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# **Seychelles: The Mellowing of President Rene**

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**An Intelligence Assessment**

State Dept. review completed

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October 1983*

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# **Seychelles: The Mellowing of President Rene**

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**An Intelligence Assessment**

This paper was prepared by [Redacted] Office of  
African and Latin American Analysis, with  
biographic contributions from [Redacted]  
the Office of Central Reference. It was coordinated  
with the Directorate of Operations [Redacted]

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Comments and queries are welcome and may be  
directed to the Chief, Africa Division, ALA, on

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**Seychelles:  
The Mellowing of  
President Rene** [ ]

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**Key Judgments**

*Information available  
as of 15 September 1983  
was used in this report.*

The brief history of independent Seychelles, an island state with a dual French and British colonial heritage, has been characterized by political chaos and economic decline. Since Albert Rene took power in a bloodless coup, in June 1977—just a year after independence—the country has experienced a half dozen coup scares, a foreign mercenary invasion, a major mutiny in the Army, and chronic instability that compelled the regime to request foreign troops and advisers to shore up its military. Much of this turmoil was self-inflicted, the product of the radical socialist experiment launched by Rene. Rene now presides over a deeply fractured society and a regime that is almost totally dependent upon Soviet, North Korean, and Tanzanian security assistance. [ ]

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The country's political instability, combined with a number of ill-advised and ill-timed economic decisions by the Rene government, has disrupted Seychelles' inherently weak economy. The country's traditional economic base—agriculture and fishing—has declined dramatically since Rene came to power, and the once promising tourist industry has been badly hurt by Seychelles' radical image and the worldwide economic downturn. We believe that Rene's efforts to find a quick fix—increased taxes and import-control schemes, without addressing the problem of disproportionate government expenditures on social programs—offer little hope of resolving the country's economic problems. [ ]

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As economic hardship has begun seriously to affect the average Seychellois, the gulf between the tiny minority of radicals who have run the government in Victoria and the bulk of the people has widened. The Army mutiny of August 1982, which grew out of parochial grievances among the troops, has surfaced the key underlying division among the Seychellois. The overwhelmingly black population is dominated by a small group of whites and mulattoes who are better educated and more experienced in government and politics. In the aftermath of the mutiny, Rene—a white—has moved against potential black rivals by sending abroad those he considered most threatening and taking more direct control of the ruling political party, which has a large black membership. [ ]

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Over the past year Rene has appeared increasingly aware that his economic and political problems feed on one another and together pose a serious threat to his grip on power. Although his regime is now deeply dependent on highly unpopular foreign security assistance, we believe Rene has come to recognize that he cannot govern permanently by use of force

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and repression. Thus, since the mutiny last year, he has taken a number of steps to moderate the government's policies, designed primarily to reopen more fruitful economic and political contacts with the West in general and the United States in particular. He has curtailed the influence of prominent radicals in his government, muted his own and the media's strident rhetoric, avoided gratuitous insults of the West in international forums, and demonstrated a more positive attitude toward the major US interest in Seychelles—the US Air Force satellite tracking station on Mahe Island. He has acted to restore US and UK access to Seychelles port facilities and reportedly is considering an expansion of trade, investment, and tourist relations with South Africa. [redacted]

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Reversing the country's radical trend will not be easy. The main impediment may well be Rene's close military and security relationship with the Communist and radical African states. Rene, we believe, is one of the region's most insecure leaders, and we doubt he would remain in power long should the North Korean and Tanzanian military contingents—numbering some 70 to 80 and 140 men, respectively—depart. According to a Soviet Embassy official, seven Soviet military officers serve as advisers to the Seychelles Army; they reportedly have substantial influence on its five key officers. We believe, however, that Rene recognizes the dangers of overdependence on the Soviets; the Mitterrand government has been fairly responsive to Rene's requests for assistance as an alternative to Moscow, and Rene probably is anxious to keep the Tanzanians and North Koreans for the same reason. [redacted]

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We believe that the political pressure on Rene will ease a bit for the short term, if only because he has been able to convey the image that he is actively pursuing a new course. Popular discontent will grow over time, however, unless he is able to halt the economic slide by gaining more foreign aid and by getting the moribund tourist industry on its feet again. Nonetheless, his unwillingness to dispense with foreign military protectors will work against these aims. There are, moreover, still some influential radicals in Rene's inner circle who are, in our judgment, likely to continue to push policy lines inimical to Western interests. Their hand will be strengthened should Rene perceive yet another security threat to his continued hold on power. [redacted]

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Rene remains the dominant political figure on the domestic scene, and we doubt that the present system could survive his departure. His death or retirement would almost certainly precipitate a power struggle between the moderate and radical factions. Despite the conservative, pro-Western orientation of the black majority, the Soviet-trained military officers—aided by foreign troops—probably would assume control of any successor regime and pattern it along Marxist lines. [redacted]

