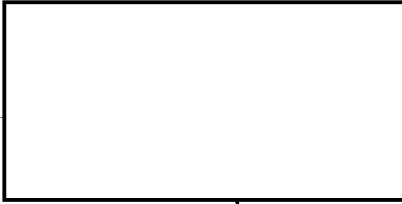


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Prospects for Morocco

Interagency Intelligence Memorandum

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PROSPECTS FOR MOROCCO

Information available as of 11 May 1982 was used in the preparation of this Memorandum.

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SCOPE NOTE

This Memorandum attempts to assess those conditions and events in Morocco that could affect the stability of the regime and the future of US-Moroccan relations. Although the paper is limited to a one-year outlook, it notes the existence of problems or possible developments that, while posing little threat to the regime during that 12-month period, could hold greater risks in the future.

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KEY JUDGMENTS

In the coming year, King Hassan II is likely to maintain firm control of Morocco's political system. Hassan probably will continue to use his proven techniques of divide-and-rule, manipulation, and co-optation of political parties to regulate the activities of the opposition. His domestic security apparatus will keep a close eye on dissident activity and we expect the armed forces will remain loyal. The military and security service will obey orders to suppress sporadic civil disturbances. Neither Morocco's established political parties and labor unions, which prefer to operate within the system, nor fringe opposition groups pose a serious threat to the monarchy in the short run.

Over the next several years, however, Morocco will face a number of extremely difficult socioeconomic and political problems as well as the seemingly interminable conflict in Western Sahara that cumulatively could pose a serious threat to domestic stability and King Hassan's survival. Many of these problems—rapidly growing population, rising expectations, inflation, and international debt—are common to most developing states. Although Morocco's economy has considerable potential for growth, for the next several years it faces the prospect of—at best—slow growth, austerity, and a declining standard of living.

Over the long term, the strains and pressures in Moroccan society portend serious difficulty for the King, the monarchy as an institution, and Morocco's political system, which is heavily based on patronage. We question whether this system and Morocco's limited resources will enable Rabat to cope with its serious problems. If, as seems probable, the present system fails to satisfy rising popular aspirations, societal pressures probably will generate demands for major political change.

It is impossible to predict how severe the pressures must be before serious instability develops. The situation is not irretrievable, but Hassan will have to demonstrate astute managerial skills to deal with existing economic and social problems.

Note: This Interagency Intelligence Memorandum is issued by the Chairman, National Intelligence Council. It was produced under the auspices of the National Intelligence Officer for Near East and South Asia.

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In international affairs, Western Sahara will remain the primary focus of Moroccan attention. The threats Morocco perceives from Algeria, Libya, and the Soviet Union also will absorb Moroccan attention. In pursuit of Moroccan interests, King Hassan will continue to adopt foreign policies that often parallel or coincide with US interests.

Neither a military nor a political solution to the Western Sahara quagmire is in the offing. The economic burden of the war will remain bearable for Morocco so long as Saudi Arabia continues to provide financial assistance to cover the bulk of the war's costs. The Moroccan armed forces should be able to resist Polisario attacks but will not be able to defeat the guerrilla forces so long as they have sanctuary in Algeria and external sources of military assistance. For their part, the Polisario will not be able to take control of the Sahara by military means. Barring greater flexibility by all parties and in the absence of minimal mutual confidence, the wide divergence of views leaves little hope for a negotiated settlement. None of the parties would support a referendum that did not appear to ensure an outcome favorable to its interests.

Parallel interests have contributed to a recent effort by both the United States and Morocco to intensify their close relations. The accelerated pace of cooperation, however, risks serious regional and bilateral misunderstandings. In the short run, and especially among elements of the Moroccan military, the prospect of augmented US help could lead to unrealistic expectations regarding the extent of US support and strengthen the conviction that military victory in the Sahara is attainable. Interest in a negotiated settlement consequently could be set back. Regionally, Portugal and Spain might misperceive US intentions and assume lessened US interest in established bases in Iberia.

In the longer run, unmet expectations could produce a reaction in Morocco dangerous both to US interests and to those of the King. An impression that the United States had made promises to Morocco it could not keep, or that the King had proved inept in his dealings with the United States, might harm close US-Moroccan relations and undermine military and popular confidence in Hassan.

A close US-Moroccan relationship—especially one involving increased military aid and the granting of air transit facilities—will complicate efforts to improve US-Algerian relations. Algerian leaders consider US military aid to Morocco evidence that the United States

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supports a Moroccan military solution to the Western Sahara dispute. They also are concerned that US-provided equipment may ultimately be used against Algeria. Although Algeria's leaders are more interested than in the past in reaching an accommodation with Morocco, they will not abandon the Polisario and will continue to view the developing US-Moroccan relationship with suspicion.

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DISCUSSION

US Interests

1. Traditional US interests in and relations with Morocco are in large measure a product of that country's geostrategic position. The kingdom's recently expressed intention to provide support facilities for US military contingency operations in Southwest Asia has heightened US interest. Its relationships with other regional actors have allowed it to play a useful moderating role in Third World forums often dominated by radicals. US relations with Morocco also are colored by old and strong ties of friendship and sentiment.

2. Morocco dominates access to the Mediterranean from the West, and also affords US naval craft, [redacted] access to ports on both the Atlantic and the Mediterranean. In the event of conflict between NATO and the Warsaw Pact, a friendly Morocco could constitute a reserve area in close proximity to Europe and accessible to the Atlantic. In hostile hands, Morocco would pose a serious threat to NATO's southwestern flank and particularly to Spain, NATO's anticipated 16th member.

