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**Near East and
South Asia Review**



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NESA NESAR 86-006
28 February 1986

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Near East and South Asia Review [Redacted]

25X1

28 February 1986

Page

Articles

Iran: Power Struggles [Redacted]

1

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Despite poor health, Ayatollah Khomeini played a key role in the past year, balancing radicals and conservatives in the choice of president, prime minister, and Cabinet. Majles Speaker Rafsanjani exploited the infighting during this period to strengthen his position and will consolidate his power as Khomeini's health deteriorates.

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Lebanon: The Propaganda War [Redacted]

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The proliferation of illegitimate radio and television stations in Lebanon is intensifying animosities among the country's rival militias as clandestine media spread rumors and disinformation designed to undermine the credibility of political opponents and seek to reinforce internal factional cohesion. [Redacted]

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Libya's Increasing Ties to Radical Palestinians [Redacted]

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Libya has sporadically provided funding, arms, training, and safehaven to most of the radical factions of the Palestinian movement since the mid-1970s, and Tripoli and the Palestinians are probably assessing each other's capabilities and intentions carefully, with an eye to determining whether closer ties are warranted. [Redacted]

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NESA NESAR 86-006
28 February 1986

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Morocco-Saudi Arabia: Between Friends [Redacted] 19

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Morocco and Saudi Arabia continue to maintain close ties based on mutual interests even though the amount of Saudi aid has decreased and the disbursement of the funding has been erratic and less than King Hassan's expectations. [Redacted]

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Briefs

[Redacted]

Purchase of Italian Refinery [Redacted]

23

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[Redacted]

Some articles are preliminary views of a subject or speculative, but the contents normally will be coordinated as appropriate with other offices within CIA. Occasionally an article will represent the views of a single analyst; these items will be designated as noncoordinated views. Comments may be directed to the authors, [Redacted]

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Articles

Iran: Power Struggles [Redacted]

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Ayatollah Khomeini has played a key role in arbitrating factional disputes since the presidential election last summer. His intervention was crucial in balancing radicals and conservatives in the choice of president, prime minister, and Cabinet. Majles Speaker Hashemi-Rafsanjani, the second most powerful political figure in Iran, appears to have exploited the infighting during this period to strengthen his position. Khomeini's deteriorating health will stimulate fighting within the government that will allow Rafsanjani to consolidate his power.

[Redacted]

Balancing the Factions

Khomeini intervened before the presidential election to prevent it from becoming politically divisive. Prominent radical and conservative clerics were planning to enter the race, threatening a bitter campaign in which the major issues dividing the regime would be aired. [Redacted]

[Redacted] Khomeini let it be known that he favored the reelection of President Khamenei, a pragmatist who has been associated with both radicals and conservatives. [Redacted]

[Redacted] two top conservative clerics decided not to seek the position because they believed Khomeini opposed such a move. In addition to Khamenei, the Council of Guardians certified only two other candidates out of 50 entries to participate in the election—both minor political figures with no significant following.

[Redacted]

After the election Khomeini appeared willing to allow the President to replace Prime Minister Musavi. In a speech to government officials, Khomeini said that they should not consider their positions permanent and should be ready to serve where most needed. [Redacted]

[Redacted]

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Khamenei and many members of the Majles viewed Musavi and his Cabinet as incompetent as well as too radical and wanted to replace them with moderate technocrats. Moreover, the Majles had stalemated the Musavi government's major economic initiatives for several years. Khomeini probably hoped the factions could agree on a compromise candidate who could break the deadlock. [Redacted]

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The effort to find a substitute, however, provoked a strong reaction from the radicals and bitter debates both inside and outside the Majles. Several Tehran newspapers criticized Khamenei for his conservative tendencies and efforts to bring "capitalists" back into the government. Radicals in the Majles argued that "this talk of defending capitalism and the free market in this country, this wave of traditionalism and right wingism will destroy the revolution." [Redacted]

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Over a month of intense infighting failed to produce a replacement, and Khomeini resolved the issue by endorsing Musavi. [Redacted]

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[Redacted] Even with the endorsement of Khomeini, however, many conservatives refused to go along. Almost 100 deputies indicated their dissatisfaction with Musavi's policies by voting no or abstaining in the selection of Musavi and 10 of his Cabinet nominees. [Redacted]

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Several leading conservative spokesmen remained silent during the debates. Their reluctance to oppose Musavi openly probably stemmed in part from