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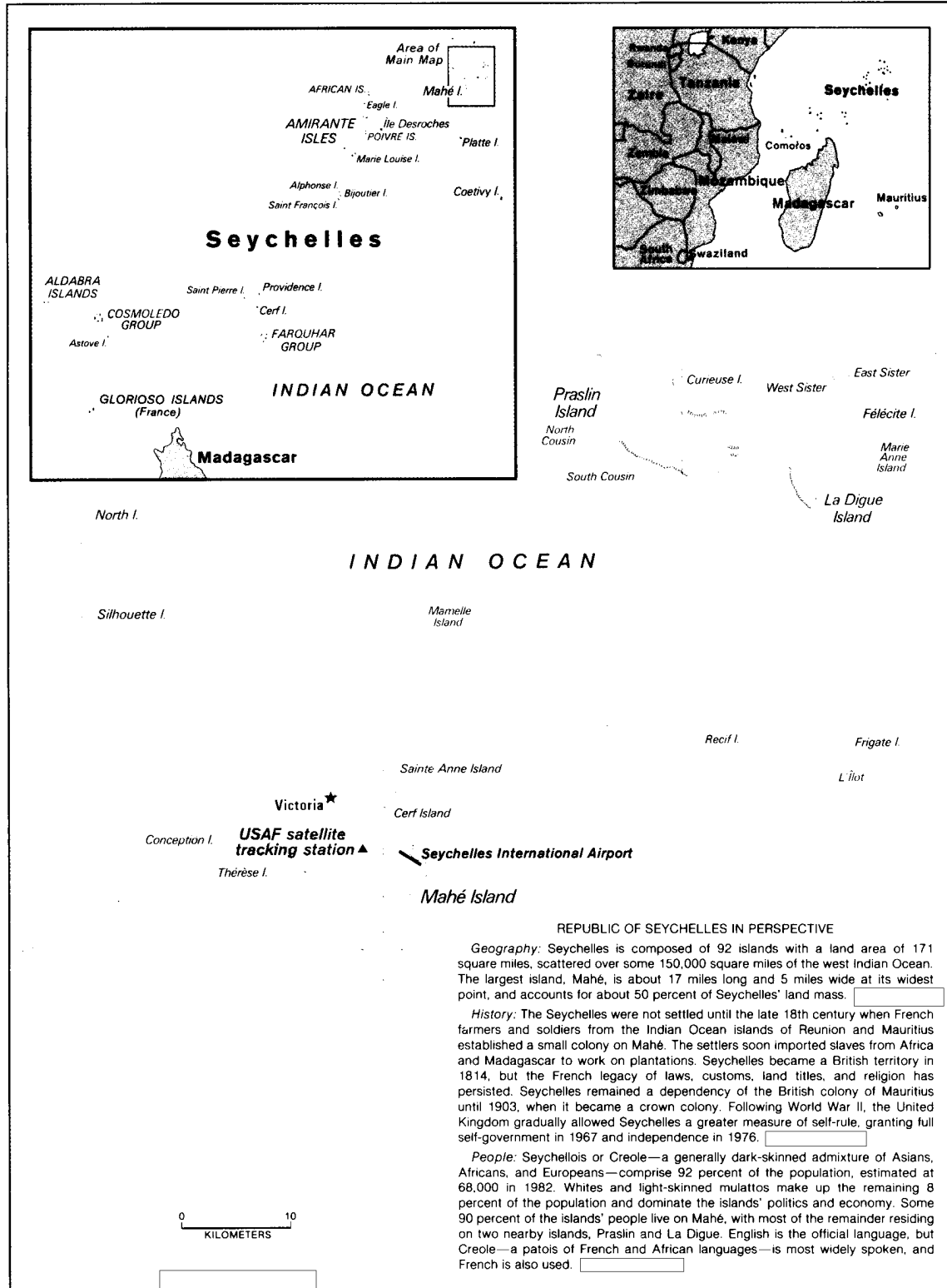
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**Seychelles:  
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**Introduction**

Since it came to power in 1977, the leftist regime of Seychelles' President Albert Rene has repeatedly called on foreign military intervention to counter both real and perceived threats. These included numerous coup scares, a largely South African mercenary attack sponsored by antiregime exiles, and an Army mutiny. The mutiny in August 1982—by far the most dangerous crisis Rene has yet faced—destroyed the regime's credibility and popular support, shattered the Army, and left Rene wholly dependent on foreign military support to remain in power. [ ]

given the Seychellois one of the highest per capita income levels in Africa. Although only 10 percent of the work force is now unemployed—a relatively low figure by African standards—there is considerable underemployment. According to press reports, all the large luxury hotels except the one owned by the government were up for sale during August. Other press reports reflect concern that high taxes and bureaucratic overregulation have stifled initiative and confidence in the private sector, further slowing down the economy. [ ]

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**Declining Tourism**

Tourism—which accounts for about 90 percent of the country's foreign exchange earnings—has experienced a serious decline in recent years. The tourist industry grew rapidly following the opening of an international airport on the main island of Mahe in 1971, fueling a major expansion of the economy and attracting extensive foreign investment in the construction of hotels and other tourist facilities. The number of tourists climbed to nearly 80,000 in 1979, and higher average spending per visitor drove earnings from tourism to its highest point in 1980, despite a decline in tourist arrivals. That year, tourism generated \$53 million for the Seychelles' economy, accounting for more than 35 percent of GDP, about one-third of employment, and 14 percent of tax revenues. Earnings from tourism fell by \$9 million in 1981, however, and plummeted another 30 percent in 1982. [ ]

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The rapid deterioration of the economy has emerged as another serious threat to the longer term stability of Rene's government, forcing him to adjust both his domestic and foreign policies. As a result, the radicalism of Rene's first five years in power has given way over the past year to less doctrinaire, more pragmatic policies consistent with the country's desperate need for economic support. This paper examines these developments and their impact on the primary US interests in Seychelles—the continued operation by the US Air Force of its satellite tracking station on the main island of Mahe and the prevention of further expansion of both Soviet political influence in the islands and its military access to port and air facilities there. [ ]