3. In the past, Rabat has permitted the stationing of US forces and communications facilities in Morocco. The last of these facilities was relinquished in 1978.



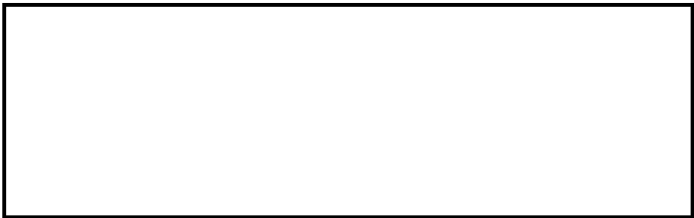
4. Morocco has well-established relations with North African, Middle Eastern, and Sub-Saharan nations that are important to the United States. In pursuit of Moroccan interests, the King has long followed policies in these areas that parallel US objectives while opposing Soviet aims and those of regional radical states hostile to the United States.

5. In addition to maintaining a friendly, stable Morocco, the United States has an important interest in good relations with the other Maghreb states and harmony in the area. Both sets of interests would be best served by an early settlement of the war in Western Sahara and improved relations between Morocco and Algeria. A too visible US relationship with Morocco may jeopardize these objectives, isolate Morocco in the region, and undermine US efforts to improve relations with Algeria.

6. Domestic and intra-Arab considerations normally dictate Moroccan policies that are close to the Arab consensus, but Hassan has used what influence he has to play a moderating role within the Arab world. He has indicated his willingness to support a comprehensive Arab-Israeli settlement and initially supported and facilitated the Camp David process. Morocco is likely to remain both supportive of and useful to US efforts to solve the Arab-Israeli conflict. The King's moderate position and his ability to negotiate with most parties are important assets for the United States.

7. In Sub-Saharan Africa, Hassan has generally supported the status quo and peaceful change. He has frequently provided strong diplomatic and, on occasion, military support for Western objectives in Africa. In 1977 and 1978 he provided troops to help defend Zaire and in 1979 supported the new pro-Western regime in Equatorial Guinea.

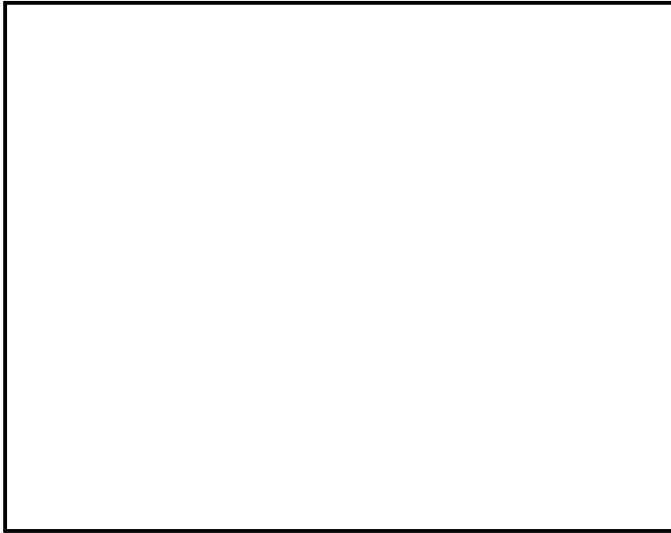
8. Finally, Morocco controls important economic assets that in the future will become increasingly important to the West. These consist of 70 to 75 percent of the world's proven phosphate reserves—less than 10 percent of which is in the Sahara—and large reserves of oil shale.



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Social, Economic, and Political Pressures

26. Moroccan society and the existing political structure are being subjected to serious strains caused by fundamental socioeconomic problems. Over the past several years, economic difficulties have increased social inequalities between the elite and working class. As a result, the likelihood increases that civil disorders, such as those in Casablanca last June over reduced food subsidies, will recur. The government is able and willing to suppress both spontaneous localized outbreaks of civil unrest and organized dissident activity, but it has done little to alleviate the underlying causes of popular discontent. Although these pressures appear manageable over the next year, the gap between popular expectations and the limited resources available to meet them will widen with each passing year, increasing the likelihood of popular unrest and a rising level of dissident activity.

Social Pressures

27. Demographic change is a crucial factor retarding Morocco's socioeconomic development. Morocco has a burgeoning population of nearly 22 million, more than half of which is under 20 years old. A steady decline in the mortality rate over the last 30 years, with no change in the birth rate, has yielded a population growth rate of nearly 3 percent a year and has produced severe strains in such areas as health, education, employment, food, public services, and housing. If these mortality and birth rates persist, Morocco's population in the year 2000 could reach 38 million.

28. Migration from rural to urban areas has increased, particularly as a result of severe drought conditions and the regime's failure to substantially improve living conditions in the countryside. Already overcrowded cities like Rabat and Casablanca have been unable to provide the additional services necessitated by the rural to urban migration and rising expectations of the population, who look to the cities for better opportunities.

29. Social and economic development as well as a growing literacy rate (20 to 25 percent) is creating rising expectations among elite and political groups that the traditional patronage-based political system cannot satisfy. These groups are interested in career professions, the opportunity to use their training, and decisionmaking authority. Economic growth is insufficient to absorb the growing surplus of educated and semieducated youth who seek better jobs, and the political structure is capable of assimilating only a limited number of new individuals into the government.