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NESA NESAR 86-006
28 February 1986

Secret

deference to Khomeini. They also apparently believed the country's severe economic problems would undermine a conservative government at this time. [redacted] many conservatives believe that disgruntlement with Prime Minister Musavi will lead to his resignation. They probably hope this will open the way for a more moderate figure, such as Foreign Minister Velayati or the widely respected Ayatollah Mahdavi-Kani, who would bring conservatives into the Cabinet. [redacted]

Once the government was in place, Khomeini moved quickly to limit divisive policy initiatives by the radicals. In a speech to the Cabinet, he urged respect for the private sector and, in particular, the important role of the bazaar. He argued that the Constitution and Islamic law clearly limit government intervention in the economy. In a speech to Iranian diplomats, Khomeini reiterated his endorsement of a moderate foreign policy, saying that Iran must expand ties to countries around the world and use nonviolent means to export the Islamic revolution. [redacted]

Khomeini still allows the radicals considerable freedom of action in some spheres. State prosecutor Ayatollah Khoiniha has been campaigning since September against court decisions allowing Iranian expatriates to regain businesses confiscated after the revolution. Khoiniha also has confiscated land belonging to officials or supporters of the Shah's regime and ordered that a list of such people be made public. Khomeini has not openly criticized Khoiniha, [redacted]

Khomeini may have supported the decision in November to designate Ayatollah Hosein Montazeri as his successor to curb infighting among the Iranian factions. The Iranian Constitution allows an Assembly of Experts to choose either a single leader or a group of three or five to rule. Iran's leaders had been deeply divided over this issue. Majles Speaker Rafsanjani had long advocated the selection of Montazeri, but Khamenei and others favored a council. They believed a single leader would consolidate power at their expense. Senior conservative clerics opposed the choice of a single successor on theological grounds. [redacted]

Majles Speaker Rafsanjani Gains

Rafsanjani appears to have strengthened his position since the presidential election. In line with Khomeini's wishes, he publicly supported his rival Khamenei for President and appears to have mediated an agreement between various factions to unite in support of Khamenei. Even so, Rafsanjani opposed Khamenei's efforts to replace Musavi. [redacted]

Rafsanjani favors the preservation of a balance between radicals in the executive branch and conservatives in the Majles because this compels the factions to turn to him to work out compromises. The rivalry between Khamenei and Musavi reduces the influence of the President and weakens the executive's institutional position in relations with the Majles. [redacted]

Rafsanjani probably masterminded the Assembly of Experts' selection of his political ally Montazeri to succeed Khomeini. The Speaker almost certainly expects to wield effective power after Khomeini dies, with Montazeri acting only as titular leader. He and Montazeri are using the latter's new stature to consolidate their positions. [redacted]

Outlook

Khomeini's health continues to deteriorate and will increasingly limit his ability to oversee the regime. Political maneuvering in anticipation of his death

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seems certain to sharpen factional disputes. Rafsanjani is likely to benefit most during this period as factional leaders increasingly turn to him to mediate their differences. Montazeri lacks the prestige and political skill to play such a part.

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The designation of Montazeri as Khomeini's successor strengthens the prospect that the transition to a new leader after Khomeini's death will go smoothly. But considerable opposition to Montazeri, both among radicals and conservatives, may reopen the succession issue after Khomeini dies. This could lead to the establishment of a leadership council in which all interests are represented more equitably.

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Lebanon: The Propaganda War

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The proliferation of illegitimate radio and television stations in Lebanon is intensifying animosities among the country's rival militias. In the face of the government's helplessness, the clandestine media thrive on spreading rumors and disinformation designed to undermine the credibility of political opponents but also seek to reinforce internal factional cohesion. The confusion in the media is symptomatic of the disarray that has characterized Lebanon since the beginning of the civil war in 1975.

The broadcasts by the various factions are a mix of propaganda and reporting in which everyone claims to speak in the name of freedom, legitimacy, democracy, justice, peaceful coexistence, and nonsectarianism. During periods of acute tension, propaganda messages compound the mistrust and hatred among the various groups and create a climate of fear, which often complicates cease-fire negotiations and leads to renewed fighting.

