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REPORT ON THE SITUATION IN THE MEDITERRANEAN

MAY 1980-NOVEMBER 1980

Note by the Secretary General

The Ad Hoc Group on the Mediterranean which met on 28th to 29th October 1980, under the chairmanship of Mr. R. Meuwis, discussed a report on the above subject prepared by the International Staff in collaboration with the International Military Staff. Following the discussion, the Ad Hoc Group reached agreement on the attached report.

2. This report is submitted to the Council for discussion and for later transmission to Ministers.

(Signed) Joseph M.A.H. LUNS

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N A T O S E C R E T

DEVELOPMENTS IN THE MEDITERRANEAN

MAY 1980-NOVEMBER 1980

1. Following the Ministerial Meeting held on 25th and 26th June 1980 in Ankara, the Council in Permanent Session was instructed to continue its consultations on the situation in the Mediterranean and to report back at the next Ministerial Meeting. In accordance with these instructions, the Council arranged for the preparation of the following report.

2. This report sets out to assess the extent of Soviet penetration in the Mediterranean area over the past six months. Being part of a continuing review, it should be read in conjunction with the previous reports. The survey deals only with events which have had direct or indirect influence on Soviet penetration. The number of Mediterranean countries covered may consequently vary from one period to another.

I. SUMMARY

3. The primary Soviet objective in the Middle East/Persian Gulf region is to ensure the USSR of a prominent rôle in the political/military future of this area of critical strategic and economic importance. Therefore, the Soviets are seeking to develop long-term policies which can protect and enhance their influence on a more durable basis. The rapprochement between Syria and the Soviet Union has been stepped up following the signature of a Treaty of Friendship and Co-operation. Efforts by the USSR to improve its image in the eyes of the Arab world after the reprobation caused by its action in Afghanistan have been largely unsuccessful. Nevertheless, the Soviets will exploit the fact that the Iran/Iraq war has somewhat deflected the attention of the Islamic states and the international community more generally, away from continued Soviet military occupation of Afghanistan. The continued Iraqi rapprochement with moderate Arab countries has been given a new importance by the Iran/Iraq war. In Malta, Soviet efforts at penetration have scored some success in the form of a 5-year agreement for the repair of Soviet merchant vessels in Maltese shipyards. The political and military implications which the agreement might have had will be offset to a large extent by the Italy-Malta agreement concerning the neutrality of the island.

4. The Soviet Union has continued to maintain a sizeable naval presence in the Mediterranean. The size of the SOVMEDRON declined in the first four months of the period to a size similar to that in the period November 1978-May 1979 but increased again in the last two months so that the average for the whole period May-October 1980 is very similar to that of the last period. Exercise activity has been unusually low for a summer period.

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5. The general trend of Soviet economic penetration has remained the same.

II. ANALYSIS

MAIN EVENTS AFFECTING SOVIET PENETRATION IN THE MEDITERRANEAN

Egypt

6. President Sadat's régime remains stable but economic problems and political opposition continue. These may affect Sadat's position and the stability of his régime in due course, particularly if there is no significant progress over the Arab-Israel dispute.

7. Relations with Moscow remain as cool as ever.

8. Commercial and economic relations between Egypt and the Soviet Union continue to decline. However the execution of ongoing Soviet assistance projects seems less affected by the deterioration in political relations between the two countries. Economic co-operation between Egypt and the other East European countries is slightly on the increase albeit still within modest limits with the exception of Romania (1)(*).

Syria

9. Following a serious deterioration in Syria's internal security situation, this has stabilized in recent weeks (2). Repressive measures by President Assad's security apparatus have hurt Assad's opposition. These disorders reflect a weakening in the régime's position which he will wish to rectify. Following an assassination attempt upon his life in late June and other political assassinations of prominent régime representatives, as well as increased assaults against Soviet advisers (whose number has now gone up to 4,500), the Soviet Union sent at Assad's request a larger number of Soviet security experts to help the Syrian intelligence and security services.

10. A unity agreement between Libya and Syria was announced on 8th September. Details concerning implementation are not yet available and it is too early to assess the significance of the agreement. It seems unlikely that anything of substance will emerge apart, possibly, from increased Libyan economic and military aid to Syria.

(*) To make for easier reading, more detailed information is appended at Annex I. The numbers in brackets refer to the corresponding paragraphs of the Annex.

11. Putting an end to speculation over his intentions, Assad went to Moscow where he signed with the USSR on 8th October a Treaty of Friendship and Co-operation which he had turned down for well on ten years. It differs little in content from other treaties of friendship signed by the USSR in the Third World, but there are significant omissions and variations (3). In particular, the consultation clause comprises no provision for automatic intervention on the part of the USSR. Moscow's commitments in the field of security are vague and go nowhere near to explicitly guaranteeing to defend Syria or to back-up the Assad régime.