Economic Problems

30. The economy has not rebounded from the slowdown brought about by the three-year (1978-80) austerity plan and changing international and internal economic conditions. Mounting economic and financial imbalances stemming from overly ambitious government spending during the 1973-77 development plan and the collapse of the phosphate market in 1976 forced Rabat to shift gears and adopt a less ambitious three-year plan in 1978. While austerity measures helped reduce the nation's trade and budget deficits, they hit the modern sector of the economy especially hard. Slow economic growth has produced spiraling unemployment, which may now exceed 30 percent in major urban areas. Wage increases have failed to keep pace with inflation, which topped 17 percent last year.

31. Following on the heels of several dry years, the drought that struck Morocco in 1981 is a major cause of the nation's current economic plight. With the livelihood of over one-half of the population dependent on agriculture, the drought's impact has been widespread. The rural exodus increased dramatically. Financing the import of 3 million tons of grain—almost double the 1980 level—severely taxed Rabat's national budget and foreign payments position and consumed the lion's share of available IMF funding last year.

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32. Late rains and low soil moisture delayed the planting of the 1982 grain crop, and erratic spring rains virtually ensure the continued need for heavier-than-normal grain imports. While the drought has subsided, as much as 25 percent of the grain crop may have been lost, placing an additional burden on the economy; foreign exchange is scarce, farm grain reserves have been depleted, and livestock herds have already been reduced.

33. Heavy defense expenditures and a large foreign debt burden continue to contribute to the economic malaise. Defense-related expenditures account for an estimated 40 percent of the 1982 national operating budget compared with 34 percent last year. While the cost of the Saharan conflict is largely defrayed by

\$40 per ton by the end of the year. As a result, foreign exchange earnings from rock exports could decline by 20 percent. Despite these setbacks, plans are progressing to expand domestic production capacity with a goal of converting 30 percent of phosphate rock annually into refined products by 1985.

37. US phosphate producers have objected to the Eximbank's activity in Morocco and to the US Government's support of World Bank loans to Morocco's phosphate industry. The world phosphate market is currently oversupplied. Demand dropped sharply in the second half of 1981 and is expected to continue to drop through 1982. The slack market has caused significant layoffs in the US phosphate industry and is beginning to cut into Morocco's export earnings.

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Prospects for Recovery

34. Escalating service costs on the nation's foreign debt are likely to reach 30 percent of earnings from exports of goods and services and worker remittances in 1982, raising the prospect that some form of debt rescheduling may be required in the next several years. These conditions also restrict Rabat's ability to accommodate additional foreign debt except at concessional rates, which in turn limits prospects for completing many aspects of the 1981-85 Five-Year Development Plan.

38. The severe impact of the recent drought means that a rebound of the economy depends on a return of favorable weather. Even then it will take several years to restore the agriculture sector to its predrought position. During this period, heavy grain imports will be required to allow farmers to rebuild depleted grain stores and livestock herds. These conditions reduce the chances of significant improvement in the balance-of-payments position before 1985.

35. Morocco's foreign payments position has deteriorated sharply in the wake of drought-induced grain imports and the substantial depreciation of the dirham against the dollar—over 26 percent in the last 15 months. The current account balance slipped to a \$1.9 billion deficit last year, reversing the trend toward improvement achieved under the austerity plan. Morocco is dependent on crude oil imports for 80 percent of its energy needs, and petroleum price increases pushed up the nation's fuel bill by 27 percent last year.

39. Food subsidies probably will continue at least at present levels during 1982. Spending on social programs will come at the expense of development projects if the government wishes to continue to work toward reducing deficits and inflation. Improvement in the agriculture sector, however, would slow the rural exodus. Funds and weather permitting, government plans to bring modern technology to bear on the agricultural sector could produce results by mid-decade.

36. The economic slowdown in developed countries has had an adverse impact on the domestic phosphate industry, the nation's largest foreign exchange earner. While Morocco enjoys a significant competitive advantage over other producers, soft market conditions forced Rabat to trim its phosphate rock price by 10 percent to \$44 per ton last year. Continuing soft market conditions and growing competitive pressures from hard-hit US producers may force rock prices to

40. Financial constraints will remain acute for several years. This fact, along with requirements imposed under Morocco's one-year IMF standby loan, precludes the acceptance of significant amounts of new debt, except at concessionary rates. This agreement will supply over \$595 million in balance-of-payments support during 1982. Concessional financing from other sources this year probably will be adequate to cover the remaining financial demand in 1982, but the situation is less certain beyond this year.

41. Assistance from Saudi Arabia and other Gulf states probably will remain near present levels,

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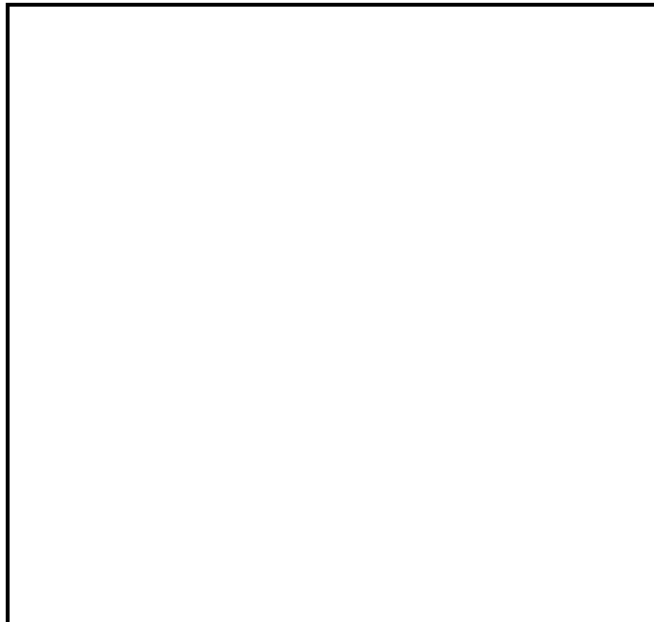


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owing to the close relationship among these monarchies and despite lower oil revenues in these countries. The new investment code that is before the Chamber of Representatives will allow 100-percent foreign ownership of Moroccan-based enterprises and may stimulate greater foreign direct investment.