The factional militias have found it expedient to switch to psychological warfare to intimidate and demoralize one another. Broadcasting stations are favorite targets for terrorism and artillery shelling. Programming is subject to the patronage of the dominant local militia. Stories that the shrinking official media consider too inflammatory or likely to incite factional fighting are quickly aired by the illegitimate media in open defiance of government authority.

The mushrooming of private radio and television stations has also depressed government revenues, as some stations have begun introducing commercials into their programs. According to press reports, the Lebanese Government is apprehensive about the loss of advertising revenues and blames the illegal media for the sharp dip in such revenues in 1984-85.

Propaganda employed by the Lebanese antagonists often conceal the sources of information, attempt to exaggerate the military or political prowess of the original initiator, and attempt to discredit the goals

and accomplishments of the enemy. Disinformation campaigns, which are common, are the main source of rumors among the Lebanese population.

The Lebanese, however, have been hardened by their civil war experiences and view factional propaganda with considerable skepticism. Thus, propaganda has only a limited effect, since it generally reinforces rather than weakens the bonds between leaders and followers on both sides of the fence. The result is increasing polarization.

Secret Wars: Spreading Lies About Your Foes

Propaganda attacks appear to increase with the level of fighting between the rival militias but remain high even when there is a lull in the fighting. There is a continuing propaganda war between the two principal Christian radio stations—the Voice of Lebanon and Radio Free Lebanon—and the radio station of the Druze militia, the Voice of the Mountain. Beirut Domestic Service, the only remaining government radio station but currently under Shia Amal control because of its location in West Beirut, is locked in a similar war with the Voice of Hope, the radio station operated by the Army of South Lebanon under Israeli supervision. Beirut Domestic Service is considered by most Lebanese as neutral except when it reports on issues dealing with South Lebanon—an area of major concern to Amal.

The unofficial Christian media often put out stories reflecting heightened tensions between the Druze and the Shias. A recent Radio Free Lebanon broadcast stated that a high-ranking Shia official was ambushed by Druze gunmen on the coastal highway while on his way to the south. The Voice of the Mountain promptly responded, calling the broadcast the work of “suspect radios broadcasting tendentious rumors and seeking to spread confusion and sedition.” In another case, the Voice of Lebanon reported heavy clashes between Shia Amal militia and combined Hizballah, Palestinian, and Lebanese Communist Party

Secret

NESA NESAR 86-006
28 February 1986

Secret

Lebanon's Clandestine Radio and Television Stations

Voice of Hope. Mouthpiece of Army of South Lebanon. Closely aligned with Israel and run by the fundamentalist Christian Broadcasting Network. Also operates the Middle East television station from Marj Uyun. Vehemently anti-Syrian and anti-Iranian. Claims to be nonpolitical. Funded by Christian groups and individuals.

Voice of Lebanon. Currently under Christian Phalange control; loyal to President Gemayel. Also operates Channel 11 television station and the Voice of Right and Dignity. Notorious for broadcasting false reports.

Lebanon Broadcasting Company. The quasi-governmental television establishment whose channels—2, 4, 7, 9, and 11—are often pirated by the illegal media.

Lebanese Broadcasting Corporation. The television center for the Christian militia of Samir Ja'Ja, located in East Beirut. Also controls Radio Free Lebanon and has inaugurated a new radio station, the Voice of the Lebanese Forces.

Ihdin Free and Unified Lebanon. Former President Suleiman Frangieh's radio station in the Zgharta region in northern Lebanon. Sometimes represents Syrian perspective on Lebanese events.

Islamic Unification Radio. The former radio station of Shaykh Said Sha'ban in Tripoli. Represents Iranian views and other radical fundamentalist ideologies. May now be under Syrian control.

Voice of the Mina. Radio station under one of the Islamic Unification leaders, Shaykh Hisham Minqara in Tripoli. Anti-Syrian and pro-Islamic fundamentalism. May now be under Syrian control.

Voice of the Syrians. A Christian radio station located in the Christian enclave. Claims to be nonpolitical and designed to represent the Syrian culture from which former Christian militia commander Fadi Fram emerged.

Voice of the Mountain. The Druze radio station in the Shuf region under the control of Walid Jumblatt. Anti-Christian militia and often attacks President Gemayel. Will soon begin television broadcasting.

militiamen. Beirut Domestic Service responded by reading an official Amal statement denying that these clashes took place.

