

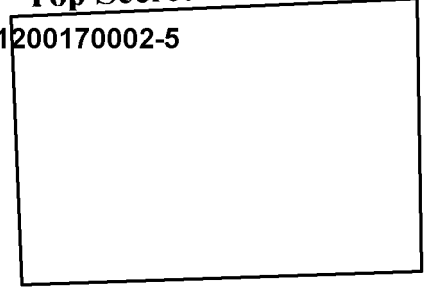


Director of
Central
Intelligence

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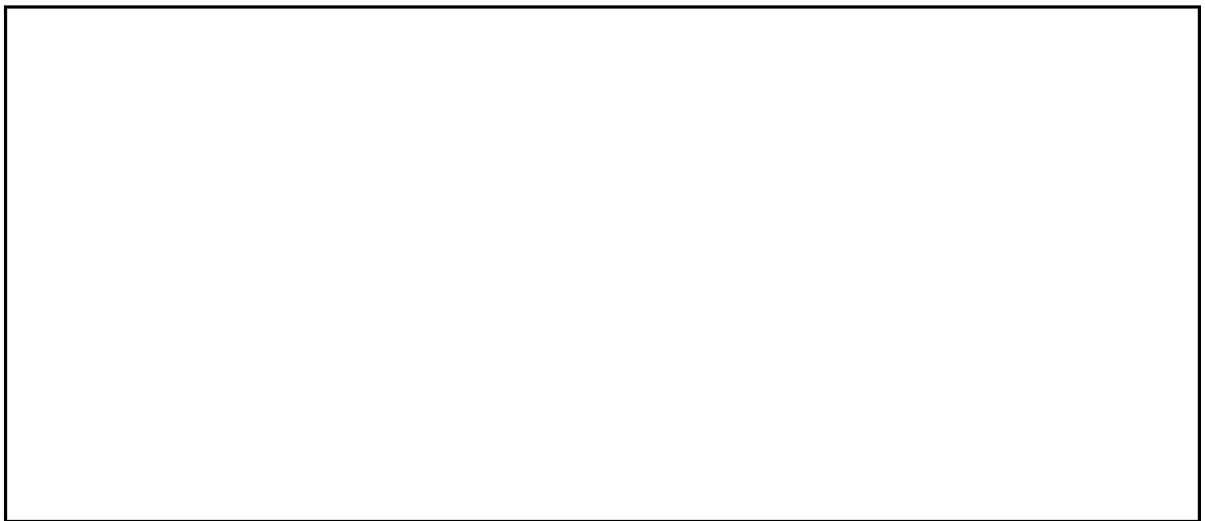


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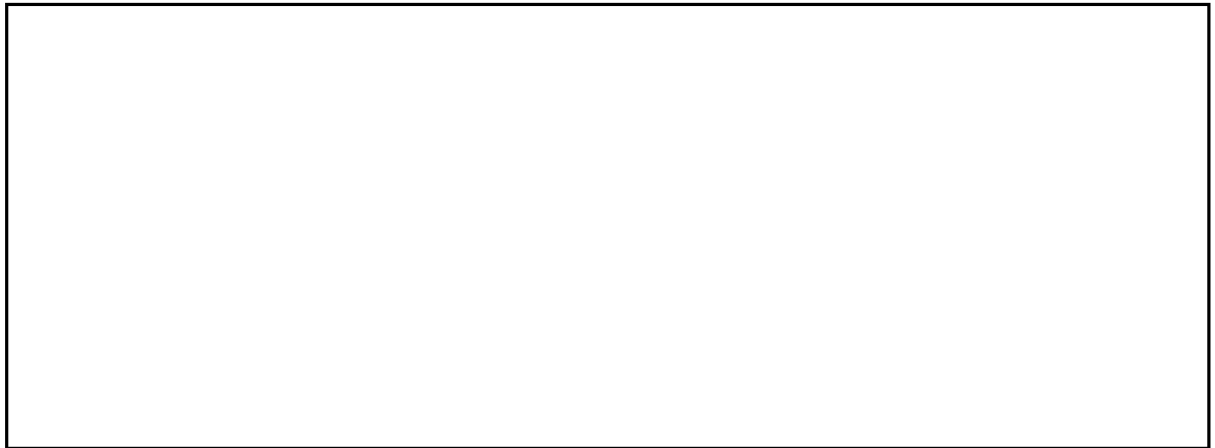
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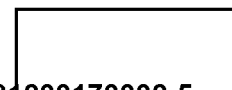
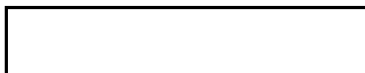
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Overnight Reports. 18

The Overnight Reports, printed on yellow paper as the final section of the *Daily*, will often contain materials that update the Situation Reports and Briefs and Comments.

