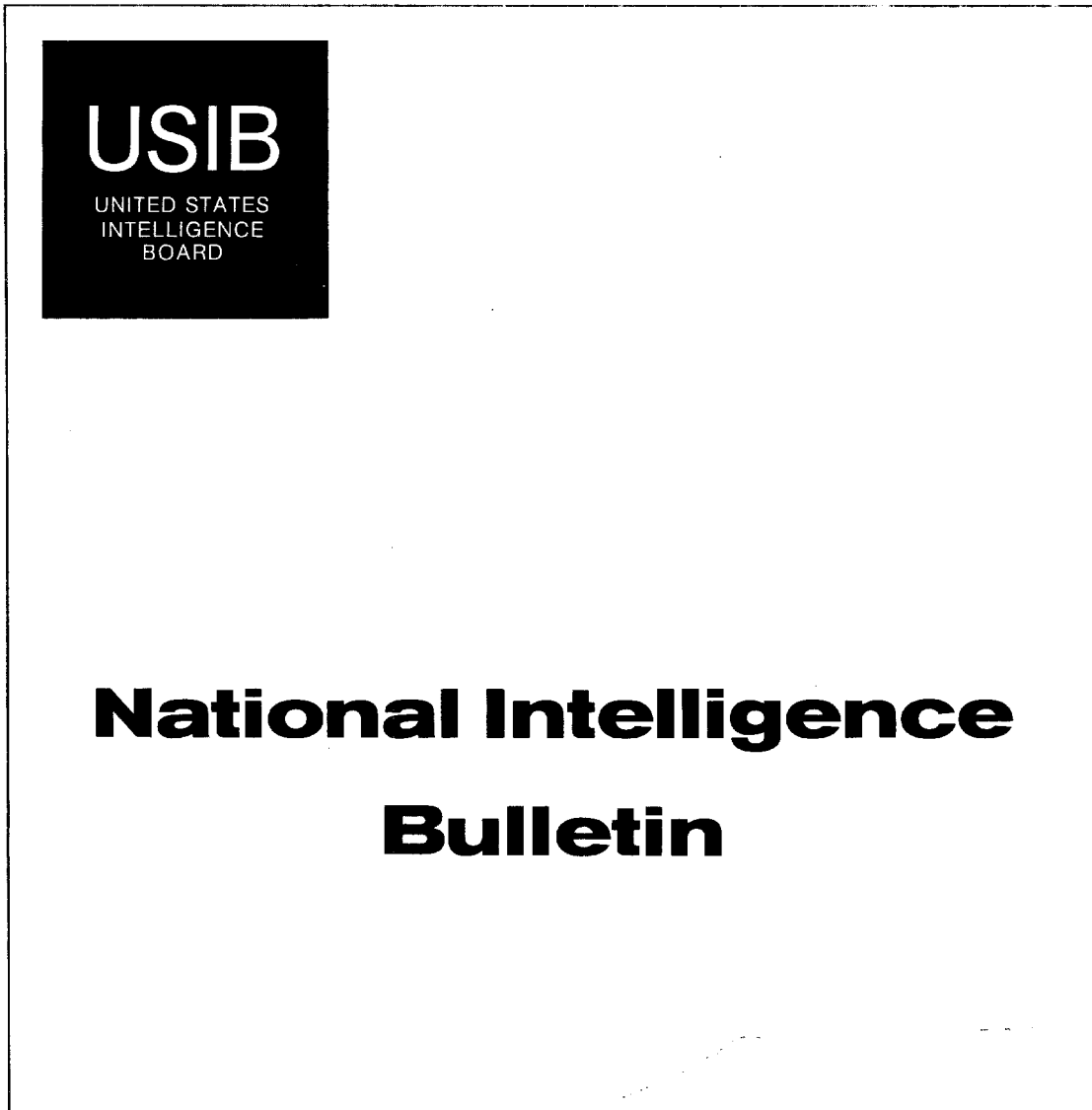


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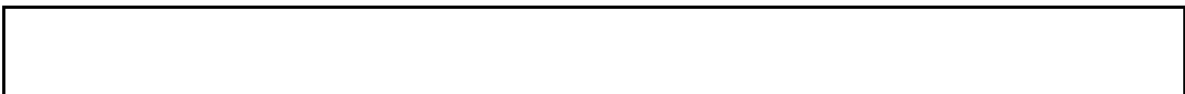
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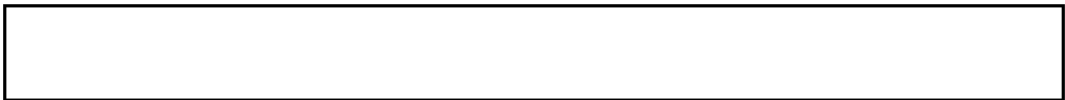
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WESTERN EUROPE - AFRICA

The EC foreign ministers have announced a common EC policy toward southern Africa. It is implicit in the declaration earlier this week condemning foreign military intervention in Angola.

The declaration, clearly aimed at Soviet and Cuban involvement in Angola, condemned "any form of action by any state aimed at the creation of a sphere of influence in Africa." The statement, which a British representative called one of the strongest ever agreed upon by the Nine, upheld the right of black Rhodesians and Namibians to independence and self-determination, condemned apartheid in South Africa, and reaffirmed support for actions taken by the Organization of African Unity in southern Africa.