Spreading rumors to increase tensions in their opponent's camp is also practiced by the Voice of the Mountain, especially against President Gemayel and the Christian militias. The Druze radio station often resorts to name calling, referring to Gemayel as the "Somoza of Ba'bda" and labeling the Christian militias as separatists, while praising militia forces opposed to the Christians as nationalists. When the so-called Flag war flared up last November between the Druze and the Shia militias loyal to Amal, the Christian media quickly seized the opportunity to widen the hostilities between the two former allies with exaggerated stories of Druze and Shia massacres and atrocities.

A Propaganda Case Study: Hubayqa Versus Ja'Ja

The propaganda war is so important to the political survival of the various factions that it occasionally is employed to win internal factional power struggles. In January 1986 Elie Hubayqa, former commander of the Christian militia, in a bid to consolidate his grip on the Christian community following his signing of the Syrian-sponsored Tripartite Accord directed all the media under his control to attack his political rivals Samir Ja'Ja and President Gemayel. The Voice of Lebanon, which was under Hubayqa's control, found itself in direct confrontation with Radio Free Lebanon, controlled by Ja'Ja.

The newly emerging Christian factions had earlier wrested control of most media inside the Christian enclave from the wing of the Phalange Party

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10

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Lebanon's Clandestine Radio and Television Stations (continued)

Beirut Domestic Service. Lebanon's official radio station now under the control of the Amal militia in West Beirut. Anti-Voice of Hope and primarily anti-Israeli. Has provided surprisingly evenhanded coverage, but continues to exaggerate Lebanese guerrilla successes against Israel and the Army of South Lebanon.

Voice of Arab Lebanon. Mouthpiece of the pro-Nasirite Sunni militia, Al Murabitun. Broadcasts from a mosque in West Beirut and will soon begin operating a television station.

Voice of the Homeland. Sunni station of the moderate philanthropic foundation Al Maqasid in West Beirut. Its director is Tamam Salam. Advocates continued amicable relations with traditional Christians.

Voice of the South. Set up by Israel to overcome the propaganda fallout from Israel's repression of Shia guerrilla warfare in the south. Broadcasts counter Amal, Hizballah, and Syrian messages dealing with suicide, martyrdom, and heroism.

Voice of the Armenians. Represents the views of the leftist Armenian Secret Army for the Liberation of Armenia (ASALA).

Voice of Heaven—The Armenian Radio Station of Lebanon. Status quo station, anti-ASALA, and mouthpiece of the Dashnak Party.

Voice of the Islamic Revolution. A Hizballah-run station in Balabakk, supported by Iran. Calls for Islamic revolution and broadcasts radical religious messages and slogans. Anti-US and anti-Israel.

Voice of Arab Revolution—The Voice of National Resistance. Newly inaugurated station directed against Israel and Army of South Lebanon. Believed to be financed by Syria but operated by group of Lebanese Shias, Communists, and Syrian National Socialists. ^a

^a Syria is encouraging former Christian militia leader Elie Hubayqa to set up a radio station beamed at the Christian community from the Natn region.

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traditionally loyal to the Gemayel family. At the outbreak of hostilities on 13 January, Hubayqa controlled the Voice of Lebanon, the major Christian television station, the Lebanese Broadcasting Corporation, the Al Amal Phalange newspaper, and a daily newspaper called *Al Jumhuriyah*. Ja'Ja controlled Radio Free Lebanon and the *Al Masira* magazine. *Al Amal* was forced to suspend publication, and its offices in East Beirut were soon occupied and subsequently ransacked by Hubayqa's supporters. Issues of *Al Masira* opposed to the Tripartite Accord were confiscated on Hubayqa's orders.

As the fighting among the Christians intensified, so did the propaganda war. Hubayqa took to the air first, claiming he was forced to move against Ja'Ja and

Gemayel for security reasons. His real motives had more to do with his belief that Gemayel and Ja'Ja masterminded a failed assassination attempt against him on 31 December. The Voice of Lebanon described Hubayqa's opponents as "highwaymen and felons." Hubayqa's operation, commented the radio, was designed to "ensure the safe movement on the main roads of all citizens . . . from agitators, hirelings, and payday gunmen. . . . The responsibility for the situation must be borne by the 'Man of the Palace' " (Gemayel).