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**A Troubled Economy**

Victoria's economic problems stem largely from declining revenues from tourism—the major industry—and a reduction in foreign aid flows. Seychelles—which enjoyed a balance-of-payments surplus as recently as 1980—incurred large deficits in 1981 and 1982 and has had to draw down its foreign exchange reserves to dangerously low levels. [ ]

Both internal and external factors have contributed to the industry's sagging fortunes. Recession in Europe and the sharp rise in oil prices, which boosted airline fares, have combined to force many potential visitors to choose less distant vacation spots. An ill-timed revaluation of currency in early 1981 also has made Seychelles a more expensive place to visit compared

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The economic pinch is beginning to affect the man in the street, bringing a halt to a decade-long rise in real income that had fueled growing expectations and had



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**Rene's First Five Years**

In June 1977, then Prime Minister Rene assumed power in a successful coup against his bitter rival James Mancham, who had been elected President when Seychelles gained independence just a year before. Both Rene and Tanzanian President Nyerere—who had supported Rene for years and may have played an active role in the coup—found Mancham's flamboyant lifestyle and his close ties to Western business interests distasteful. [redacted]

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Since becoming head of state, Rene has been heavily preoccupied with guarding against a countercoup by those from whom he seized power—now organized into a London-based exile organization called the Movement for the Resistance (MPR). Rene abrogated the Constitution immediately following his seizure of power and ruled by presidential proclamation for two years. Although he initially allowed fairly open criticism of his regime by Seychelles' traditionally lively and unfettered press, his growing fears of an MPR threat soon resulted in increasing repression. Jolted by a well-attended rally of Mancham supporters in February 1978, Rene moved to curtail dissent by arresting or harassing political opponents and by gradually eliminating press freedom. Rene's near paranoia over the possibility of a coup was heightened by the takeover of the Comoros Islands in late 1978 by foreign mercenaries. [redacted]

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In June 1979, Rene promulgated a new Constitution—based on the Tanzanian model—which established his Seychelles' People's Progressive Front as the sole legal party and strengthened his power as the chief executive. Nonetheless, after his landslide victory in the June 1979 general elections—98 percent of the vote as the sole presidential candidate on a yes-no ballot—Rene began to encounter stiff opposition, including public protests, to his socialist policies. [redacted]

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Rene's leftist leanings and chronic concerns over security have led to closer relations with the USSR

and other Third World radical states at the expense of the Seychelles' historically close ties with the West. In April 1979 Rene successfully called on the Soviets to send warships as a show of support for the regime during a coup scare. That November, fearing a coup attempt backed by the French, Rene requested another Soviet naval ship visit and jailed a number of suspected plotters. He also arrested a French police adviser and detained the French military crew of the Seychellois patrol boat Topaz, causing a crisis in relations with Paris. Rene's suspicions of French machinations against his regime—which were not totally groundless, according to US Embassy reporting—also led him to suspect the intentions of other Western powers. [redacted]

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Rene's foreign military support has enabled him to weather two major challenges to his regime. Exile-sponsored mercenaries flew into Victoria in November 1981, but were quickly defeated with the help of the contingent of Tanzanian troops stationed in Seychelles since 1979. In August 1982, Tanzanian troops again were instrumental in putting down a two-day mutiny, which, according to Embassy reporting, involved as much as half the Seychelles' 700-man Army. In both cases, the Soviets responded quickly by dispatching warships to the scene. French warships also were sent to Seychelles waters in both instances, underlining the improvement in relations after the inauguration of Socialist President Mitterrand in 1981. [redacted]

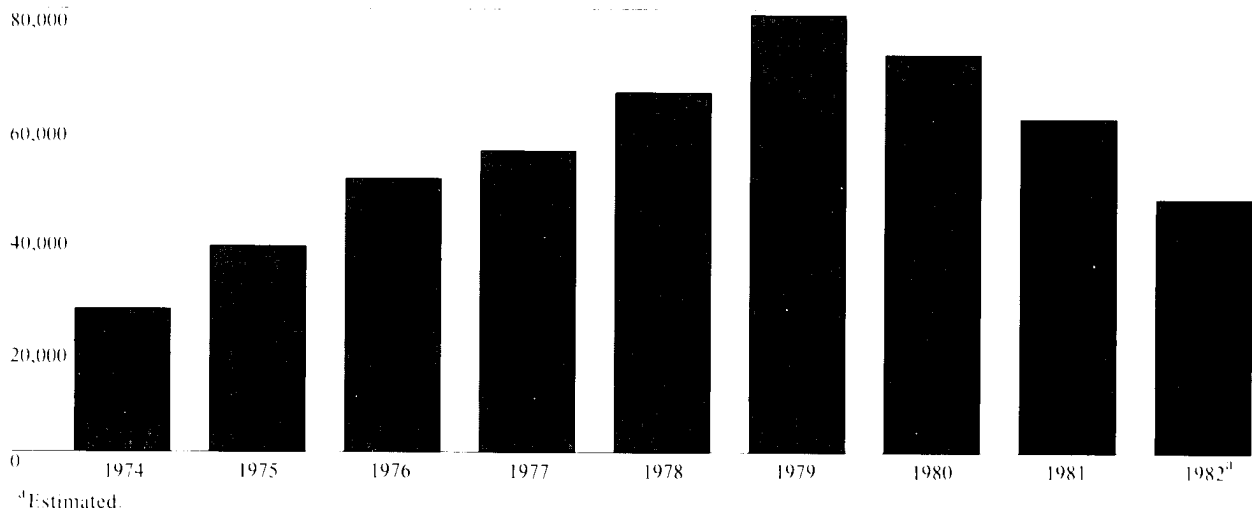
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Under Rene, the Seychelles' economy has deteriorated badly. Foreign investment has fallen off considerably, in part reflecting the completion of projects such as hotels and other tourist facilities that were financed almost entirely by foreign investors. In addition, however, Western investors have become increasingly chary of Rene's socialist policies, characterized by the creation of parastatal corporations or the buying out of private companies. [redacted]