The ministers agreed that Angola is eligible to join the Lome trade and aid accord, which now links 46 developing states to the EC. The Italian and West German foreign ministers have publicly invited the Angolans to apply for membership.

Paris agreed to the foreign ministers' declaration despite initial reservations. It recognized that any footdragging, following the disarray provoked in the EC last week by France's early recognition of Angola, would bring loud outcries from the Dutch, the Danes, and the West Germans.

Before the meeting of the EC foreign ministers this week, the UK, Ireland, Luxembourg, and Norway had expressed an interest in increasing EC assistance to Zambia and Zaire, but no new commitments were made. The Community has already allocated about \$120 million to Zaire and \$50 million to Zambia, but these funds are not expected to begin to flow until the end of this year.

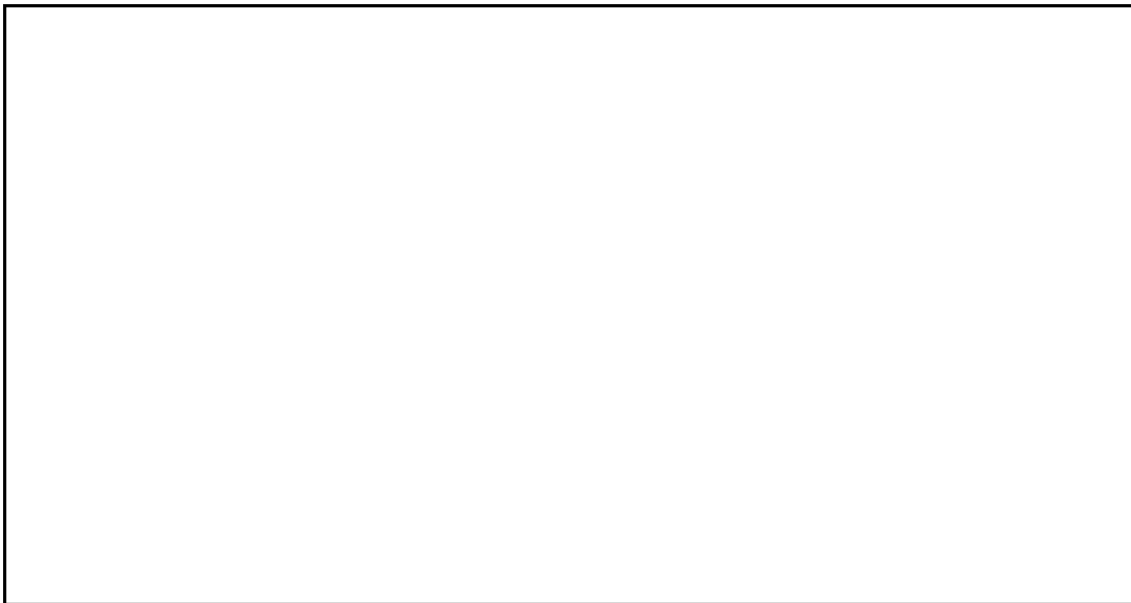
The question of providing additional EC assistance was referred to an experts committee, and a concrete proposal is expected later this spring.