Outsiders quickly sought to inflame the Christian quarreling. Beirut Domestic Service, under Amal influence, broadcast rumors and false reports to

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increase Christian suspicions, such as claims that Israeli gunboats had attacked Hubayqa's headquarters in Karantina. Similarly, Baghdad's Voice of the PLO falsely reported that Hubayqa was killed in a gun battle on 15 January. The Druze Voice of the Mountain claimed that Gemayel and Ja'Ja's forces were taking advantage of the fighting by executing kidnaped Lebanese that were being held in the Christian militia's barracks.

Addressing his Christian constituency, Ja'Ja stated that "remaining silent now means collusion against you, every child, old person, man and woman, and even crime against our values, principles, and future." The Voice of the Mountain attacked Gemayel by stating that "choosing between the emperor and his interests and whims or the interests of the homeland, the nationalist forces have adopted the national option out of their commitment to the agreement supported by Damascus. When the Somoza crimes became intolerable, the nationalist forces attacked his stronghold in Bikfaya and the eastern areas." Radio Free Lebanon responded by announcing that "certain well-known suspect information media have been spreading fabricated and false reports about alleged attacks and advances in the direction of the eastern areas."

A propaganda technique utilized effectively by the two Christian camps was the jamming of each other's radio stations. The Voice of Right and Dignity, which supports President Gemayel, had to change its FM frequency after being jammed by Hubayqa.

Hubayqa's defeat by Ja'Ja and his departure from Lebanon continue to generate propaganda in the Christian camp. After car bombs exploded in East Beirut in February, Ja'Ja's militiamen began rounding up former Hubayqa supporters and announced on their Radio Free Lebanon that "certain individuals involved with Hubayqa took advantage of the prevailing freedom to reassemble a number of sabotage teams and to implement a terrorist plan supported from abroad." Hubayqa, in exile in Damascus, replied that Ja'Ja's broadcast about terrorist cells in East Beirut was designed to justify Ja'Ja's repression and arrest of innocent civilians. Seeing an opportunity to sow conflict between Ja'Ja

and Gemayel, the Druze Voice of the Mountain reported that gunmen belonging to Ja'Ja had assassinated a Phalange notable, Elie Karameh, a Gemayel loyalist.

The Christians also seek to divide their enemies. Their Voice of Lebanon frequently reports that savage fighting between the Amal Shia militia and the Palestinians is erupting or about to erupt in the Palestinian camps. Such announcements are designed to maintain a high level of distrust between the Palestinians and the Shias. Pro-Amal Beirut Domestic Service counterattacks by minimizing reports of fighting and announces that "suspicious-minded" media have been spreading false reports about clashes between people in the Palestinian camps and outsiders.

Foreign Propaganda

Highly sophisticated propaganda campaigns have been directed at the Lebanese since 1948 by both Israel and Syria. Most recently, Damascus radio has been airing commentaries critical of the United States for hindering the Syrian peace plan for Lebanon. Syria is known to have occasionally financed the Druze Voice of the Mountain to attack President Gemayel and the Christians as circumstances warrant.

Israel responds through the Voice of Hope in South Lebanon run by the Army of South Lebanon. A unique Israeli attempt to divide the Shia Hizballah extremists and Syria is the publication and distribution of anti-Syrian pamphlets in Lebanon that accuse Syria of torturing Muslims as well as "impugning" the character of radical Shaykh Subhi al-Tufayli.

To cement its relationship with its Lebanese constituency, Jerusalem Domestic Service often broadcasts Israeli Government statements on South Lebanon. Thus, it carried an Israeli official's address to a gathering of Christian supporters on the anniversary of the death of the founder of the Army of South Lebanon. The Israeli official said, "When I come here to represent the Government of Israel, I have only words of peace, friendship, and love."

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Outlook

The propaganda war is likely to intensify in light of the failure of the Lebanese to reach a political compromise. Technical assistance from abroad will probably enhance the various factions' abilities to expand programming and to improve communication effectiveness.

The proliferation of clandestine radio and television stations is likely to continue fulfilling political rather than social functions and will increase hostility and mistrust between the various combatants. The result is likely to be increased Lebanese reliance on rumors as a means of reinforcing beliefs they already hold about perceived enemies. The air is likely to remain filled with accusations of wrongdoing, plots, and conspiracies. Such a climate will encourage intensified fighting, since propaganda of this sort aims to consolidate power within each group, bolster morale, maintain allegiance to commanders, and keep fighters engaged in combat rather than tell the truth.