12. The clause on military co-operation, one of the most important aspects of this Treaty, also follows the standard model and stipulates that its aim is to strengthen Syria's defensive capability and that its implementation shall be subject to separate agreements. This will enable the Soviet Union to gear them according to circumstances (4). Although Moscow denies it, the existence of secret clauses is plausible, notably in relation with the granting of increased naval and/or air facilities(*). The Syrian Defence Minister Tlas stayed on in Moscow after Assad and his delegation had left and held conversations with his Soviet opposite numbers, apparently with a view to reaching agreement on speeding up the implementation of agreements on arms supplies dating from the previous year (5).

13. Soviet economic assistance shows no sign of slackening and is being pursued actively in accordance with major assistance agreements concluded earlier. A new agreement covering science and education was signed recently by the two countries. Economic and financial assistance by East European countries to Syria is greater than that of the Soviet Union and shows signs of increasing (6). The level of Soviet economic assistance to Syria is unlikely to increase significantly as a result of the treaty.

Iraq

14. The war between Iraq and Iran broke out on 22nd September 1980 and the Soviet Union declared its neutrality on 30th September. Brezhnev made a public appeal to the belligerents to settle their difference through negotiation. Moscow seems to want to honour the agreements on military supplies signed earlier with Iraq but has made it clear that no additional deliveries will be forthcoming. It may be that the Soviet Union hesitates to expose its military equipment to the hazards of a precarious voyage via Aqaba. It is also possible that the Soviets were counting on a short conflict and that its continuation raises problems for Moscow. They may

(*) See Assessment, paragraph 49.

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also wish to safeguard their general credibility as arms suppliers to the Third World, all the more so as in this case they are bound to the Iraqis by a valid Friendship Treaty.

15. The Iraq-Iran conflict has had the salutary effect for Iraq of rallying Arab support to its side. Except for Syria, South Yemen, Libya and Algeria, the Arab states have indicated varying degrees of support of Iraq, ranging from Jordan's open support to cautious endorsement from the Arab Gulf states and Saudi Arabia. Relations between Iraq and Syria were bad before the outbreak of the Iran/Iraq war and the signature of the Soviet/Syrian Treaty of Friendship. The main reasons were the normal subjects for disagreement between the two states, Syria's coolness towards Iraq's Pan Arab Charter and implicit rejection of its non-alignment concept, and Syria's alleged involvement in a plot against the Baghdad régime last year (7). Syria's open support for Iran and Iraq's concern that the treaty could give the USSR opportunity to exert greater influence in regional affairs have accelerated the deterioration between Damascus and Baghdad (8).

16. In 1979 Iraq remained the Soviet Union's main trading partner among the developing countries as well as the main beneficiary of Moscow's economic aid to the Third World as a whole. Economic relations with East European countries are being actively pursued (9).

Jordan

17. Friendship between Jordan and Syria, which reached its zenith in 1978, has waned as a result of the rapprochement between Damascus and Moscow and the Syrian belief that Jordan has been harbouring Muslim Brethren dissidents and has supported Brethren operations in Syria. However, relations have not reached the same pass as they have between Syria and Iraq. Jordan, while maintaining its traditional links with Saudi Arabia, has responded favourably to Iraq's overtures for economic co-operation.

18. King Hussein has repeated his statements that the USSR and the PLO must be involved in negotiations for a settlement of the Arab-Israeli dispute. A co-operative cultural agreement between the two countries was signed in late August, and a Soviet military delegation led by General Sergeev (Deputy Chief of Staff of the land forces) visited Jordan at the end of September. The improvement in relations between the Jordanian authorities and the PLO has continued. King Hussein was scheduled to make an official visit to Moscow in mid-October but the visit was postponed at the last moment, probably in relation with the conflict between Iraq and Iran.

Libya

19. Relations between Libya and the Soviet Union, including in the military field, remain at the same level of co-operation.

20. The increase in trade and technical co-operation with the Soviet Union noted in previous reports is confirmed. Relations in this field with Poland also deserve to be mentioned (10).

Malta

21. Moscow has increased its efforts at penetration. Visits by the Soviet Ambassador (resident in London) have become more frequent and longer. Following negotiations conducted by a Soviet delegation in July, an agreement has been signed for the repair over a five-year period of Soviet merchant vessels in the Malta Dry Dock Company yards. Although the terms of the agreement are not clear, it seems that so far one contract has been drawn up for the repair, beginning in August, of three Soviet cargo ships, and that another is being negotiated for a further six ships, including one tanker. Mintoff firmly rejected the Soviet demand for the repair of naval auxiliary ships. A Soviet delegation went to Malta late in August to discuss on the one hand questions relating to the Madrid Review Conference and on the other a strengthening of bilateral relations. No concrete progress appears to have been made on the second point.