Several EC members are considering bilateral aid to Angola, Zaire, and Zambia. Over \$30 million in bilateral assistance for Zambia has already been scheduled this year by West Germany, the UK, Norway, and the Netherlands. Bilateral assistance to Zaire, the bulk of which has come from France and Belgium, has been less substantial.

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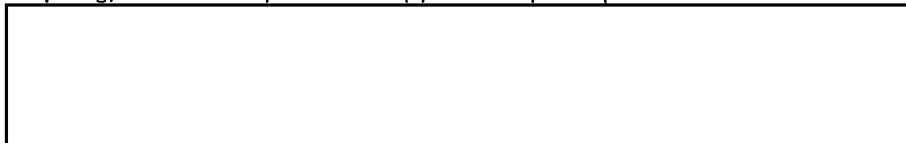
ICELAND

The Icelandic Parliament voted 41 to 18 yesterday in support of Prime Minister Hallgrimsson's handling of the cod war issue with the UK. The vote apparently split along government-opposition lines, indicating that Hallgrimsson had the backing of both parties in the ruling coalition.

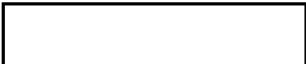
The opposition—which includes the Communist-dominated People's Alliance—favors stronger measures, including pulling out of NATO.

The vote of confidence very likely was the result of Hallgrimsson's tough attitude toward the British so far. The governing coalition parties may be divided over the next step, but by winning parliamentary approval, Hallgrimsson may now be inclined to resume negotiations with the British, who have offered to modify their position.

Iceland, however, is unlikely to conclude an agreement that is for more than a few months duration, certainly not much beyond the UN Law of the Sea Conference this spring, which is expected to approve in principle a 200-mile limit for coastal states.



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UK

The British government's proposed cuts in public spending, primarily in social programs, are drawing the heavy criticism expected from left-wing Laborites. The leftists will carry their attack to the House of Commons, but it is unlikely they will defeat the proposals.

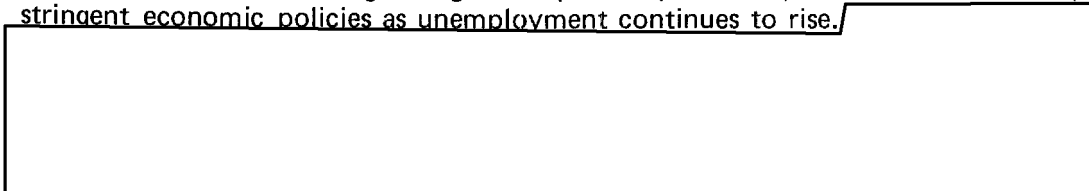
Members of the left wing call the reductions a repudiation of the party's election manifesto. Joan Lestor, a junior minister in the education department, has resigned in protest, and at least one prominent left-wing member of Parliament has threatened not to support the government when the spending issue comes to a vote. Other members of the left reportedly are urging the party's leftist-dominated National Executive Committee to schedule a special party conference to debate the proposed budget cuts.

Despite their anger with Chancellor of the Exchequer Healey's proposals, the leftists probably will not try to bring down the government. Labor, with 315 votes, has a razor-thin majority in the House. One leftist declared that he did not intend to do anything that would help Margaret Thatcher become prime minister.

Even if it chooses an openly rebellious course, the left will need the complete support of the conservative party to topple Prime Minister Wilson. The Tories have adopted more aggressive tactics recently, but they still seem reluctant to bring down the government.