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42. Although the economy has considerable potential for growth over the long term, the next several years will require the King to exercise the skill of an astute manager to deal with continuing financial and social problems. The constraints on additional debt and a need to control budget deficits and inflation preclude significant expansionary investment and the launching of many aspects of the country's ambitious development plan. While the phosphate market is likely to tighten as the world economy rebounds, it will be several years before Morocco reaps the benefits from its heavy capital investment in the domestic phosphate industry. Over the next two years, real economic growth will probably fall below the 3-percent average achieved during the austerity plan and, because of population growth, the standard of living will decline. Growth should rebound after this period if financial burdens ease and the impact of the drought subsides. Together with phosphates, Morocco's oil shale and fishery resources provide potential for growth in the late 1980s.



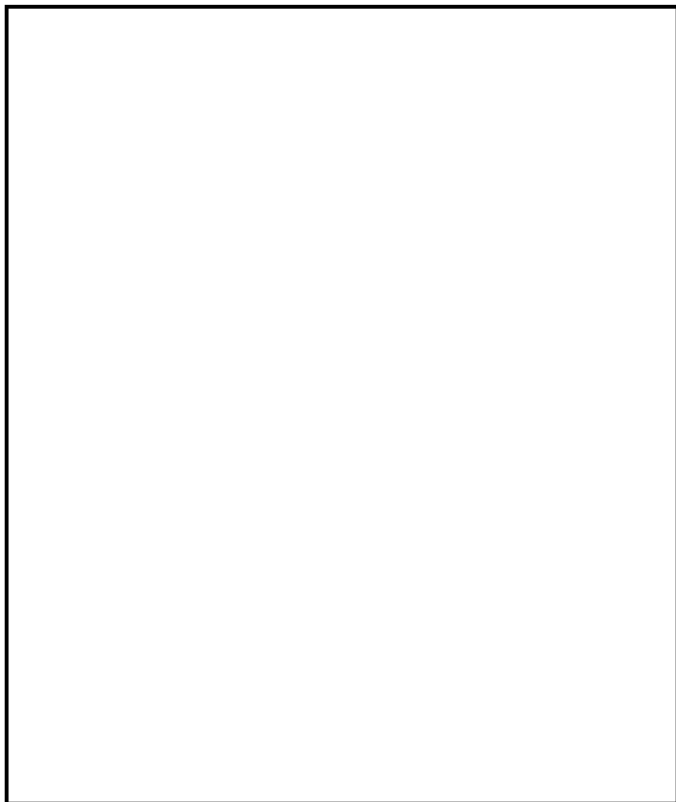
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The Saharan War

The Polisario

59. Over seven years have lapsed since the Polisario Front² began its guerrilla campaign to wrest control of Western Sahara from Moroccan forces. Both politically and militarily the movement, with extensive foreign assistance, has proved effective in pursuing its goal of an independent Saharan state.

60. Originally most of the Saharan independence movements were to a great extent externally inspired, and the sudden prominence of the Polisario was largely the result of Algerian support. In view of the nomadic character of the population, it was and still is difficult to determine who are and who are not native to the Sahara. Insensitivity to the local populace in the early days of Morocco's occupation, and Algerian support of the protracted war, have undoubtedly forged the Polisario into a more cohesive, nationalist force.

61. The Saharan Democratic Arab Republic (SDAR)—the Polisario government-in-exile—is now

² *Frente Popular para la Liberacion de Saguia el Hamra y Rio de Oro.*

recognized by 26 African countries and over 40 nations worldwide. Much of the SDAR's diplomatic support comes from leftist and radical regimes such as Cuba and Iran. The Arab world itself is divided in its loyalties, with Saudi Arabia and Iraq providing financial assistance to bolster the monarchy while Libya and Algeria have extended political, financial, and military support to the SDAR.

62. The movement's leadership is Arab nationalist in orientation, but is divided into a pro-Algerian group, a pro-Libyan faction, and a smaller element of hardline Marxists—although the strength and influence of various groups are unknown. Political ideology appears currently to play a subordinate role, with nationalism and independence for Western Sahara the movement's foremost considerations. The SDAR's 1976 constitution declared the realization of Arab socialism and the implementation of social justice as its political objectives.

63. The military wing of the Polisario Front—also called the Peoples Liberation Army (ALPS)—initially included most of the 2,500 Saharans, largely from the Reguibat tribe, who served with Spanish troops during the colonial period. These Saharans shifted their allegiance to the Polisario after Spain disbanded its territorial force and Morocco refused to retain their services. Recruitment has brought the Polisario strength to the current estimated level of 8,000 to 10,000 combatants and support personnel, some of whom are not natives of Western Sahara. Algeria, which acts as the primary conduit for arms, also provides training and sanctuary for the guerrillas. Tripoli is also the source of unknown quantities of equipment, trains some insurgents in Libya, and may have supplied as much as 80 percent of the movement's financial assistance. Despite Moroccan claims of foreign combat involvement, there has been no confirmation of such participation since Moroccan forces captured Algerian soldiers in early 1976.