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**Figure 2**  
**Seychelles' Tourist Arrivals, 1974-82**



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with its main nearby competitors, Kenya and Mauritius. Moreover, the government for years failed to promote its tropical beaches, lagoons, and exotic wildlife as tourist attractions aggressively in overseas markets and has neglected investment in hotels and other facilities that would make service and accommodations more competitive. The regime's recent firings of two expatriate directors of the National Tourist Board have compounded overall management problems. Finally, the coup attempt in November 1981—which received wide press coverage because of the involvement of South Africans—the subsequent Army mutiny in August 1982, and the government's political affiliation with the Soviets and radical non-aligned states have created a specter of political turbulence discouraging to many would-be visitors

The drop in tourist arrivals has led major airlines to curtail service to Seychelles, forcing President Rene to conclude a costly—\$10 million per year—agreement with British Caledonian Airways to provide air links between London, Frankfurt, and Victoria in

order to maintain access from major European markets. These arrangements may be proceeding too slowly for Seychelles to benefit from the 1983-84 peak winter season. As a result, tourism will continue to rely heavily on less profitable charter flights; the primarily European companies that organize these cutrate packages take payment abroad, demand reduced rates for hotels and recreation facilities, and delay their remittances to Seychelles. Moreover, tourists on package tours spend much less than do individual tourists. As a result, Seychelles tourist revenues were down over 27 percent during the first half of 1983, despite a 20-percent increase in tourist arrivals over the same period in 1982.

#### **Stagnating Agriculture, Undeveloped Fishing**

Agriculture and fishing, once the backbone of the economy, now contribute only about 10 percent of GDP. Production of copra—which, along with cinnamon, is the major export crop—declined in 1982 to

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the lowest level since the mid-1970s. Revenues from both crops have been hurt by low international prices and poor organization and planning within the sector. Production of food crops has failed to keep pace with the demands of tourists and the local population, forcing the regime to spend scarce foreign exchange on food imports. The regime is now attempting to improve the degree of self-sufficiency in selected foodstuffs such as sweet potatoes, yams, cassava, bananas, sugarcane, and tea. The government faces an uphill battle, however. Jobs in the tourist sector have eroded productivity by luring large numbers of workers away from the agricultural sector. Furthermore, the capacity to expand agricultural production is limited by land availability. Only 54 percent of Seychelles' 171 square miles of land is arable—a much smaller portion is prime cropland—and level land suitable for agriculture is also in demand for government-sponsored construction projects. [redacted]

The fishing industry, long recognized as a prospective money-earner that is second only to tourism in potential, has remained largely undeveloped. Over the past five years, the government has sponsored a series of studies of the prospects for tuna export. According to recent press reports, government officials have concluded that at least 20,000 tons of tuna could be caught each year without the risk of depleting stocks—a total which, conservatively, could contribute some \$30 million annually in foreign exchange. In fact, tuna exports earned only about \$1 million in 1982, amounting to only slightly over 3 percent of the earnings from tourism. The poor performance is the result of muddled administration, the lack of adequate shore-based facilities to support commercial fishing, and the need for additional foreign technical assistance to organize and manage the industry. Seychelles' inability to exploit its own fishing resources has led the Rene government to license foreign boats to fish territorial waters, but the annual returns have been paltry—some \$1.2 million. [redacted]

#### The Search for "Quick Fixes"

The country's foreign exchange and budgetary pinch drove President Rene to implement several restrictive measures in July 1983: a temporary ban on automobile imports; higher import duties on luxury items; an extension of the 5-percent turnover tax on all transactions; higher taxes on those in the middle and upper

income brackets; and increased bus fares. The regime, however, avoided the politically more sensitive step of cutting back on government expenditures on its extensive social programs—including free schooling, free medical service, and government-subsidized housing—which take up a third of the annual budget. Moreover, although Rene is aware that the overvaluation of the Seychelles rupee has both encouraged the import of relatively cheap foreign goods and hurt the vital tourist industry, he remains opposed to devaluation for fear of giving new impetus to domestic inflation. [redacted]

According to the US Embassy, there is growing circumstantial evidence that Rene may be pursuing another option—offering to launder money for European professional criminal organizations—in an effort to obtain sufficient foreign capital to bridge the gap until tourism revenues improve. Illicit money has been cycled through the Seychelles for some time, but an Embassy source reports that European criminals are now bribing Seychellois leaders to enact legislation that would permit a large-scale expansion of this operation. [redacted]