Wilson's position may be more seriously threatened if the leftists are able to exploit the bitterness felt by public sector union members, who face large-scale layoffs if all the government's proposals are implemented. These unions, plus construction workers who are also affected, represent about one-fifth of the Trades Union Congress' membership, and their anger could be translated into trouble for the government.

Despite labor's unhappiness with some of Wilson's policies, the Prime Minister continues to enjoy the general support of leaders of the Trades Union Congress. The government will be under growing union pressure, however, to soften its relatively stringent economic policies as unemployment continues to rise.



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CHINA

Neither Hua Kuo-feng's appointment as acting premier nor the recent attacks on high government officials has had any measurable impact on Chinese foreign policy as yet.

During his first official meetings with foreign delegations, Hua said that there would be no changes in foreign policy. He also said China intended to continue its struggle against the USSR. Chinese media have reflected this, denouncing the USSR for its involvement in Angola, its continued arms buildup, and its so-called hegemonic aspirations in Europe.

Moscow was cautiously optimistic about Hua's appointment because he is not a prominent anti-Soviet spokesman. Hua's speech at the banquet honoring former president Nixon, however, praised relations with the US and characterized the Soviets as "imperialists." Nixon's invitation to visit China on the eve of the 25th Soviet party congress serves as a signal to Moscow that the Chinese leadership—including Hua—values its relations with Washington.

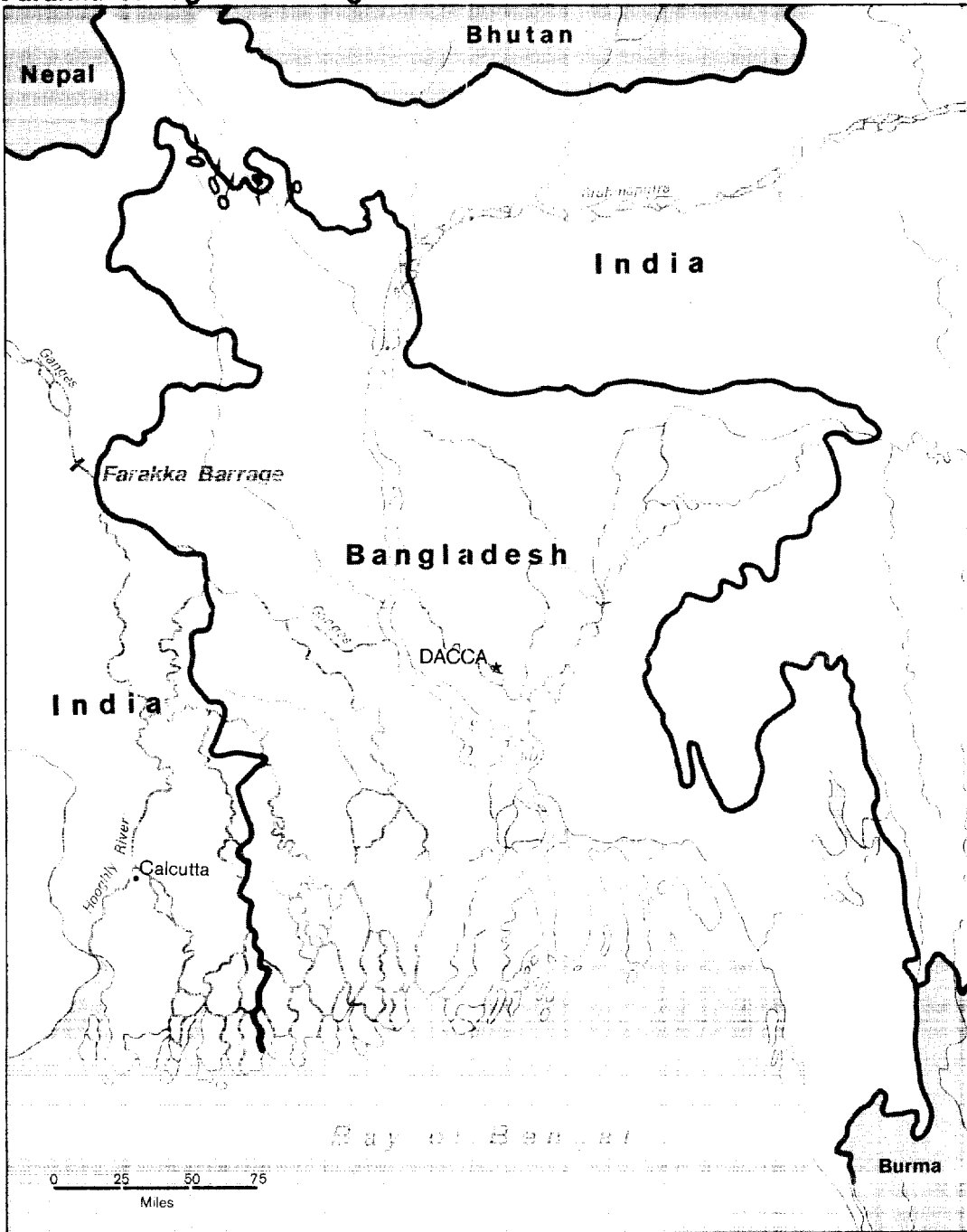
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Since Chairman Mao has established China's basic foreign policy line and long-term goals, these are unlikely to change as long as he remains influential. So far, the anti-rightist campaign inside China has been directed solely at domestic policies associated with Vice Premier Teng Hsiao-ping and not his foreign policy goals.