Status of the War

64. The Polisario lacks the manpower resources, skills, and quantities of materiel to engage in sustained conventional operations. The guerrillas' combat success has been, in part, attributed to its tactical mobility. The introduction of sophisticated conventional weapons systems into combat units in quantity would further complicate the guerrillas' maintenance and logistic problems and would require an expanded support structure inside Western Sahara. The use of more

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sophisticated air defense systems was at least temporarily effective in neutralizing Moroccan air superiority and the guerrillas will probably continue to emphasize air defense in their tactical planning.

65. Guerrilla activity has been cyclical and confined mainly to low-level harassing attacks. But this has been enough to divert almost half of Morocco's armed forces. The Polisario also has mounted periodic conventional-type operations, such as the October 1981 attack at Guelta Zemmur; a Polisario force, supported by SA-6, SA-7, and perhaps SA-9 surface-to-air missiles, air defense artillery, and some tracked vehicles routed a Moroccan garrison and shot down five Moroccan aircraft. As a result of the guerrillas' expanded air defense capability, as well as a reassessment of the efficacy of supplying, maintaining, and protecting distant outposts, Rabat has withdrawn from its isolated garrisons in the southern portion of the disputed territory and the only units outside its defensive barrier are at Dakhla.

66. Approximately 27,000 Moroccans man the 450-km defensive barrier that encompasses Western Sahara's major economic and population centers. Rabat plans to expand these defenses to include the northern third of the Sahara. Even if implemented, such a strategy still would leave vast areas outside Morocco's grasp unless Rabat can achieve battlefield control.

67. Current Moroccan strategy involves keeping control of the northwest region and eventually conducting periodic sweeps outside the defensive perimeter. Polisario forces have not yet breached the barrier but remain committed to its penetration. In order to be able to claim success, they do not need to seize a major population center, but merely to discredit Moroccan claims of the barrier's impenetrability. The Polisario cannot seize and hold an important population center behind the barrier nor defeat major Moroccan forces deployed there. They will continue to probe for weak points and will seek to draw Moroccan troops away from their defensive positions. The Polisario can also be expected to launch a large-scale attack on a major Moroccan position, such as the isolated garrison at Dakhla, during the next 12 months, as well as conduct low-level harassment attacks on a regular basis.

68. Several factors have contributed to a lull in major guerrilla activity since December 1981. The

Polisario leadership has shifted its focus to the political arena to capitalize on the seating of an SDAR delegation at the Organization of African Unity meeting in February 1982.

[REDACTED] We believe the Polisario is conserving its forces while it awaits an opportunity to return to the offensive.

69. Nationalistic popular support in Morocco for the King's Sahara policy has not waned, although some have made an association between the country's serious economic conditions and the costs of financing a protracted war. Most Moroccans, including opposition parties, continue to support the annexation. This support limits the King's flexibility on the issue. His announcement last June of Morocco's willingness to hold a referendum in the Sahara drew criticism from the USFP.

Political Implications

70. The Western Sahara imbroglio has caused deep divisions in Africa. Nineteen delegations walked out of the February meeting of the OAU in Addis Ababa when an SDAR delegation was seated. Rabat has threatened to withdraw from the OAU if the SDAR were granted official recognition, but it is questionable how long this strategy will prove effective. The SDAR has the 26 votes necessary for admission into the organization, but action on this issue has been forestalled in hopes that a negotiated settlement would be achieved. The SDAR's supporters will push hard for formal OAU recognition at the organization's heads of state summit in Tripoli in August 1982.

71. There is no indication that either a military or political solution to the Western Sahara quagmire is in the offing. Neither side is capable of winning the war as it is currently being fought, but both Rabat and the Polisario—with external support—are prepared to continue fighting. Morocco should be able to contain the guerrilla forces, but military victory will remain elusive as long as the Polisario retains Algerian sanctuary and external sources of military hardware. An effective combination of improved tactics and increasingly lethal weaponry could reduce the Polisario threat. Conversely, the Polisario cannot defeat the FAR and wrest control of Western Sahara by military means. A political settlement also appears unlikely.

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Neither side has as yet demonstrated the flexibility necessary for a compromise solution. Despite Morocco's oral acceptance last June of a referendum on self-determination for the territory, Rabat still refuses to accept direct negotiations with the Polisario, and the OAU seating of the SDAR has added a further complicating factor.

72. While relations between Morocco and Algeria will remain strained over Algerian support to the guerrillas, the likelihood of a conventional conflict between the two remains remote. Algerian military superiority should deter any Moroccan military initiative against guerrilla sanctuaries at Tindouf. Algeria, for its part, has few incentives to fight Moroccan forces so long as Rabat does not engage in aggressive hot pursuit. Moreover, Morocco would seek to avoid a conflict with Algeria because the bulk of its forces are concentrated in the south.

73. Morocco, barring unexpected suspension of Saudi financial support, will be able to bear the cost of its military campaign at least through the next year. As the conflict drags on, the potential for serious internal dissension will increase, particularly if domestic economic conditions deteriorate or the kingdom suffers a series of serious setbacks on the battlefield. King Hassan reached the pinnacle of his personal popularity with the successful annexation of the Sahara in 1975, and his exploitation of this issue over the years has left him personally responsible for its success or its failure. He must be able to appease a population committed to the integration of the Sahara while keeping the economic, political, and military hardships of a prolonged counterinsurgency campaign within acceptable limits. Failure to balance these conflicting forces could well undermine his base of popular support. In the years ahead, he will very likely confront increasing challenges, and the Sahara issue, which has served him so well, could prove to be a serious liability.