### Internal Politics

#### Growing Alienation

The Army mutiny in August 1982 was, in our judgment, the most significant development in the string of crises that has struck Seychelles over the past five years. It was the catalyst for a number of important political changes that subsequently have taken place. The mutiny revealed the isolation of Rene's leftist regime, whose members are drawn from the Seychelles' white and mulatto elite. The regime's radical leftist policies clearly had alienated not only the conservative black community comprising 92 percent of the population, but also Rene's own party—the Seychelles Peoples' Progressive Front (SPPF)—which had been designed to give its largely black rank-and-file membership the illusion of meaningful participation in government. It also focused the regime's attention on the need to deal pragmatically with the

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**Economic Assistance**

*Seychelles' economic problems have increased the importance of the substantial development assistance the islands receive from foreign, primarily Western, donors. Foreign aid, largely in the form of grants and concessional loans, amounts to nearly \$20 million annually, according to US Embassy estimates.* [redacted]

*France is the largest single aid donor among Western countries. Paris provided almost \$9 million in aid last year, according to the French Ambassador, and also provides important assistance to the nascent Seychellois fishing industry. Additionally, French tourists have been the single most important contributors to the Seychelles' tourist industry, although Paris's decision to impose currency controls on French citizens traveling abroad is likely to severely limit the number of French visitors to Seychelles in the near future.* [redacted]

*The United Kingdom is Seychelles' second most important trading partner and a leading aid donor, furnishing \$7.9 million in 1981. As London fulfills the aid commitments that accompanied independence, however, aid levels are declining. An agreement to locate a BBC relay station in Seychelles will help close this gap by generating badly needed hard currency.* [redacted]

*During 1982 US economic aid—\$3.3 million in grant aid, including \$2 million in Economic Support Funds—and the revenues generated by the tracking*

*station—\$2.5 million in rent and another \$3.5 million in expenditures—accounted for over \$9 million out of a GDP of approximately \$125 million. (C)*

*Seychelles also has received economic assistance from a variety of Third World sources. The radical Arab states have made large financial aid commitments, although their record for fulfillment is spotty.*

[redacted] *Libya advanced an additional \$3.5 million to help finance a trial fishing project. Iraq reneged on a May 1980 agreement to provide \$10 million in concessional loans, but did furnish \$3 million in 1981. Algeria has made over \$10 million in grants and soft-term loans available since 1979. Victoria has met with varying degrees of success in its approaches to other countries garnering some unspecified economic assistance from India, Japan, North Korea, and China.* [redacted]

*Moscow's economic aid to Seychelles fits its Africa-wide pattern; until recently it was minimal. In a gesture apparently aimed at protecting its political influence with the economically beleaguered Rene government, however, Moscow in March 1983 agreed to provide \$2.6 million worth of cement and diesel fuel as grant aid. In June it concluded another aid package worth approximately \$3 million, consisting of construction equipment, spare parts, and the provision of technicians.* [redacted]

*country's growing economic problems, which had begun to threaten the massive social welfare programs that have acted as a buffer against major unrest among the underprivileged majority.* [redacted]

*The revolt emerged from protests of the Army's enlisted men against incompetent and brutal officers, but Embassy reporting indicates that the mutiny's root causes lay in deeper discontent that included economic grievances and nascent black nationalism. Guy Sinon, the country's most popular black leader*

*and the Secretary General of the ruling SPPF, informed the Embassy that he and other black leaders had advance knowledge of the revolt and took refuge on an outer island to await the results. The Embassy concluded that the country's black leadership tacitly supported the mutineers.* [redacted]

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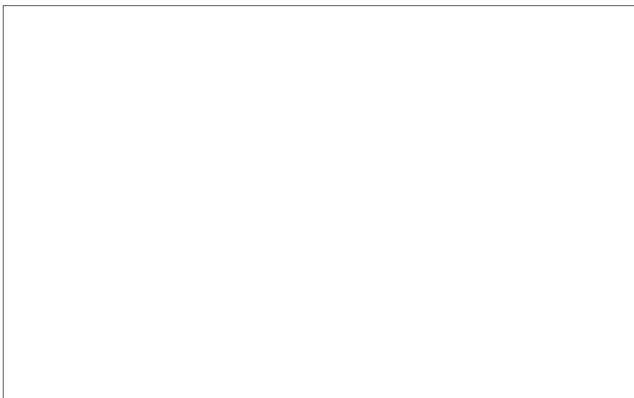
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his efforts to rally opposition to measures that promote private investment or encourage closer relations with the West, but radical influence—at least for the moment—appears to be waning. [redacted]

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According to remarks Ferrari made to US Embassy officers, Hodoul is becoming increasingly isolated, and his support may be drifting away. Ferrari noted that Education and Information Minister James Michel—who also serves as Army Chief of Staff and once was a hardline radical—can now be counted on to side with the moderates in most cases. Ferrari also said that opportunistic Defense Minister Ogilvy Berlouis, apparently sensing which way the wind is shifting, has also been proving himself a “useful ally.” [redacted]

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**Moving Against Rivals**

Rene responded to the mutiny [redacted] by moving to lessen the influence of potential black rivals to his rule. As the result of changes enacted at the SPPF Congress in September 1982, Rene increased his personal control over the party. The Congress authorized the Central Executive Committee to nominate the membership of the 23 branch committees, which previously had been elected, and reduced the size of the committees from 10 members to five. The changes reduced moderate SPPF Secretary General Sinon’s influence by depriving him of the ability to organize local support through the party structure. [redacted]