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Farakka Barrage-A Growing Issue



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BANGLADESH-INDIA

Dacca's concern over a water diversion project by India is emerging as an issue potentially more serious than New Delhi's alleged complicity in dissident attacks into Bangladesh.

Dacca has delivered a series of diplomatic notes to New Delhi dealing with the adverse effects of the Farakka Barrage water diversion project being carried out in India's West Bengal state. The \$200-million plus project was begun in the 1960s and is designed to flush siltation from the Hooghly River by diverting water from the Ganges. Former president Mujibur Rahman's government reached an interim agreement with New Delhi in 1974 on the division of the water, but this has lapsed.

Bangalese officials contend that India's projects threaten crops and navigation along their portion of the river and could eventually create a serious salinity problem. Dacca wants the project halted before starting talks on the issue as suggested by New Delhi in a note on February 11. India has rejected the condition as unacceptable.

At issue is the division of the Ganges water during the dry season, which New Delhi maintains is traditionally between mid-March and mid-May. Dacca disagrees. The Bengalee foreign secretary told the US ambassador on February 24 that the project has, in effect, artificially induced a longer—November to May—"lean" period. India has suggested aiding the flow of the Ganges in Bangladesh with a water diversion project involving the flow from the Brahmaputra River, but Dacca considers this solution impractical.

Both sides—first India and Pakistan, then India and Bangladesh—have postponed establishing a formula for the division of the waters for a variety of reasons since the project started. New Delhi is not likely to endanger the success of the project now by giving in to demands for more water than it thinks the Bengalees need. Bilateral discussion of the issue might not even occur unless Dacca moderates its call for a halt to the diversion, but there are signs that it will.

Recent talks between Indian and Bengalee border security officials ended with New Delhi's representatives denying Dacca's charges of complicity in late January dissident attacks into Bangladesh. Bengalee officials feel that the real test of the discussions will be whether incidents on the border cease.

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CUBA

Reports concerning the presence of Cuban military personnel in Mozambique suggest an eventual Cuban role against white-ruled Rhodesia.

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The US defense attache in Malawi, quoting a usually reliable source, indicated that a Cuban military force had arrived in Mozambique to provide security for the governmental leadership, but a later role might be in support of Rhodesian nationalists attempting to topple the Smith government. Mozambique's minister of information, en route to the 25th Soviet party congress in Moscow, however, has denied there are Cubans in Mozambique.

Should Havana, with Moscow's backing, eventually consider action against the Smith government in Rhodesia, Mozambique's territory would probably have to be used as a staging area. As in Angola, however, the Cubans and Soviets would have to invest considerable time, materiel, and leadership to build a force capable of challenging the Smith regime.