External Relations

The United States

74. From the Moroccan perspective, the United States has been a major source of modern weaponry and, perhaps of equal significance, of psychological support for its war effort. The prospect of augmented US aid has lifted morale in the Moroccan armed forces. US weapons now on hand or in the pipeline

will not enable the FAR to achieve a battlefield solution but, for at least the short term, they have enhanced Morocco's expectations of military success.

75. As a result of US military and political support, Morocco may place more reliance on achieving a military solution while assuming a hardline negotiating posture. Such an approach requires Morocco to have an assured, longer range relationship involving the United States as a continuing supplier of military and diplomatic support. Although the King has committed himself publicly to ending the war through a referendum, this probably is a tactical policy shift. The outcome of a referendum, insofar as the Moroccans are concerned, will be to "confirm" the Sahara's Moroccan identity.

76. Hassan's aim in according the United States transit facilities in Morocco is not to achieve a weapons-for-facilities deal. His object probably is to capitalize on US global strategic concerns to secure a long-term US presence and a commitment to support the Hassan regime.

The Soviet Union

77. Morocco and the Soviet Union have political differences but maintain their relations on a correct, if not always steady, basis, in part because commercial ties benefit both parties. Rabat distrusts Soviet motives throughout the region and is convinced that Moscow is providing support for the Polisario. In late 1980, a brief crisis in bilateral relations occurred when Morocco seized four Soviet fishing vessels off the West Saharan coast that were suspected of providing intelligence support to the Polisario.

78. More dangerous, from the Moroccan standpoint, is the Soviet weaponry supplied by Algeria or the Libyans to the Polisario. The Polisario's downing of Moroccan aircraft in October 1981 with Soviet-made SA-6 missiles provoked Hassan to deliver a sharp protest. Use of the missiles constituted a destabilizing challenge to the Moroccan military's position and, consequently, to Hassan's regime, which the King could not ignore.

79. The two areas of the Moroccan-Soviet commercial relationship that appear most prominent are phosphates and oil. The Moroccans have encouraged Soviet involvement in the development of their phosphate resources, signing the \$2 billion Meskala Accords in

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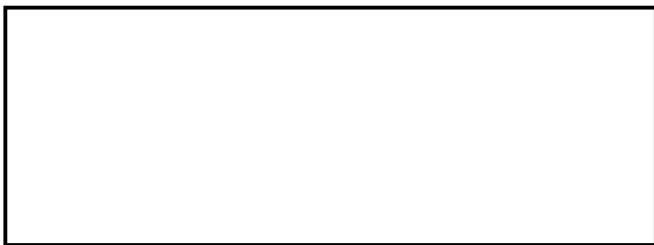


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1978 that, despite politically motivated slowdowns, have moved forward. Morocco has also purchased Soviet crude oil; the Soviet share of Moroccan crude purchases will be approximately 13 percent this year and for the first time will take the form of normal commercial exchange rather than a barter arrangement. The Soviets are also involved in the development of Morocco's vast oil shale reserves.

Regional

80. Morocco's foreign relations are heavily conditioned by the Saharan conflict. To a considerable extent, the touchstone of Moroccan policy toward particular countries or regional organizations has become Rabat's assessment of how those relationships might be used to advance the legitimacy of Morocco's claims to Western Sahara.



82. Morocco incurs little political cost in accepting Saudi help. A principal Saudi objective, the curtailment of Libya's capacity for regional mischiefmaking, conforms with Morocco's concerns. Hassan also finds it easy to support another main Saudi goal, defense of the dignity of Islam, by, for example, serving as chairman of the Islamic Conference's Jerusalem Committee



83. The one area where Hassan's dependence on Saudi Arabia has influenced his policy was in regard to Arab-Israeli relations. As a moderate, Hassan originally was associated closely with President Sadat and with Egyptian peacemaking initiatives. But Saudi opposition to the outcome of Camp David encouraged Hassan to join the Arab consensus, and he broke diplomatic relations with Cairo. His earlier support for Sadat had placed him well out in front of Moroccan opinion, and his retreat therefore served only to place him again comfortably with his own people.

84. Likely US support for Israel in the event of renewed Arab-Israeli hostilities would cause strains

between Morocco and the United States. King Hassan would criticize US support for Israel and possibly even provide limited support to the Arab side. US-Moroccan relations probably would not be seriously damaged in such an event.

85. Hassan has little reason to hold benevolent views toward either Libya or Algeria. The Moroccans may calculate that, of the two, Libya is the more likely in the short term to work out a deal. Qadhafi, farther removed from the conflict than neighboring Algeria, has priorities of greater immediate concern than continuing his support for the Polisario. The SDAR's quasi-admission to the OAU threatens to become the rock upon which that organization will sunder and, should that happen, Qadhafi's forthcoming presidency as well as his showcase OAU summit in Tripoli, would become historic might-have-beens. Rabat therefore may consider the moment opportune to press a temporary advantage and seek to neutralize Libya as an active Saharan participant.

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86. Algeria's situation is more ambiguous. The Bendjedid regime has shown clear signs of nervousness over Libyan ambitions and, in its relations with Tunisia, Niger, Mali, Mauritania, and Chad, has demonstrated a will to check Tripoli's desire for regional preeminence. Algeria under Bendjedid also seems more interested than formerly in promoting regional stability and better relations with Morocco, thereby reducing the involvement of the superpowers. But Bendjedid cannot afford politically to appear to yield to Hassan by dropping support to the Polisario in exchange for improved bilateral relations. Algiers would not accept a referendum whose outcome appeared to be determined beforehand by Moroccan maneuvering.