**Foreign Policy: Untangling Priorities**

The strengthening of the moderate faction in the regime has coincided with Rene’s recent efforts to resolve what had for the first years of his regime been treated as separate, at times conflicting, foreign policy priorities: economic necessity and national security. The country’s overwhelming dependence on economic aid and tourism have long argued for close ties with the West. But the regime’s almost total reliance on foreign security assistance to remain in power, coupled with the radical ideological views of several key officials, have served to promote close relations with the USSR and the “progressive” nonaligned states. [redacted]

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In what was probably the most significant move against possible rivals, Rene engineered the quiet ouster from the Seychelles political scene of Matthew Servina, a black who had long touted himself as a potential successor to Rene. Servina, who had questioned Rene’s public support following the Army revolt, was forced to resign his positions as SPPF Deputy Secretary General and Minister of Agriculture and was sent abroad for study. [redacted]

**The Economic Imperative**

As Seychelles’ economic problems have worsened, Rene has made several gestures to improve relations with the West, including the United States. Press coverage has become more balanced in the past year and a half, and the regime has muted its anti-US tone in international forums. The removal of Hodoul as Foreign Minister and Seychellois nonparticipation in three key UN votes in the latter part of 1982—in which they normally would have lined up with the Soviets—were intended as signals of growing openness to the West, according to Seychellois officials. [redacted]

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Rene followed his moves against potential black rivals by strengthening the moderate faction within his regime in an attempt to improve his government’s domestic and international image. In November 1982, he replaced unpopular radical Foreign Minister Jacques Hodoul with the more moderate Maxime Ferrari and shifted Hodoul to the Ministry for National Development. The transfer, however, by no means eliminated all tensions between the numerically balanced radical and moderate factions within the Cabinet. Hodoul, in his new capacity, has continued

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We believe that Rene's recently stated willingness to relax the 1979 requirement that visiting naval ships declare that they are neither nuclear powered nor nuclear armed—which effectively cut off US and UK naval visits—is another example of the new influence of economic considerations. Rene has openly expressed hope that his move will stimulate more generous aid from Washington and London; moreover, he is mindful that the ship visits themselves generate significant hard currency earnings—as much as \$200,000 per visit. [redacted]

Seychelles' economic requirements have led it to mitigate somewhat its harsh stance toward South Africa. Pretoria has long served as Victoria's primary source of agricultural imports, and Rene reportedly is considering a further opening of Seychelles to South African investment and tourism. His recent release of six mercenaries captured in the abortive November 1981 attack may have been an effort to lay the groundwork for closer future cooperation. [redacted]

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**Security Concerns**

*Moscow as the Mainstay.* The Soviets remain Seychelles' most important source of military assistance, a fact which Moscow uses as its primary lever of influence on the Rene regime. Rene's failure to speak out on the recent Soviet shutdown of the Korean airliner reflects Seychellois reluctance to confront its benefactor. Moscow's assistance takes three forms: deliveries of military equipment, naval ship visits to show support for the regime during coup scares, and the provision of military advisers and training for Seychellois military personnel. [redacted]

Between 1978 and 1982, Moscow provided Seychelles with some \$7.6 million in military equipment, including small arms, ammunition, light artillery, armored personnel carriers, trucks, a mobile radar installation, and two Zhuk-class patrol boats. Reports indicate that during 1983 Moscow has provided two weapons—SA-7 antiaircraft missiles and BM-21 multiple rocket launchers—not previously in Seychelles' inventory. [redacted]

[redacted]

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**Moscow's Interest**

*Moscow's primary interest in Seychelles stems from the country's strategic location, offering the potential for enhanced Soviet surveillance capabilities in the Indian Ocean area. We believe that the Soviets would like to operate maritime surveillance aircraft out of Seychelles, although we have no evidence that they have requested such access. From Seychelles, IL-38 aircraft could cover areas such as the waters around Diego Garcia not accessible by the Soviet reconnaissance aircraft currently deployed to South Yemen and Ethiopia. The Soviets apparently also are interested in access to Seychelles as a stopover point for Soviet military transport aircraft flying to Africa. Moscow established the precedent for such use in the first half of 1983 when a number of military transports, most in transit to or from Mozambique, staged through the airport at Victoria.* [redacted]

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*We do not believe that Moscow is interested in pressing for naval basing rights, although recent Soviet proposals to refurbish fuel storage tanks for Seychelles suggest Soviet interest in establishing emergency access to such fuel reserves. Seychelles does not have well-developed port facilities and is far from Moscow's primary area of naval interest in the Indian Ocean, the area near the Persian Gulf. Seychelles does offer a convenient rest and recreation location, however, and also has deepwater anchorages, such as that off Coetivy Island, some 180 miles from the main island of Mahe.* [redacted]

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*Politically, Soviet aims are served by the establishment of a firmly committed anti-Western regime. We believe Moscow harbors hopes that such a regime would restrict US access—as occurred in 1979 with the ban on visits by nuclear-powered or nuclear-armed ships—and, ultimately, evict the USAF tracking station. Moscow's recent moves to increase economic aid to Seychelles probably reflect efforts to bolster its presence in the primary area where Western influence has made significant gains.* [redacted]