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Libya's Increasing Ties to Radical Palestinians [redacted]

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The attacks on the El Al ticket counters in the Rome and Vienna airports on 27 December have focused attention on the degree of Libyan involvement in these acts of terrorism. Even more significantly, they may be one more signal of increasing ties between Libya and radical Palestinian terrorist organizations like the Abu Nidal Group. [redacted]

operations. Groups such as Abu Nidal and the PFLP appear to be searching for alternative or supplementary backing to that provided by Syria, their longtime patron. They may believe that Damascus tries to exert undue control over them or that Syria views the Palestinian cause as less important than its own goals in Lebanon. They may also hope to gain use of Libyan diplomatic facilities to help stage their attacks. [redacted]

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Libyan leader Mu'ammr Qadhafi began supporting more radical Palestinians in the mid-1970s after deciding that Yasir Arafat and the Palestine Liberation Organization were becoming too moderate. Since then, Libya has sporadically provided funding, arms, training, and safehaven to most of the radical factions of the Palestinian movement, notably the Abu Nidal Group, the Popular Front for the Liberation of Palestine (PFLP), the Popular Front for the Liberation of Palestine-General Command (PFLP-GC), the Fatah dissidents, Sa'iqqa, the Popular Struggle Front (PSF), and the Palestine Liberation Front (PLF). [redacted]

Financial Support

Libya is more willing—or perhaps more able—than Syria to provide funds to radical Palestinian groups.

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[redacted] Libya is again increasing aid to these groups and provides logistic support to terrorist operations. [redacted]

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Qadhafi has not kept all his promises to provide money. [redacted]

[redacted]

Qadhafi probably would see great profit in linking his regime more directly to these militants and their activities. They share common enemies—Israel and its supporters and moderate Arab and Palestinian leaders—as well as a ruthless approach to pursuing their struggle. The Palestinian groups are rich in manpower and have extensive operational networks in Western Europe. Their successful attacks on two continents have attracted significant international attention. By joining forces with them operationally, Qadhafi could probably trade increased financial and logistic support for a role in the Palestinians' target selection and use of their personnel and West European support apparatus for Libyan operations. [redacted]

Safehaven

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The radical Palestinians' search for alternatives to Syrian hospitality to avoid the strings that Damascus attaches—such as tight supervision of in-country activity—has led several groups to consider other countries as bases for their operations. At least two of

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The radical Palestinians would have their own reasons for more active cooperation with Libya and, in at least one case, have proposed joint planning for terrorist

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NESA NESAR 86-006
28 February 1986

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these radical groups give signs of moving their operations to Libya, which may make benefits in addition to safehaven—such as passports and similar documentation—available to them. [redacted]

[redacted]

Military Aid and Training

Libya has given military training to Palestinian groups for more than 15 years. Current training of Palestinians occurs both inside and outside Libya. It is well established that Libya provides weapons to several Palestinian groups. [redacted]

[redacted] among recent instances of Libyan support:

- [redacted] members of the PSF received frogman and other naval training in Libya, which could be adapted to terrorist operations.
- [redacted] Libya planned to create a joint multiple rocket launcher facility in Lebanon with the PFLP-GC.
- Libya provided weapons to radical Palestinians who fought against the mainline Shia Amal movement in last summer's camp wars in Lebanon.

As with money, Libya does not follow through on all of its commitments. Fatah dissidents, for example, requested arms from Iran, saying that Libya had not delivered the weapons it promised. [redacted]

[redacted]

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Outlook

Tripoli and the Palestinians are probably assessing each other's capabilities and intentions carefully, with an eye to determining whether closer ties are

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warranted. Nonetheless, greater cooperation may have limits. Each of the Palestinian groups, particularly Abu Nidal, has its own agenda and values its autonomy. Consequently, we expect none of these groups would be willing to become fully dependent on Libyan support. Moreover, in many respects, Syria is a natural ally and should continue to play a key role. Nevertheless, to the extent that links between Libya and the Palestinian radicals increase—a process that appears to be under way—the range and effectiveness of each partner's terrorist operations will also increase.