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ARGENTINA

President Peron is resisting pressure from within her party for more cabinet changes and the removal of her controversial advisers. Many Peronist leaders have now joined other civilian groups in believing that only by purging her administration can Peron avert a military coup that could well eliminate civilian participation in the top ranks of the government.

Peron late Monday underscored her resistance by refusing to accept resignations offered by her entire cabinet and reiterating her confidence in them. The move came shortly after Peronist leaders had met with the President to demand the removal of her advisers and the adoption of new economic policies.

The Peronist national council—the central organ of the party—supported the demands, but only after a bitter debate that resulted in the resignation of six members loyal to the President. The six accused their colleagues of betraying Peron and advocating “deceitful questioning of the cabinet and government policies.” The council’s action is a particularly serious blow, coming on the heels of a resolution by the leaders of organized labor which limited their public support to the institution of the presidency, rather than to defend the incumbent by name as they had done before.

Despite Peron’s refusal so far to give in, it is unlikely that she can long withstand the combined pressure of labor, politicians, and now her own party. Indeed, the President only narrowly headed off a congressional move last week to declare her “unable” to discharge her duties. Congress is scheduled to reconvene today to consider such a declaration again.

At least a token concession to her opponents, such as the sacrifice of one or more cabinet ministers, appears inevitable if Peron is to avoid being forced into temporary or permanent retirement.

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FOR THE RECORD

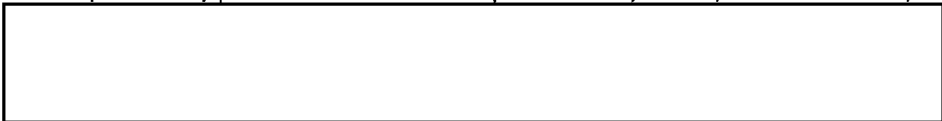
JAPAN-PLO: The Palestine Liberation Organization (PLO) will announce next month the opening of an information office in Tokyo. Negotiations with the Japanese government have been under way for some time, but agreement was reached only after the PLO dropped its insistence on quasi-diplomatic status. Among important Western nations, the PLO currently has information offices in France and Sweden, as well as spokesmen attached to Arab diplomatic missions and Arab League delegations in other West European capitals.



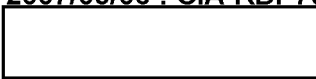
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USSR-ANGOLA: The first official Soviet military reception to be held on Angolan soil reportedly occurred in Luanda on Monday. According to a Western press report citing the *Journal de Angola*, Soviet officers in Luanda held the affair in honor of the 58th anniversary of the founding of the Red Army. Representatives from the Cuban armed forces were in attendance, along with most of the officials of the Peoples Republic of Angola. Its President Neto, in a speech to the gathering, noted that this was the first opportunity to publicly thank the Soviet army and the Soviet people for their assistance, which "we shall not forget neither now nor in the future." He also expressed appreciation for the aid provided by Cuba, Guinea-Bissau, and Guinea.



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ANNEX

BREZHNEV'S SPEECH AT PARTY CONGRESS

General Secretary Brezhnev gave an impressive performance delivering his report to the Soviet party congress yesterday. His stamina, enunciation, and aura of command seemed better than at any time during the last two years, according to the US embassy. Brezhnev spoke for more than five hours and gave unusual attention to foreign policy. He showed the most emotion in delivering the passages on the "crisis of capitalism" and the international Communist movement.

The foreign policy portion of Brezhnev's report was realistic and tough-minded. Its essential theme was one of continuity, that the USSR's detente policy has been successful and will continue into the future. Thus, Brezhnev pointed to the "everlasting significance" of the Soviet "peace program" over the past five years, expressed satisfaction with the communist camp's strengthened position and characterized detente—despite its problems—as the leading trend in world affairs.

The report also gave evidence, however, of current Soviet preoccupations, particularly the difficulty detente has run into in the West. Brezhnev pulled few punches regarding the "complications" of Soviet policy. He did not dwell on the forces opposing detente, but there were few aspects of Soviet policy that he addressed in which he did not mention the negative side of the ledger.