22. For a number of years the Soviet Union has been attempting to gain access to Malta's Dry Dock facilities for planned repairs (Soviet ships have for the past ten years used these facilities on an emergency basis). It has also been trying to establish a permanent mission or trade office on the island. But Mr. Mintoff has hitherto rejected Soviet approaches for naval facilities on the grounds that Malta should remain non-aligned, and has sought a price for a general rapprochement well beyond what the Soviets were prepared to pay.

23. The Malta-Libya relationship has deteriorated considerably in the past six months, primarily over Libya's unwillingness to settle the disputed maritime boundary between them (11).

24. Difficulties experienced with Libya might in the end have decided Mr. Mintoff to finalize the projected declaration of neutrality of Malta, on which he has worked since 1976. Since the original concept, i.e. to have the Maltese neutrality guaranteed by a number of Mediterranean countries (Italy, France, Libya and Algeria) incurred considerable difficulty, the Maltese government confined the final negotiation to an exchange of notes with Italy.

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In this exchange of notes on 15th September, the Maltese government committed itself to declare its neutrality and Italy committed herself to take note and guarantee the neutral status declared by Malta. One of the clauses entered into by Malta is to exclude Soviet warships from Maltese shipyards (12).

Algeria

25. Relations between Algeria and the Soviet Union have not noticeably changed. They remain close despite the effect the events in Afghanistan have had on Algeria's perceptions. The Soviet Union is still the main arms supplier. It maintains a military mission of about 2,500 men in Algeria. There are military training contracts with the Soviet Union for all three services. Algeria's basic policy of non-alignment also remains valid in the military field, the only exception being the common Arab fight against Israel.

COMPOSITION AND STRENGTH OF THE SOVIET MEDITERRANEAN SQUADRON (SOVMEDRON)

26. The Soviet invasion of Afghanistan has changed the international strategic context in military and political terms. That overall context includes the activities of SOVMEDRON, which plays an important rôle in Soviet attempts to further their interests in NATO's vital southern flank area and therefore, Moscow's continuing search for facilities in support of SOVMEDRON remains a matter of great concern.

27. The 46-47 ship strength of the SOVMEDRON which was maintained from August 1979 through April 1980, has been continued during the period under review. However, during the first four months of the period the average strength declined to a lower than average level (44). This was considered very unusual for a period which is normally used for increased exercise activity, with a corresponding increase in strength.

28. Another unusual feature has been that it was only for short periods that the SOVMEDRON included major combatance such as MOSKVA class helicopter cruisers or SVERDLOV class cruisers. No KRESTA/KARA class missile cruisers were observed in the Mediterranean during the months May-September 1980. In October two missile cruisers have been part of SOVMEDRON. The result is that for most of the period under review the number of missile

launchers, both surface-to-surface and surface-to-air has been lower than usual. However the average number of surface combatants has been fairly high (11) but with major variations from the minimum of eight in August to a maximum of fifteen in October.

29. The submarine component similarly changed. Since May 1979 the number of submarines has averaged ten and in the last report it was noted that this might be a permanent feature in the future. However, in May 1980, the number fell to eight and remained fairly constant until the middle of August, when the number again increased to an average of ten. Why the number decreased for three and a half months is not known, but it is noteworthy that the composition of the submarine force also changed with a decrease in the number of nuclear submarines and new TANGO class diesel submarines. Since mid-August the composition has again been as it was prior to May 1980.

30. The auxiliaries however are still maintained at the usual level (21). In addition to these ships there has been an average of two intelligence collectors and four survey ships in the Mediterranean throughout the period.

31. As already mentioned, activity has been much lower than expected for this time of year. Only during the short periods when a MOSKVA class helicopter cruiser was present in the area was any exercise activity observed at all. With the exception of 1977 an annual Summer exercise has taken place in July and August when the Soviets are able to take maximum training advantage of the good weather and long hours of daylight. The reason why 1980 has been a repetition of 1977 cannot be firmly assessed but some reasons have been suggested, such as:

- bigger exercise activity in other areas;
- more cost-efficient training in home waters; and
- burdensome support to the Indian Ocean Squadron.

SOVIET USE OF PORTS, SHIPYARDS AND ANCHORAGES

32. Maintenance and logistics activities have continued to take place at the three main anchorages in international waters: Kithera, Sollum and Hammamet.

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33. Certain facilities are available to Soviet vessels supporting SOVMEDRON, for replenishment and repair in Mediterranean ports, for example:

Yugoslavia

34. According to the usual pattern, a pair of ships (one FOXTROT class submarine and a submarine tender) are undergoing repairs now at TIVAT yard. A changeover was observed in the beginning of September.

35. It is believed that maintenance of Soviet auxiliaries under the guise of merchant ships continues to be undertaken at other Yugoslavian shipyards. However, such occurrences have not been observed during the period under review (13).

Syria

36. The maintenance of submarines in Tartous has continued. Normally the submarines stay in port for about a month in the middle of their stay in the Mediterranean.