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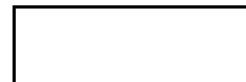
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FRANCE: Position on Western Sahara

In recent months France has been staking out a more neutral position in the Western Sahara dispute--a trend that reflects its assessment of changes of government in Algeria and Mauritania and its pessimistic view of the prospects for successful negotiations. The major French concern is that Moroccan King Hassan might be replaced by a much more difficult "progressive" leader--a "Moroccan Qadhafi." France continues to supply military materiel to Morocco, but its advisers in Mauritania have had no combat role since the coup there last summer, and the French military presence in Morocco is minimal. Any perceived shift in France's formerly close support of Morocco is bound to have an impact in the area.

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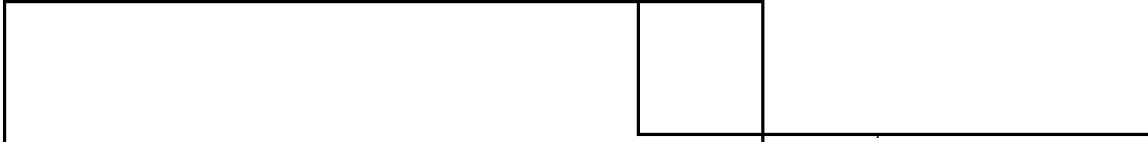
French officials expressed concern about the situations in Mauritania and Morocco to the US Embassy in Paris last week. They agreed that Mauritania is very unstable and that a change of government is imminent. One official argued that advocates of a change are restrained by knowledge that Morocco could intervene if a pro-Algerian government emerged in Mauritania.

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The officials note that King Hassan is locked into a war that is going badly and having consequences that bode ill for Morocco's stability. One said that the Soviets are now concentrating on the opportunities for instability in Morocco. French concern over the situation in North Africa is justifiable.

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The French conceded that the changes in Mauritania had allowed French-Algerian relations to improve. With the Mauritaniens' cease-fire with the Polisario guerrillas, there was no further need for French forces in Mauritania to defend French citizens, and a French-Algerian dialogue became possible. The French view the new Algerian leadership as moderate and pragmatic except where the Sahara is concerned. France hopes that the warming trend in Franco-Algerian relations that began last summer will continue.

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OVERNIGHT REPORTS

(The items in the Overnight Reports section have not been coordinated within the intelligence community. They are prepared overnight by the Office of Current Operations with analyst comment where possible from the production offices of NFAC.)

Lebanon

President Sarkis told US Ambassador Dean late yesterday that the Saudis have agreed not to withdraw their troops from the Arab Deterrent Force until the end of the week. Sarkis said that while the Syrians have agreed the Lebanese Army could replace the Saudis at sensitive military positions in Beirut, Christian militia chief Bashir Jumayyil in effect wants his men to control those positions. The President claimed that Defense Minister Khoury must complete his plans for deployment of the Army by tomorrow and suggested that successful replacement of the Saudis might induce the Syrians to allow his government to take over more internal security responsibilities. 

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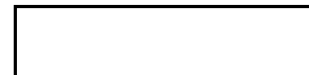
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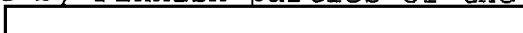


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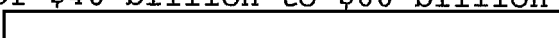
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Finland

Press reports indicate that the four-party governing coalition has lost a total of 13 seats in Finland's unicameral legislature in the two-day balloting that ended yesterday. Those parties--the Social Democrats, Centrists, Liberals, and the Communist-front Finnish Democratic Peoples' League--still have a safe majority, however, should they decide to remain in coalition. The Communists appear to have dropped from second to fourth place in terms of the number of seats held, while the opposition Conservative Party advanced from fourth to second place. It now has 45 seats to the 52 held by the leading Social Democrats, who nonetheless must be concerned over the worst performance by Finnish parties of the left since World War II. 


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China-Japan

Beijing and Tokyo yesterday agreed to extend to 1990 their eight-year (1978-85) trade agreement signed early last year. The new accord reportedly will be signed in Tokyo on 29 March. It apparently will call for bilateral trade of \$40 billion to \$60 billion over the 13-year period. 

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Laos-Kampuchea

Press reports indicate a Lao party-government delegation led by head of state Prince Souphanouvong left Vientiane today for Phnom Penh and talks with the Vietnamese-supported Kampucheans. They in turn have today issued a statement denouncing "Chinese subversion in Laos" (see article in Briefs and Comments) and reaffirming the need for "militant solidarity" among Laos, Kampuchea, and Vietnam. 

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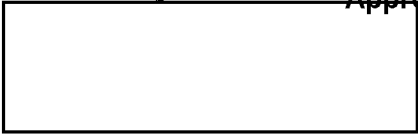


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