Relations with the US

Brezhnev offered a measured assessment of relations with the US, balancing the bilateral agreements, exchanges, and cooperative endeavors of the past five years with reminders of problems clouding prospects for the future.

The Soviet party chief cited a reduced danger of nuclear war as the "main outcome" of the "generally positive" development of relations in recent years, acknowledging in this regard the importance of past summit meetings with Presidents Nixon and Ford. He rated the prospects for further bilateral progress, "provided realism prevails," as good.

Brezhnev repeated the familiar Soviet complaint that "influential forces" in the US are seeking to hamper detente, and derided the notion of a Soviet threat to the US. The General Secretary gave no ground on Angola and even argued that it was US "intervention" there that had strained US-Soviet relations. He directed his sharpest criticism at "discriminatory" US trade measures.

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On SALT, Brezhnev pressed for implementing the Vladivostok agreement of late 1974 but made no prediction as to the outcome of the current negotiations. He attempted to portray the US as being not fully committed to arms control because it rejected Soviet proposals to ban Trident, the B-1, and similar, unspecified Soviet systems. In like vein, he invited the US to join the USSR in not establishing military bases in the Indian Ocean.

Brezhnev spoke at considerable length about MBFR, providing substantial details of the reduction proposal presented privately by the Warsaw Pact on February 17. While expressing continued interest in reaching an agreement, he gave no hint of any willingness to modify the basic Warsaw Pact negotiating approach.

Brezhnev on China

Brezhnev's treatment of Peking was short and tough. He said almost nothing about bilateral relations, and even omitted standard references to an eventual rapprochement. He went a step further in etching the apostasy of Maoism, saying that it was no longer just "incompatible" with Marxism-Leninism, but was now "hostile" to it.

Brezhnev made no effort to send a signal that the USSR would be reasonable if more sympathetic leaders came to power in Peking. On the contrary, he implied that the Chinese would have to make all the concessions.

With respect to the rest of Asia, Brezhnev said the usual positive things about the "victory" in Indochina, had many good words for India, and suggested that China has replaced the US as the main obstacle to better Soviet-Japanese relations. Brezhnev also gave no hint of compromise on the Northern Territories issue that long has plagued Soviet-Japanese relations. He again floated the Asian security scheme, but in a muted way.

Western Europe

Brezhnev's assessment of relations with the West European countries was generally positive, but far from euphoric. Favorable mention was made of bilateral relations with France, West Germany, and the UK, which had been under something of a cloud in Soviet eyes. Brezhnev also spoke of positive developments in Portugal, Greece, and Spain.

The Soviet party chief spoke at some length about the contributions of the European security agreement, but without great enthusiasm. He pledged Soviet efforts to implement the agreement but alleged that the West is using the agreement to make mischief in the "socialist" community.

Brezhnev had good things to say about the contribution of the West in placing West Berlin on the back burner, but he also gave voice to continuing Soviet

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unhappiness over Bonn's efforts to strengthen its ties with the city. Additional dissatisfaction with the Schmidt government was evident when Brezhnev embellished his otherwise standard criticism of revanchist and anti-detente forces by saying that these elements seem to be influencing certain aspects of West German policy.

Middle East

In discussing the Middle East, Brezhnev introduced two new themes in an otherwise standard litany:

--He said a way should be found to end the arms race in the region, adding, however, that discussions on arms limitations could not precede a general settlement.

--He said the UK and France could join the US and USSR as guarantors of any Middle East settlement. This may be an attempt to prevent any effort to have all of the UN Security Council members, including China, involved as guarantors.

Brezhnev was restrained on Israel, saying several times that Moscow wants to ensure the security of all Middle East states and asserting that the USSR has no prejudices against any of them. He touched briefly on the Kremlin's problems with Egyptian President Sadat, singling out for attack "certain forces" who are undermining Moscow-Cairo ties, but reaffirming Soviet interest in good relations with Egypt.