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The Soviets have hoped that naval ship visits, made in response to Rene's fears of internal unrest or externally mounted coups, would solidify Moscow's influence. Since the mercenary attack in November 1981, some of the visits have included amphibious landing ships capable of carrying naval infantry. [redacted]

[redacted]

Military advisers and training form only a relatively minor part of Soviet military assistance. A Soviet Embassy official told US Embassy officers in early 1982 that seven Soviets were serving as advisers to the Seychellois Army. During the same period, a Seychellois security official informed the US Embassy that those advisers were influencing the five black majors who form the top echelon of the Army's leadership to press Rene for a greater military role in decisionmaking and an increased military budget. [redacted]

**Efforts To Diversify.** Rene also relies on a number of other sources—primarily France, Tanzania, and North Korea—for security assistance.<sup>1</sup> This policy allows him to avoid total reliance on Moscow in the security field while maintaining his claims to non-alignment. President Mitterrand's responsiveness to Rene's request for a show of French support following the mercenary attack in 1981 opened the way to renewal of military ties. Paris followed up the port call by French warships immediately after the attack by deploying warships and maritime patrol aircraft to the area for two weeks in January 1982. Soon thereafter, Seychelles and France reached an agreement providing for occasional deployments of French maritime surveillance aircraft, an increase in French naval ship visits, and French provision of nonlethal military equipment. France, in return, reportedly gained the right to establish logistic support facilities for French warships visiting Seychelles. [redacted]

<sup>1</sup> Rene has had some success in attracting military assistance from additional countries. India donated two helicopters in 1982 and this year agreed to provide related training and spare parts, as well as training for naval cadet officers, according to the Seychelles' Defense Minister Ogilvy Berlouis. Seychelles has also contracted for three patrol boats from Italy, but only one has been delivered thus far. [redacted]

Embassy reporting indicates that in May 1983 the French Ambassador decided on a significant reduction in the 14 French naval visits planned for 1983. The reduction will be costly for Seychelles in economic terms—the 26 French naval port calls in 1982 earned Seychelles between \$2 million and \$3 million in desperately needed foreign exchange—but the US Embassy notes that Paris may have given Rene unofficial assurances that it would come to his aid in the event of an attempt to topple his regime. [redacted]

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Tanzania and North Korea also play a significant security assistance role in Seychelles. Tanzania currently maintains approximately 140 troops in Seychelles. [redacted] Dar es Salaam would like to bring the troops home for economic reasons, but Rene—who has been forced to rely on them despite widespread public resentment of their presence—apparently has negotiated their continued stay at least through the end of the year. The Tanzanian force played the major role in both the defeat of the 1981 mercenary attack and the suppression of the 1982 Army mutiny. [redacted]

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Rene's concern over the possible withdrawal of the Tanzanians, combined with his sensitivity to the resentment that their ill-disciplined behavior has generated among the Seychellois, probably were the primary factors behind his recent request for North Korean military personnel. Reporting from the US Embassy indicates that almost all of the 70 to 80 North Koreans now serving in Seychelles arrived last April. The Embassy reports that they are virtually integrated into the Seychellois Army at the junior officer ranks and appear to be functioning primarily as advisers. [redacted]

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**Outlook**

Rene's more open stance toward the West and his moves to curtail the influence of the largely unpopular radical element of his regime have relieved some

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potential causes of black popular unrest. He still faces serious problems, however, in dealing with an alienated black majority that has seen its voice in the Rene government muted even more since the Army uprising. [redacted]

For a limited time, Rene will be able to sustain the regime by conveying the image that he is actively pursuing his new course. Within six months to a year, however, he will have to show concrete results—reduced unemployment, increased aid flows, or, at a minimum, a halt in the slide in economic performance—to effectively assuage popular discontent. Accomplishing such results would require a level of firm, timely policy direction and coherent planning, which Rene's factionalized regime has thus far been unable to achieve. [redacted]

Specific options exist that could have significant beneficial impact on the Seychelles economy. All offer the prospect of enhancing earnings from tourism—the current focus of the regime—but all entail some level of political cost:

- We believe Rene is likely to open Seychelles to South African tourism. Although he would face some loss of stature internationally as a staunch foe of apartheid, the move would have minimal impact domestically on all except extreme radicals—who, in any event, are in eclipse.
- We believe Rene will continue to avoid the politically risky steps of cutting government expenditures in the social welfare area to provide additional funds for investment in the tourism sector or devaluing the rupee to make prices more attractive to foreign tourists. Such steps, which could contribute significantly to Seychelles' economic recovery, could also provoke a backlash from the black population. [redacted]

Seychelles' continuing security concerns and its near-total dependence on Communist and "progressive" Third World states for military assistance present Rene with the requirement for a delicate balancing of foreign policy between East and West. Even if tensions between the regime and the civilian population ease, the possibility of another mutiny by the military or of another exile-sponsored mercenary attack will remain a threat, in Rene's mind. As a result, the

contingents of Tanzanian and North Korean military personnel will in all likelihood remain on the islands despite domestic resentment against them. Moreover, Rene's continuing requirement for military support from the Soviets and other leftist nations will insure the radical elements of the government against a complete loss of political influence, despite the current low ebb of their fortunes. [redacted]