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**Morocco-Saudi Arabia:
Between Friends** [redacted]

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Morocco and Saudi Arabia continue to maintain close ties based on mutual interests. King Hassan provides political support for Riyadh's foreign policy goals and assists Saudi Arabia and other conservative Arab regimes in internal security and military training. Riyadh provides financial assistance that strengthens Hassan at home and bolsters stability within Morocco and the Maghreb generally. Although Riyadh's decreased oil earnings may reduce the level of Saudi financial assistance over the next two or three years, we believe mutual political interests will continue to foster close Saudi-Moroccan relations. [redacted]

in an attempt to ease tensions. According to the US Embassy, it was also at Saudi behest that Hassan began to improve relations with Colonel Qadhafi—a process that led to the Moroccan-Libyan union in 1984. [redacted]

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Mutual Interests

Morocco and Saudi Arabia have developed a strong working relationship. Hassan and Saudi King Fahd maintain close personal ties based on similar political interests that include shoring up conservative Sunni regimes, supporting moderate Islamic organizations and objectives, encouraging free enterprise, and advancing moderate Arab goals for a Middle Eastern peace [redacted]

Saudi Support

Economic Ties. Financial assistance from Saudi Arabia has helped stabilize the Hassan regime and enabled Rabat to sustain the Western Sahara war.

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In 1982, Morocco and Saudi Arabia worked closely together at the Arab League summit meeting in Fez to obtain endorsement of the "Fez Plan" as the official Arab League position on a settlement to the Arab-Israeli conflict. In 1984, Fahd and other moderate Arab leaders engineered the reintegration of Egypt into the Islamic Conference. [redacted]

Private transfers of money from Saudi Arabia supplement official assistance. [redacted]

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Wealthy Saudis also have made extensive private investments in Moroccan agriculture and basic industries. [redacted]

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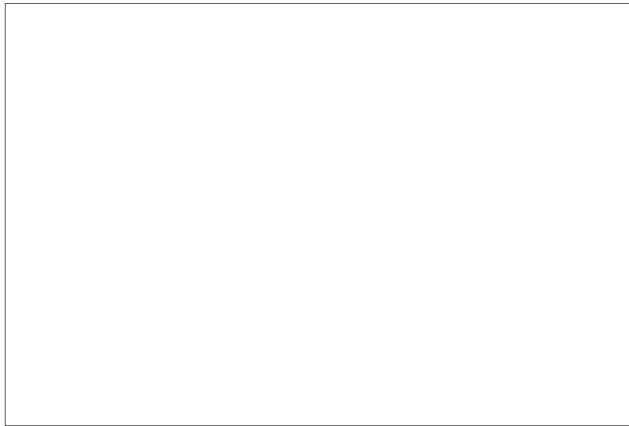
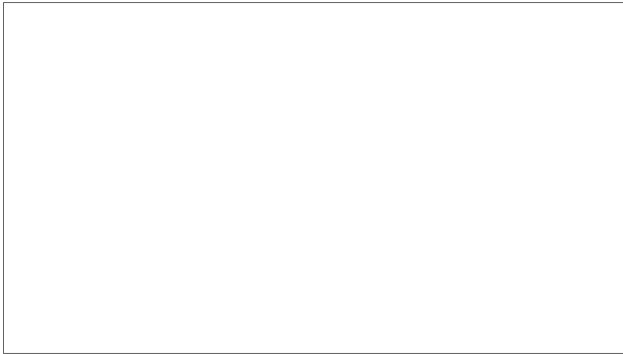
[redacted] The Saudis have tried to reduce the friction between Morocco and its Maghreb neighbors. While diplomatically and financially favoring Hassan's position on the Western Sahara, the Saudis have played an important, if somewhat unsuccessful, role in encouraging better relations between Morocco and Algeria. For example, they set up the first heads-of-state meeting in 1983, and, following Moroccan reversals on the Western Sahara issue in the Organization of African Unity and the United Nations, they were in touch with both leaders

Security Assistance. Saudi financial support helps Morocco provide security assistance to moderate African and Arab governments. This cooperation grew out of an understanding reached between the two conservative monarchies in the mid-1970s as members of the now defunct Five-Power Intelligence Committee—Morocco, Saudi Arabia, Iran, Egypt,

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and France—that multilateral effort was needed to thwart radical initiatives, counter Soviet inroads in Africa, and combat international terrorism. The spirit of the agreement continues on a bilateral level between Rabat and Riyadh. [redacted]

Outlook

Morocco will undoubtedly continue to pursue strong bilateral ties to Saudi Arabia. Although Hassan's preoccupation with growing domestic concerns may lead him to retreat somewhat from involvement in general Middle Eastern issues, economic realities, as well as his diplomatic isolation in Africa, will require continuing close attention to relations with potential Arab donors and oil suppliers. [redacted]