37. In addition surface combatant and auxiliaries make occasional port calls of less than a week. The water carrier belonging to SOVMEDRON continues to collect water in the port for the squadron's combatants. COMSOVMEDRON continues to make regular visits to Tartous. This latest visit from 5th-10th July 1980 coincided with the visit of the Soviet Chief of the naval staff, Admiral Yegorov to Syria mentioned above. These two visits may well have been of special significance.

Tunisia

38. The agreement concluded in mid-1977 on the use of the Menzel Bourguiba shipyard authorized repair/maintenance to a maximum of 80 Soviet ships during a three-year period. The total number of extended (3-4 weeks) upkeeps in the yard under the agreement has been 32. The agreement expired in June 1980. However, in the second half of May the Soviet Admiral Novikov visited Tunisia for discussion of a renewal of the agreement. It is not yet known if an agreement was signed but it was arranged that 6 auxiliaries and 2 minesweepers should have upkeeps at the shipyard before the end of 1980. Between the end of June and mid-October, two minesweepers and three auxiliaries have been repaired and a fourth auxiliary was at the yard in the last half of October.

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Algeria

39. The occasional visits of Soviet submarines accompanied by a submarine repair ship to ANNABA has only been observed once (mid-August to mid-September). This is unusual as SOVMEDRON formerly made regular use of this port for submarine maintenance periods of short duration. The port has, however, been visited three times during the period but only for short periods of 4-5 days. One of these visits may have involved a FOXTROT class submarine together with two KRIVAK class frigates but without the usual maintenance possibility.

USE OF SUEZ CANAL

40. The number of transfers of Soviet naval ships through the Canal has continued to be high during the period under review. Support of the Soviet Indian Ocean Squadron by the Black Sea Fleet has continued as exemplified by the southbound transfer of four combatants and six auxiliaries and the northwards passage of three combatants and seven auxiliaries. In addition one Vietnam-bound merchant ship, with two small submarine chasers on deck has transited the Canal. Finally four combatants, including a KASHIN class destroyer, flying the Indian flag transited southbound in August and September.

MONTREUX DECLARATIONS

41. The Soviets continue to adhere strictly to the regulations for the passage of combatants through the Turkish Straits. However, it should be noted that a TANGO class submarine, which entered the Mediterranean from the Black Sea at the end of January stayed in the Mediterranean for four months before proceeding to its declared shipyard for repair in the Northern Fleet area. Another TANGO class submarine likewise declared for shipyard repairs in the Northern Fleet area left the Black Sea at the end of September. This submarine is still in the Mediterranean and is expected to stay there for at least another month. The Soviets continue to make contingency declarations, that is, they declare the passages of ships out of the Black Sea which do not in fact take place later. The increase in such declarations which was noted in the previous period has not been repeated in the period under review.

SOVIET AIR ACTIVITY

42. As already mentioned, a helicopter cruiser of the MOSKVA class has been present in the Mediterranean for short periods. Similarly, few other combatants carrying helicopters

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have been in the Mediterranean during the period under review and no KIEV class ship has been in the area at all. The result is that only helicopter operations have been noted and these have been much fewer than in the previous period.

43. No other Soviet combat aircraft have been observed over the Mediterranean during the period. A number of transport aircraft delivering arms have been observed flying their normal route via Yugoslavia to Mediterranean littoral countries.

SOVIET AND WARSAW PACT ARMS DELIVERIES

44. Member states have proposed that a list of arms deliveries covering the previous calendar year should be part of the semi-annual Spring report.

III. ASSESSMENT

45. Until early September Moscow continued to keep its own Counsel. It was not able to overcome the mistrust to which its action in Afghanistan gave rise in the Arab countries. On the contrary, in recent months there was a closing of ranks by the moderate Arab countries for mutual support in containing the ambitions of the Kremlin in their region. It was significant that Iraq made open advances to these countries and particularly to Saudi Arabia. This reflected its uneasiness vis-à-vis Moscow as well as its desire to enhance its prestige among the moderate countries and thereby buttress its ambitions to assume a form of leadership in the region, in a perspective of non-alignment vis-à-vis the two super-powers.

46. Brezhnev emphasized in Moscow that it was Assad who had taken the initiative over the signing of the Syria-USSR Treaty. Assad's prime motives are likely to have been to seek to bolster his internal position and to offset Syria's isolation in the Arab world and gain additional military assistance. Externally, he was seeking, through Soviet assistance, to restore the balance of forces in the area, i.e. to offset the increased United States presence and improve Syria's military capability vis-à-vis Israel, taking into account the Egyptian "defection", the weakened military position of Iraq resulting from the war and, of course, the tying down of Syria's own army in the Lebanon. Assad's desire for Soviet protection must have been increased by his fears of the destabilizing effects of the war and the growing difficulty he has in safeguarding Syrian interests in the Israeli-Arab context.