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President Rene remains the dominant political figure on the domestic scene, and we doubt that the present system could survive his departure. His death or retirement would almost certainly precipitate a power struggle between the moderate and radical factions. Despite the conservative, pro-Western orientation of the black majority, the Soviet-trained military officers—aided by foreign troops—probably would assume control of any successor regime and pattern it along Marxist lines. [redacted]

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#### Implications for the United States

The Rene regime's tilt away from the extreme policies of its first five years in power offers opportunities for maintaining or expanding US influence, although the opening may be transitory. At least for the short term, we believe Rene will avoid challenging US interests; indeed, we expect him to encourage the United States both to maintain the tracking station and to resume ship visits. He is likely to continue to temper his stridency on East-West issues—as he recently did on Chad—in an effort to portray his regime as truly nonaligned. He clearly hopes to attract additional economic assistance and increased Western tourism from this approach and is counting on the resulting economic turnaround to help stabilize his government. We believe these expectations, as long as they continue, will bolster his resistance to any Soviet efforts to increase air or naval access to Seychelles. [redacted]

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Despite our view that Rene's leftist ideological affinities will, over the short term, take a backseat to his newfound, economically motivated pragmatism, the

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continued presence in the Cabinet of influential radicals and the regime's continuing dependence on foreign military assistance could result in occasional lurches in policy inimical to Western, and especially US, interests. The introduction of North Korean military personnel earlier this year is an example of a decision apparently taken by the disorganized and frightened regime without careful consideration of the adverse impact on relations with the United States.

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[REDACTED]

The stability of the Rene regime, moreover, is likely to remain fragile under any foreseeable circumstances. As a result, Rene's continuing dependence for political survival on security support from the Soviet Union, North Korea, and Tanzania to counter internal and external threats provides these countries with powerful levers. Rene is gambling that he can maintain a delicate East-West balance between his economic and security requirements that will enable him to withstand this pressure. Any real or perceived increase in the security threat, however, would further strengthen the Soviet hand and probably result in Rene's return to more radical leftist policies. [REDACTED]

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**Appendix**  
**Biographic Profiles**



**France Albert Rene**  
*President*

A confirmed socialist, France Albert Rene, 47, professes a nonaligned approach toward world affairs, but favors ties to leftist governments. He has become more outwardly moderate in his actions, hoping that a more balanced foreign policy will attract vital foreign economic investment to Seychelles. Rene, a white, faces continual social problems in maintaining the control of his white and mulatto government over the predominately black population. His popularity has remained low since the August 1982 Army mutiny. He hopes for an economic recovery to reverse this trend, but remains overwhelmingly concerned with his personal security and government stability.

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**Maxime Ferrari**  
*Minister for Planning and External Relations*

A moderate and a pragmatist, Maxime Ferrari, 53, has influenced President Rene to adopt a nonaligned approach to foreign relations issues. His considerable political and foreign affairs expertise has been instrumental in establishing new sources of foreign economic assistance to his country. He encourages the US Navy to resume ship visits to Victoria and maintains cordial relations with US Embassy personnel in Seychelles. Ferrari, a member of a prominent white family, has earned a reputation for opportunism and, in the view of US State Department officers, may not be entirely trustworthy.  25X1

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**Jacques Hodoul**  
*Minister for National Development*

**James Michel**  
*Minister for Education and Information*

Jacques Hodoul, 40, is the most radical Marxist minister in the government. As Minister of Foreign Affairs from 1979 until 1982, he was the ideological force behind his country's shift to a radical leftist orientation. He was replaced in November 1982 as part of President Rene's effort to project a more moderate image. Hodoul favors a disciplined, Cuban-style island state and close relations with the Soviets. He descends from one of Seychelles' wealthiest white families. Hodoul is highly intelligent, [redacted] and generally unpopular among Seychellois. [redacted]

Lt. Col. James Michel, 39, serves as Chief of Staff of the Seychelles People's Liberation Army, in addition to holding his ministerial portfolio. He is one of President Rene's most trusted advisers. Once a hard-line radical close to Minister for National Development Jacques Hodoul, he is now taking a more moderate political stance. Michel, a mulatto, is popular among his colleagues, but he is considered politically naive [redacted]

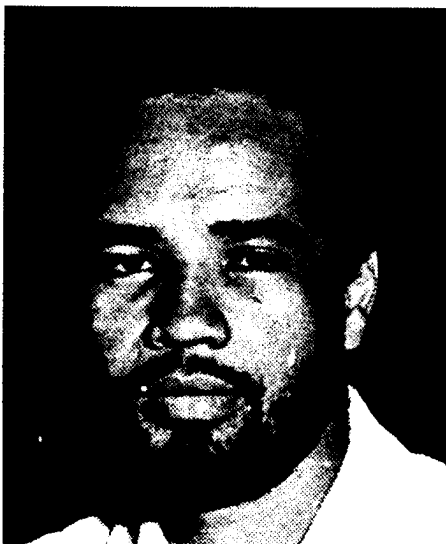
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**Ogilvy Berlouis**  
*Minister for Youth and Defense*

Col. Ogilvy Berlouis, 33, has full responsibility for both internal and external security matters. He is a key minister and adviser to President Rene. Berlouis, a mulatto, is a nondoctrinaire socialist formerly allied with the leftist ministers, but he has become more moderate and pragmatic on certain economic policy issues favorable to Western interests. [redacted]

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[redacted] Berlouis is unpopular with many government officials, but enjoys good relations with the diplomatic community. [redacted]

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