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Western Europe

87. Morocco's relations with Western Europe center on France, Spain, and the European Community, especially after Spain and Portugal join the EC. France remains Morocco's principal trading partner and Morocco depends heavily on France for arms, military training, and intelligence. There has been, nonetheless, a noticeable cooling in the relationship since President Mitterrand's election. Rabat is aware that Paris is likely to balance its Moroccan relationship by improving relations with Algeria.

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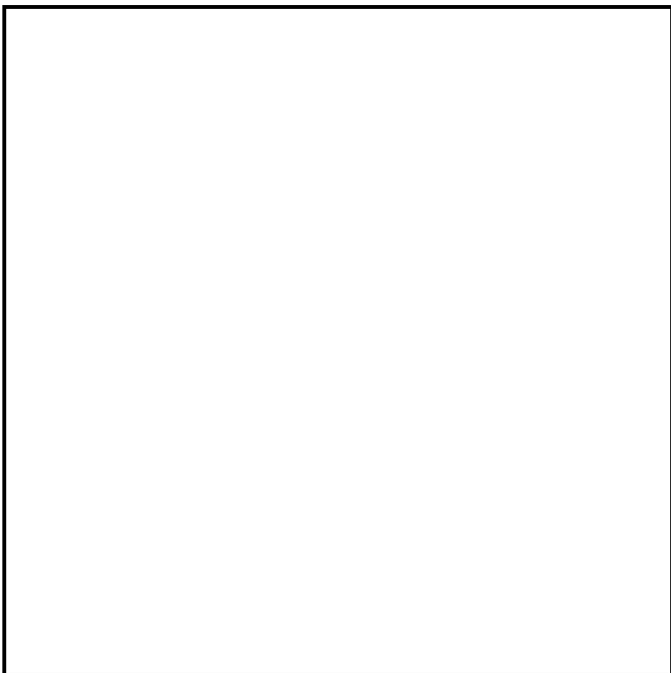
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88. Strengthened Moroccan-US ties constitute a form of insurance against the possibility that Mitterrand's endeavors will work against Morocco's interests. But Hassan's main objective is to add the United States to France (and the Saudis) as a strong friend capable of helping Morocco. Rabat will wish to avoid creating a situation in which either ally perceives Morocco as attempting to play the one off against the other.

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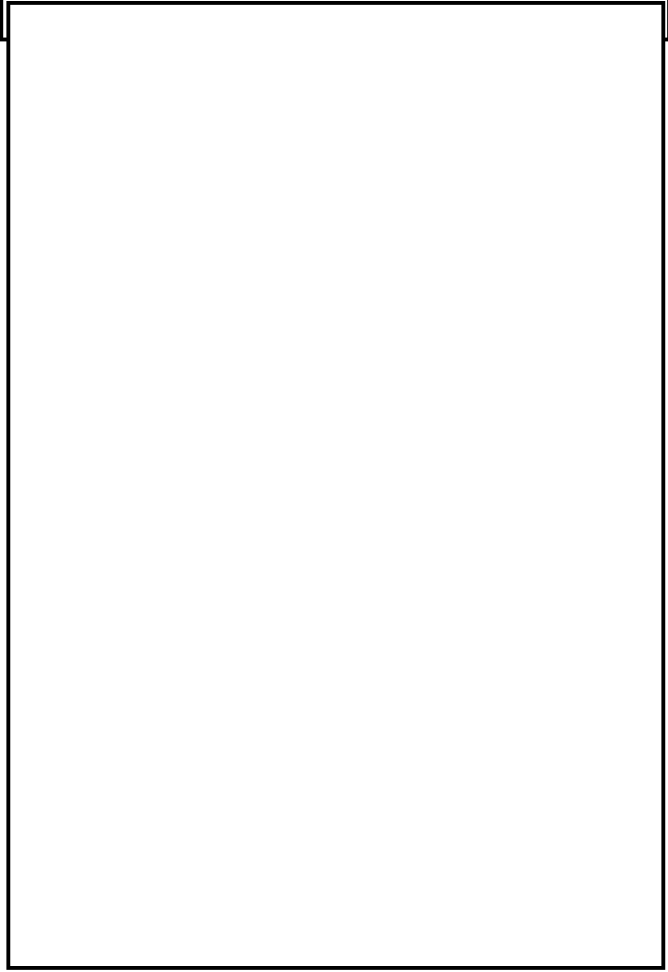
89. Rabat's delicate relationship with Madrid may well deteriorate in coming months as a result mainly of misunderstandings arising from US-Moroccan discussion of transit facilities. Negotiations for renewal of the 1976 treaty governing US use of bases in Spain have been difficult and, with some key matters still unresolved on the eve of the treaty's 21 May expiration, both sides have felt under pressure. Prospective US use of bases in Morocco could represent for the Spanish a US attempt to increase the pressure. Madrid might also suspect Morocco's intentions, given unresolved problems in Spanish-Moroccan relations, to replace Spain as the principal partner of the United States in the region.

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90. Spain recognizes that it is only a matter of time before Moroccan irredentism focuses anew on the enclaves of Ceuta and Melilla, probably after the Sahara's fate has been determined. Hassan has suggested that Morocco might link disposition of the enclaves question to that of Gibraltar. Madrid, however, views Ceuta and Melilla as integral parts of Spain, to be defended vigorously against invasion.