47. On the Soviet side, it is necessary first to emphasise the importance which Moscow attaches to this type of Treaty in its relations with the Third World countries. In this case, Moscow must have seen it as a means of getting back into the Middle East political scene. In this way the Kremlin provides additional proof that as it has consistently maintained, a peaceful settlement cannot be achieved without Soviet participation and that their legitimate interests in the area require their involvement in major events (14). Basically, the Soviets hope the Treaty will assure them greater influence in the region and a rôle in the negotiation of any eventual comprehensive Middle East peace plan. A consistent feature of Soviet Middle East policy has always been to have an ally to put forward its views in this field. As things stand, the question arises whether Moscow, in view of Iraq's overtures to the West, is not considering assigning this rôle to Syria rather than Iraq. Syria may in fact appear to Moscow as more representative of the Arab world than Iraq.

48. The Treaty comprises both advantages and drawbacks for the Kremlin. On the positive side (in addition to the above-mentioned motivations, if these are realized, as the Kremlin anticipates) Moscow hopes to strengthen its credibility vis-à-vis the Arab countries (at the expense of the United States), lessen the negative reactions caused by Afghanistan and be in a better position to renew its proposal for the elaboration in conjunction with the West of a negotiated statute governing access to the Gulf oil resources. On the negative side, Moscow has harmed its image (particularly in the eyes of Syrian opposition groups) by appearing as the protector of two countries, Libya and Syria, one extremist and the other governed by a disputed régime. Moscow seems to have concluded that the advantages of such a Treaty finally outweighed the disadvantages. In this connection, it probably hopes to be able to keep better control on the development of Syrian internal and external policy, particularly through the increased presence of its advisers in the country.

49. The desire to obtain an extension of the existing facilities - or at least to establish conditions conducive to this end - probably played a rôle in the Soviet decision. Attention is drawn to the visit by Admiral Yegorov in July to Tartous and Latakia at the invitation of the Syrian authorities.

- (i) Where naval facilities are concerned, the Soviet Union already regularly uses the installations of these two ports but does not benefit from conditions comparable with those of their former Alexandria base, which explains their desire to obtain more extensive and permanent facilities (it should however be borne in mind that for technical reasons the possibility of improving the existing facilities is limited).

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- (ii) As to air facilities, SOVMEDRON's major operational weakness is the absence of air cover since the loss of Cairo-West in 1972. The stationing of Soviet military aircraft on Syrian airfields would therefore constitute a big strategic advantage to Moscow.

50. The Syria-USSR Treaty will have repercussions in many fields. In Syria itself, the increased presence of Soviet advisers (which is already very unpopular in opposition circles) is likely to lead to renewed terrorist attacks. Relations between Damascus and the moderate Arab countries will become even cooler, but perhaps only temporarily. Lastly, the Treaty will further increase the polarization of the countries of the region into two opposing camps. It may also have longer term consequences for Soviet relations with the area as a whole and for Soviet involvement in a settlement of the Arab/Israel dispute.

51. While proclaiming its neutrality in the Iraqi-Iranian war, the Kremlin is striving to retain its influence in both countries and to this end appears to be trying to have the best of both worlds. In so doing, Moscow seems sincere in stating its preference for a negotiated settlement. However, the war carries with it important risks for Soviet policy, primarily because the USSR could ultimately be forced to choose between its longstanding ties with Iraq and its hopes for future influence in Iran. It will be noted also that Moscow wants to remain on good terms with Iran, as can be seen from the passage referring to the historic rôle of the Iranian revolution (rather surprising in view of the context) included in the communiqué published after Assad's visit to Moscow for the signing of the Friendship Treaty.

52. President Assad will wish to retain as much freedom of action as possible. However, the existence of the Treaty and the fact that the Soviet Union will exact a price for the signature will limit the degree of freedom. He may well be pushed further than he would like, and for the time being at least Syrian alignment with the Soviet Union has been strengthened. It will be more difficult than hitherto for him to resist Soviet pressure.

53. The agreement for the repair of Soviet ships in Maltese shipyards clearly demonstrates that Moscow is still set on obtaining a form of presence on the island. Whilst it is clear that the Soviet Mediterranean Squadron would benefit from the use of Maltese repair facilities, it does not appear that the Soviet Union has any pressing practical need to use the Maltese dockyard facilities for its commercial ships: repairs can be carried out as well and more cheaply in a number of other Mediterranean shipyards. Therefore it is to be assumed that the Russians' aim is

political; they see the agreement as a means to increase their influence and as a step in the direction of obtaining a permanent official presence on the island. The Soviets are expected to continue to press the Maltese to permit naval auxiliary ships to be repaired and to argue that these are not military vessels. There is reason to believe that Mintoff wishes to adhere to a policy of non-alignment and is anxious not to give the Soviet Union a foothold in Malta and to prevent Soviet warships using the naval dockyards. In the event of underemployment in the yards certain domestic political considerations may have to be taken into account (15).