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Since the Grand Mosque incident at Mecca in 1979—when several hundred armed religious fanatics seized the Grand Mosque and called for the overthrow of the Al Sa'ud dynasty—Morocco has furnished security training to Saudi personnel. According to the US Embassy at Rabat, the Saudi Government is financing the presence of some 1,500 to 2,000 Moroccan Army, Air Force, and gendarmerie personnel to train Saudi security and military personnel as well as to undertake specific internal security responsibilities in Saudi Arabia. [redacted]

In our view, as Saudi oil revenues drop, a greater percentage of remaining money will be dedicated to domestic expenditures and to rewarding or placating Saudi Arabia's nearest neighbors. Nevertheless, according to US Embassy officials, Morocco remains the hinge on which Saudi policy toward the Maghreb turns. Rabat plays a key role in Saudi efforts to enhance Arab and Muslim unity and support moderate Arab positions. [redacted]

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Saudi Arabia is no longer an important source of military funding for Morocco. [redacted]

[redacted] we believe the relationship will continue as long as the regimes in Rabat and Riyadh retain their current character and common interests. [redacted]

25X6



25X1

We believe that declining Saudi oil revenues led to a much more critical review within the Saudi Government of how and where Saudi Arabia spends its money. As the Saudis perceived a reduced military threat to Morocco—to be succeeded by drought and an export slump—Riyadh reduced military support while maintaining economic assistance. [redacted]

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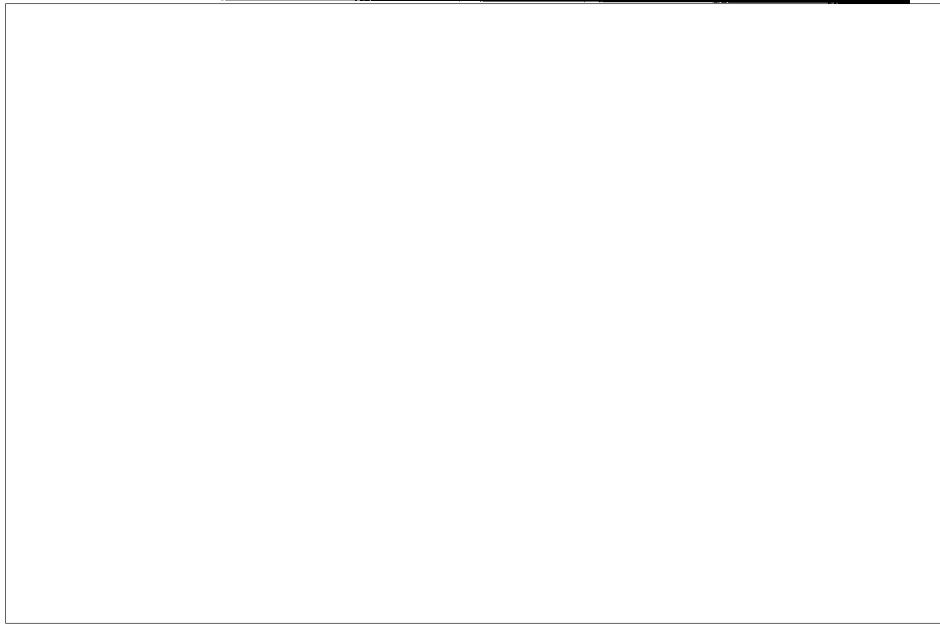
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**Near East and
South Asia Briefs**

Libya



25X1

Purchase of Italian Refinery

25X1

Tripoli is consolidating control over its recently purchased TAMOIL refinery in Milan. The Libyans plan to double refinery output by late 1987 and to expand the distribution network within Italy, The refinery is the most modern in Italy with a distribution system of 850 service stations. The refinery and distribution network will guarantee Tripoli access to the Italian market and help stabilize Libya's oil exports and revenues during the current soft oil market. Tripoli plans to discharge all employees of Jewish descent and to utilize only Libyan or Cuban crude. Havana produces only a small amount of crude oil, but its high sulfur content makes the crude a good blending stock for the refinery, which cannot operate efficiently solely on low sulfur Libyan oil. Moreover, the deal will help bolster Havana's foreign exchange position and provide a secure outlet for difficult-to-market Cuban crude.

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