The Communist World

Brezhnev gave considerable emphasis to "proletarian internationalism," a phrase that connotes Soviet leadership of the Communist world. This clearly was meant as a retort to the French, Italian, and other parties that have been making increasing efforts to emphasize their "independence" of Moscow. Brezhnev also stated unequivocally that there can be no compromise on views that contradict Communist ideology. This is probably a reference to the French party's abjuring the "dictatorship of the proletariat" canon.

Brezhnev referred to regional party conferences indicating that Moscow intends to press ahead on the long-delayed European communist party conference. He even raised the idea of another world communist party conference.

On the controversial question of proper Communist tactics, Brezhnev's treatment of Portugal and Chile suggested that he was attempting to keep both the hard and soft lines happy. Thus, he said that the "tragedy" in Chile should not be

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interpreted to mean that the peaceful route to revolution is not appropriate if conditions permit. Chile did demonstrate, however, that a revolution must know how to defend itself.

Brezhnev referred to the "contradictory" picture in Portugal but also expressed "warm solidarity" with the Communists there. The tilt seemed to be toward the hard line; perhaps it is no coincidence that Portuguese Communist leader Cunhal and Fidel Castro received the biggest ovations among the foreign dignitaries at the congress.

Eastern Europe

Brezhnev's treatment of Eastern Europe was standard Soviet fare. He did make the unusual statement that Soviet Politburo sessions invariably have dealt, in one way or another, with questions involving the "fraternal countries." Brezhnev evidently was laboring to make the point that Eastern Europe is important and is receiving considerable attention; actually, his report said less about Eastern Europe than had the one in 1971, when Czechoslovakia was still a prime political issue.

Domestic Affairs

Brezhnev reasserted past domestic policies, lauded leadership successes, and was low-key in defending traditional ideological positions. Some of his remarks seemed intended to counter the effects of Western criticism.

Brezhnev's review of economic performance and plans stressed the same themes outlined to the USSR Supreme Soviet in December—a general disappointment in last year's results, especially in the agricultural and consumer sectors, and a promise to do better in the current five-year plan period (1976-80). There was no evidence of new initiatives or changing priorities. Rather, he re-emphasized:

- investment in the re-equipment of plants rather than new construction;
- giving close attention to improving the quality of consumer goods;
- improving management and planning, emphasizing territorial development and inter-industry ties;
- continuation of the "Leninist" agricultural policy;
- speeding the introduction of science and technology;
- expansion of foreign trade—exports to emphasize industrial goods content and imports to contribute directly to improved economic efficiency.

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Brezhnev went into unusual detail about the activity of the Politburo and the party secretariat, focusing on difficult situations in which he had triumphed. In discussing the Central Committee plenum meeting of May 1972, which approved former president Nixon's visit despite the course of the war in Vietnam, Brezhnev hinted that there was opposition at this "turning point" and noted how correct the decision proved to be. He also mentioned the agricultural difficulties that year and his role and that of the party in overcoming many of them.

In the ideological sphere, Brezhnev as usual adopted a centrist line. He said detente requires more ideological work and vigilance, and he praised the secret police, especially in countering hostile intelligence services. He also noted that detente provides better conditions for spreading "socialist" ideas abroad. He avoided criticism of the artistic intelligentsia, praised their accomplishments, and warned against using administrative methods to deal with problems in this sphere.

Brezhnev rebutted attacks on Soviet violations of democratic rights, labeling harmful anything that would weaken Soviet society. On the other hand, he made a rare reference to the 20th party congress of 1956, the de-Stalinization congress.

Finally, Brezhnev referred to the long-term plan (1976-90) and the new constitution, which he had earlier promised for the Congress. He said work was continuing on both, but did not say when they would be ready. As he has in the past, he also mentioned the urgency of reorganizing economic management, but again indicated that plans have still not been agreed upon or worked out.

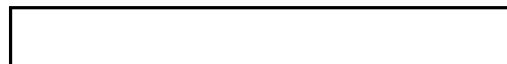
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