54. In the past, emphasis has already been put on the political and strategic importance of Malta and, in particular, on the Soviets' possible interest in obtaining facilities on the island. Soviet efforts to obtain a foothold in Malta have continued to be watched closely by the Allies, particularly after the conclusion of the agreement on repairs. This is the background against which the Italy-Malta agreement concerning the neutrality of the island should be seen. The Italian action was intended to prevent the use of Maltese shipyards by Soviet military vessels. Italy also agreed to provide financial assistance to offset the economic effects of the limitation on the use of the shipyards.

55. Soviet activity in the Mediterranean during the period under review has been unusually low. The normal Summer exercise activity has not been observed. The strength of the SOVMEDRON surface combatants has, during most of the period, been higher than at the same time in 1979. However, in spite of this, the missile strength was lower. Likewise the average strength in the months June-August 1980 was lower than that noted from Summer 1979 to May 1980. In September-October the average strength returned to a level (47) which has been observed during the previous period.

56. It is also noteworthy that the submarine component decreased during the months May-August 1980. The force (10) including more nuclear powered submarines and more new diesel powered submarines, which was thought to be permanent, was again present in the months September-October. The surface combatants and auxiliaries have remained at the same level as before despite the fact that the Black Sea Fleet continues to provide ships for the Soviet squadron in the Indian Ocean. However, the composition of surface combatants has also changed: for long periods the largest combatants were destroyers and frigates.

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57. The comments made in the previous report with regard to economic penetration by the USSR and the other Eastern countries remain valid. As to Egypt, since the co-operation with the USSR is limited to the execution of former undertakings (no co-operative agreements have been concluded between the two countries since 1973), this assistance is bound to disappear gradually. On the other hand, between Egypt and other Eastern countries (Romania, the GDR and Bulgaria) a slight increase in relations has resulted from economic and financial agreements concluded recently. With regard to the other countries under review their co-operation with the USSR and the other Eastern countries has remained at the same level and in particular in the case of Libya where a sharp increase in trade and a notable extension of technical and economic co-operation with the Soviet Union had been noted at the beginning of the year.

NOTES TO THE REPORT ON THE SITUATION IN THE MEDITERRANEAN

Egypt

- (1) (i) In 1979, Egypt again drew approximately \$30 million on previously extended Soviet credits, or 7% of all drawings by the non-Communist developing countries taken as a whole.
- (ii) Egypt has signed further agreements with Eastern European countries during the last few months. Co-operation with Romania, which was stepped up late in 1979 and early in 1980, has further increased. Egypt has also recently concluded new agreements with Hungary, (livestock grazing facilities), the GDR, (four new electric power stations) and Czechoslovakia, (funding of Egyptian imports of capital equipment and investment programmes).

Syria

- (2) There could be renewed trouble, particularly in the north of the country, but the government appears to have restored order for the present.
- (3)(a) USSR - Syria Treaty of Friendship and Co-operation(*)
- (i) Consultation clause (Article 6)
- In cases of the emergence of situations jeopardizing peace or security of one of the parties or posing a threat to peace or violating peace and security in the whole world, the High Contracting Parties shall enter without delay into contact with each other with a view to co-ordinating their positions and to co-operation in order to remove the threat that has arisen and to restore the peace.
- (ii) Military Co-operation clause (Article 5)
- The High Contracting Parties shall continue to develop co-operation in the military field on the basis of appropriate agreements concluded between them in the interests of strengthening their defence capacity.
- (3)(b) The most important variations and omissions are:
- (i) The term "friendship" in Article 1 is not qualified as "unbreakable", and there is no reference to "lasting peace". These are ritual phrases used in all other treaties.

(*) See also note 14, page 5

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- (ii) Article 6, which commits the parties to consult in the event of a threat to peace and security, is stronger than the PDRY and Ethiopian treaties which provide only for "endeavour", but is weaker than the Afghan Treaty which provides for consultation and the taking of agreed action to ensure security, independence and territorial integrity. It should be noted that the threat against peace is qualified by the words "in the whole world" which do not appear, for example, in the corresponding clause of the Treaty with Iraq.
- (iii) The provisions on political consultation in Article 5 go further than other treaties in referring to the development and expansion of the practice of exchanging views and regular consultations primarily by leading figures. This consolidates existing practice.
- (iv) The period of Notice of Termination is unusually short at six months. One year was standard. The Treaty with PDRY (the last Treaty of this type to be signed) also has a six month notice period.
- (4) One explanation of the Libya-Syria union may be that Assad hopes in this way to obtain the financial backing of Gadafy, particularly in order to meet payments on Soviet military supplies.
- (5) The Soviet-Syrian arms agreements were signed in January and October 1979 and are worth \$2 billion; the first supplies arrived in August 1979 and are to be staggered over three years. It is not expected that the two countries will sign another military aid agreement.
- (6) Romania, which is Syria's main provider of technical assistance, is now examining with Damascus ways and means of stepping up commercial and economic relations. With the other Eastern countries co-operative activities have been carried out in the fields mentioned in the preceding report. Bulgaria joined the providers of assistance (irrigation, food industries credits granted \$103 million of which \$16 million used up till now).