91. Agriculture, fishing, and trade issues constitute a separate field for potential conflict between the two countries. Already rivals for the European market, Morocco's position will be decisively—and adversely—affected once Portugal and Spain enter the European Community. The Moroccans have characterized Spanish attitudes in current bilateral talks over fishing rights as patronizing. Future talks, as EC entry approaches, will be difficult. The temptation to protect economic interests via resort to political pressure could prove irresistible.

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100. The war in Western Sahara will, however, continue to pose an important obstacle for two US goals—regional stability and improved relations with Algeria. Although the war has engendered popular support and national unity, it is also diverting Morocco from more pressing problems. US assistance has had important positive effects on US-Moroccan relations and Moroccan military capabilities and morale. As a result of expanded US military aid, however, Morocco may place more reliance on achieving a military solution and assume a more hardline negotiating posture that might well prolong the Saharan conflict. Unrealistic expectations of US assistance and support that are left unfulfilled could in the long run damage US-Moroccan relations.

101. Algerian leaders, although more pragmatic and interested in a resolution to the Sahara dispute than in the past, will not abandon the Polisario's interests. Increased US military aid is seen as an attempt to ensure a Moroccan victory and as a threat to Algeria.

102. The question of transit facilities could strain US-Moroccan relations. While successful conclusion of a facilities agreement will lead to economic and military benefits for Morocco, such an accord could prove damaging to the popularity and legitimacy of Hassan's regime. Some Islamic fundamentalists already are criticizing Hassan for allowing too much Western influence in Morocco and can be expected to seize on the issue of increased US military ties. Like the people of other former colonies, the increasingly well-educated Moroccans are probably sensitive regarding any infringement of their country's sovereignty. The presence of US military personnel and US use of Moroccan facilities, particularly if perceived as intended to support Israel, could be viewed as a compromise of Moroccan sovereignty and a quasi-colonial relationship. Hassan, aware of this possibility, has made it clear up to now that he would prefer that US military presence not be highly visible. Hassan, however, is capable of manipulating popular opinion, especially if the United States has maintained a low profile and the King can show economic and military benefits from a US military presence. Accordingly he is likely to demand a very high price for use of the facilities.

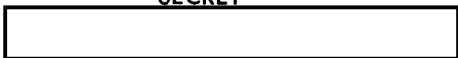
Implications for US Policy

98. The likelihood of Moroccan stability in the near term coupled with future major change in the country's political system present opportunities to advance US interests, as well as risks to those interests, in Morocco and the region. The likelihood that Hassan's moderate, generally pro-Western regime will remain in power over the next 12 months should enhance prospects for continued smooth US-Moroccan relations. This would include continued US naval access to Moroccan ports and an increased likelihood that the United States will have formal access to Moroccan air facilities to support military operations in Southwest Asia.

99. It is also likely that this moderate regime, for reasons of its own, will continue to follow international policies that will often coincide with or support US interests and objectives. Moroccan assistance in the future could prove to be particularly valuable in the Middle East and Sub-Saharan Africa, as well as in international forums.

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BIOGRAPHIC ANNEX KING HASSAN II

1. Hassan II dominates Morocco's secular and religious life. In his more than 20 years on the throne, he has maintained his political preeminence largely through his skill at balancing competing factions and interest groups. He rewards his supporters with patronage; he conciliates his critics when possible but does not hesitate to crack down when he deems it necessary. Hassan enjoys dual legitimacy as Morocco's spiritual and political leader. A member of the Alaouite dynasty, which claims descent from the Prophet Mohamed and has ruled Morocco since 1649, Hassan also is Supreme Commander of the Royal Armed Forces and spiritual head of Islam in Morocco.

2. When Hassan ascended the throne upon the death of his much loved and revered father, King Mohamed V, in February 1961, he was [redacted] ill-suited to conduct affairs of state. In the intervening years, however, he has increasingly shed that image and established himself as a modernizing ruler who effectively uses the symbols and ceremonies of his spiritual and political heritage. He was systematically prepared to succeed to the throne by his charismatic father, and his political behavior is primarily directed toward perpetuating the Alaouite monarchy.

3. Hassan believes that he rules by divine right and feels a strong commitment to perpetuate the monarchy. Although he personally took charge of drafting Morocco's first constitution in 1962, which theoretically permitted the creation of fledgling democratic institutions, he demonstrates intolerance and disdain for opposition to his policies.

4. An adept manipulator of power and people, Hassan skillfully uses divide-and-rule tactics against

oppositionists. [redacted]



5. [redacted]

[redacted] He jealously guards his right to take the initiative in foreign affairs and national defense. He has used foreign policy issues to defuse domestic pressure. His major initiatives have been the annexation of the Western Sahara after Spain's withdrawal in February 1976 and the further annexation of that portion of the territory held by Mauritania after that country signed a peace accord with Polisario guerrillas in August 1979. The Saharan campaign was initially popular in Morocco, but the continued casualties and the financial drain have caused some Moroccans to blame the conflict for Morocco's mounting economic difficulties.

6. Hassan, 52, has a law degree from the University of Bordeaux. He is heavily influenced by French culture. The King is well read and well informed. A man of elegance and whimsy, he can be charming and gracious. He is notorious for not keeping appointments, even with heads of state. The King speaks fluent French and Arabic and some Spanish and English. He is an accomplished orator, a gift he puts to effective political use. As is traditional among the Alaouite dynasty, Hassan is married to a Berber tribeswoman. His wife is rarely seen in public, and she does not carry the title Queen. Hassan has three daughters and two sons. The older son, Sidi Mohamed, has been designated as Crown Prince.

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