Iraq

- (7) The officially-inspired Syrian press now openly accuses the Iraqi authorities (and to a lesser extent those of Jordan and Saudi Arabia) of supporting the subversive activities of Syrian opposition groups. The climax of their discord was reached after the expulsion of all the staff of the Syrian Embassy in Baghdad, who were accused

of having turned the diplomatic mission into an arsenal. Syria immediately riposted by taking the same measures against Iraq diplomatic personnel. However, diplomatic relations do not appear to have been broken off.

- (8) These development projects include plans for a joint transportation company and an accord on \$145 million in concessionary project financing for Jordan. More projects valued at several hundred million dollars are under consideration. Iraq also expects that the expansion of Jordan's port of Al Aqabah and construction of a road linking it to Iraq - both Iraqi-financed projects - will relieve some of the congestion on its traditional transport routes. Access to Al Aqabah is also sought by Baghdad as a hedge against Iranian interference in Persian Gulf shipping and the interruption of overland trade through Syria.
- (9) Iraq continues to be one of the main Third World recipients of East European economic assistance. Baghdad has signed new agreements with several East European countries during the last months: Hungary (delivery of an electric bulb factory); Poland (in co-operation with a Japanese firm) construction of a gas-processing plant and delivery of special transport wagons; GDR (transport and communications together with training co-operation); Czechoslovakia (diesel electric locomotives and tractors).

Libya

(10) Economic relations

- (i) With the USSR: Last June the two countries signed an agricultural and industrial co-operative agreement. The USSR - in co-operation with a Finnish State firm - is at present holding talks with Libya over the building of a 440 megawatt power station in the Gulf of Sirte. A decision on the project is to be taken at the end of this year. If positive, this will be the first nuclear power station built in Libya, except for the experimental station which the Soviet Union is now building near Tripoli.
- (ii) With Poland: Libya, which is one of Poland's main African commercial and economic partners is stepping up its relations with the East-European countries. Poland will import one million tons of oil from Libya in 1980 (compared with 600,000 tons in 1979) and some six thousand Poles are working in Libya on development projects or in the health services. Poland has also been entrusted with co-ordinating the planning and construction of eight towns to be rebuilt in Cyrenaica.

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Malta

- (11) In early August, Mintoff prevailed on Texaco to begin drilling in the disputed area. When drilling began, a Libyan submarine challenged the oil rig, and Libya threatened hostile action unless the rig was removed. At Malta's request, the UN Security Council met on the issue, but has taken no action; Secretary General Waldheim has suggested that one of his senior assistants attempt to mediate the dispute. In addition, Mintoff expelled several dozen Libyan military advisers from Malta. Efforts by several non-aligned nations to mediate have failed, since Mintoff insists on an agreement to submit the dispute to arbitration and the right to drill in the area pending a settlement.
- (12) Extract from the "Declaration by the government of the Republic of Malta concerning the neutrality of Malta" dated 15th September 1980 (paragraph 2(e))

The shipyards of the Republic of Malta will be used for civil commercial purposes, but may also be used, within reasonable limits of time and quantity, for the repair of military vessels which have been put in a state of non-combat or for the construction of vessels; and in accordance with the principles of non-alignment the said shipyards will be denied to the military vessels of the two superpowers;

Soviet use of ports, shipyards and anchorages

Yugoslavia

- (13) In the first half of 1980 the Yugoslav navy took delivery of a Soviet-built KONI-class frigate. Special circumstances may have contributed to the Yugoslav decision to acquire this ship. It is suggested that the Soviets may have quoted a very favourable price in their effort to gain greater access to Yugoslav ship repair yards for Soviet warships and naval auxiliary ships. Chronology suggests that such a connection exists. Since the Yugoslavs amended their laws in 1974 to permit on a regular basis, the repairs of foreign naval ships, the Soviets have pressed for further relaxation of the Yugoslav rules. Reportedly these efforts were intensified in 1976 after the loss of the ship repair facilities in Alexandria and soon it was suspected and later confirmed that naval auxiliary ships were being repaired in higher numbers than the rules permit. In 1976 preliminary studies of the purchase of such a ship may have begun and final commitment may have been made when the CINC of the Yugoslav Navy visited the Black Sea Fleet in mid-July 1977.

Syria-USSR Friendship Treaty

- (14) In this connection, Brezhnev's statement that the Treaty was aimed at establishing a just and lasting peace in the Middle East and that it was not directed against Third countries may be significant as may the terminology used in the joint communiqué issued at the end of Assad's visit reaffirming the Soviet view of her rightful place in the Middle East and Syrian acceptance of that position.

Malta

- (15) Relations with the USSR

In reaching agreement with the Soviets concerning the dry dock Mintoff probably also had his eye on next year's elections and the need to provide work for the under-used dockyards from where he draws much of his political support.

AVERAGE COMPOSITION OF THE SOVMEDRON

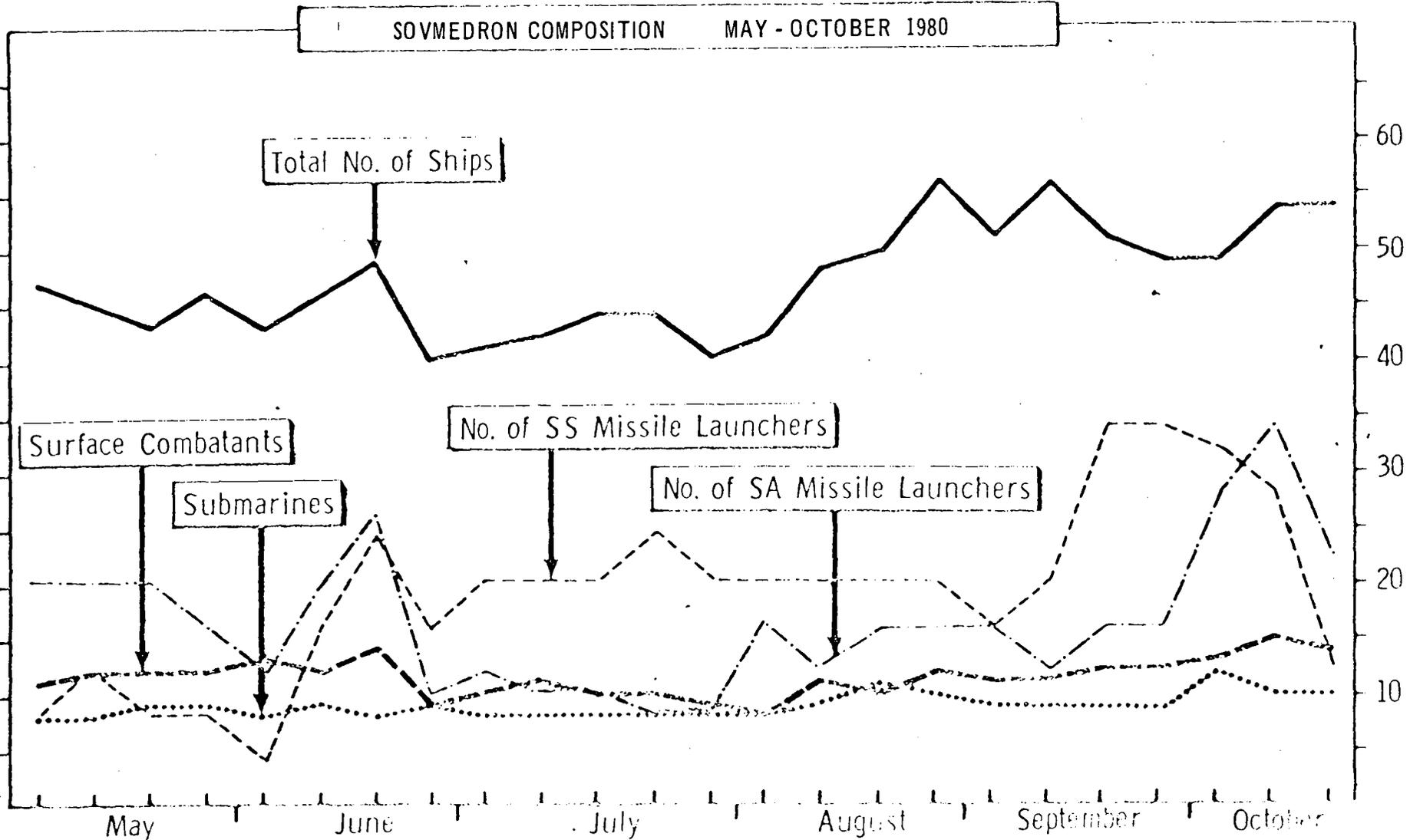
During the period May-October 1980 the usual composition had been as follows:

9 Submarines	2 nuclear powered 1 diesel, cruise missile, attack 6 diesel, torpedo, attack
11 Surface combatants	1 missile frigate 1 missile destroyer 2 destroyers 3 frigates 2 landing ships 2 minesweepers
6 Intelligence/ survey ships	2 intelligence collectors 4 survey ships
21 Auxiliaries	
TOTAL: 47*	

* The total given for the average composition of the SOVMEDRON in the previous report (C-M(80)22) should have read 46 and not 40. This was due to a typographical error.

NATO SECRET

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NATO SECRET