The evolving situation in North Africa poses opportunities and risks for American interests. The fundamental challenges to regional stability stem from an array of political-military and socio-economic factors, which reflect internal and external developments. In light of the region's geo-strategic position opposite NATO's southern flank, the potential for increased Soviet regional influence and the dangers of Libyan adventurism, the United States must pay special attention to recent developments in the Maghreb and devise appropriate policies to protect and promote American interests. (S)

As a result of the August 1984 Oujda Accords, the regional balance of power was upset and Colonel Qadhafi succeeded in easing his international isolation. We shall continue to make clear to the Government of Morocco our disapproval of its union with Libya. However, based on our interests in Morocco and continuing close cooperation with Rabat in many important fields, as well as King Hassan's personal assurances that sensitive activities will not be placed at risk, we shall maintain correct and friendly working relations. (S)

Over the past several years, the Government of Algeria has demonstrated a growing eagerness to strengthen our bilateral relationship. In part as a result of the changed regional balance, as well as a degree of Algerian dissatisfaction with the Soviet Union, we shall seek to improve our position in Algiers. Nonetheless, we do not anticipate that the Algerian government will abandon its relations with Moscow, at least for the foreseeable future, nor will it act in a manner that diminishes its non-aligned international standing. (S)
The war in the Western Sahara represents the most important factor contributing to the changing balance of power and Moroccan-Algerian tensions. A political solution remains elusive. Moroccan military dominance continues, but, in part responding to the Oujda Accords, Algiers has increased its direct support for the Polisario as well as its military readiness along the Algerian-Moroccan frontier. The danger of immediate hostilities seems to have temporarily abated, though miscalculation could lead to rapid escalation. The U.S. shall continue to work with Morocco, Algeria and other interested parties to encourage a negotiated settlement of the Sahara war. (S)

Qadhafi has exploited the Oujda Accords to ease his international isolation at the same time that his adventuristic policies intensify. His support and use of terrorism, both in and beyond the Middle East, continues, along with a preoccupation with regional subversion. Libyan relations with the Soviet Union are also being enhanced (although intermittent tensions are evident) through the development of naval support infrastructure and BACKFIRE-capable airbases. New measures must be considered to overcome the challenges posed by Qadhafi. (S)

The situation in Tunisia bears special attention. Islamic fundamentalism, Libyan intrigues and socio-economic unrest combine to create dangerous challenges to the Tunisian government and its pro-West orientation. Against this backdrop, political malaise is growing, even as the presuccession political struggle intensifies. President Bourguiba's successor may feel compelled to move away from a close political relationship with the U.S. towards the more independent Arab mainstream. (S)

U.S. Objectives (S)

-- To foster political stability and economic and social development through preservation and strengthening of moderate regimes.

-- To help bring about abrogation of the Moroccan-Libyan treaty of union.

-- To limit regional subversion, particularly to neutralize relevant Libyan-sponsored activities, and restore Qadhafi's isolation.
To reduce Algerian-Moroccan tensions and prospects for conflict.

To limit regional polarization.

To deny the area to further Soviet penetration and diminish existing Soviet influence.

To assure passage through the area for commercial and strategic military purposes.

To guarantee Western access to the area's material resources, and expand the market for American good and services.

Policy Directives (S)

Consonant with existing circumstances and U.S. interests in the Maghreb, the U.S. Government will pursue the following policies:

Morocco: (S)

Without pressing Hassan publicly to abrogate the treaty, persistently impress upon him our concerns, develop with Hassan criteria to judge Qadhafi's behavior -- remind him of his statement that if attempts to "tame" Qadhafi fail, he will sever the union. U.S. cooperation with the Government of Morocco should be such as to make the union less palatable to Qadhafi.

Conclude a General Security of Military Information Agreement (GSOMIA) with Morocco.

Continue cooperation under the Joint Economic (JEC) and Joint Military (JMC) Commissions at current levels.

Economic and security assistance levels for Morocco should be determined on global criteria, but will reflect any Oujda treaty implementation which unacceptably harms U.S. interests.
Revert to pre-treaty procedures in planning and execution of the joint U.S./Moroccan military exercise program, keeping in mind Algerian and Spanish sensitivities as to time and place and notifying those governments in advance as appropriate.

In the short-term (through mid-June, 1985), continue working level visits pertaining to JEC and JMC activities but discourage Cabinet level and other U.S. high visibility visits.

Reschedule Joint Economic Commission and Joint Military Commission meetings.

Proceed to negotiate and conclude texts for the Bilateral Investment Treaty (BIT) and Bilateral Tourism Agreement (BTA).

Algeria: (S)

Seek further to improve relations enhanced by the State visit of President Benjedid in April, 1985, by increasing Sixth Fleet port calls, and by other gestures as appropriate.

Expand military cooperation based on the Presidential Determination permitting access to defense articles and services via FMS, increase IMET funding for career professional training, and modify policy to permit GOA acquisition of "lethal items". FMS sales will be reviewed on a case-by-case basis, taking into account our objective to reduce Soviet influence in Algeria, U.S. relationships with other area states, and our interest in fostering a negotiated solution to the Western Sahara dispute.

Emphasize private sector pursuit of Algerian markets while responding affirmatively to GOA interest in establishing a Joint Economic Commission.

Intensify efforts to persuade the GOA to shift its gas export policy to a market-oriented basis so as to increase likelihood for future sales in Europe and the U.S.

Libya: (S)

An NSC chaired interagency group shall be established to review U.S. strategy toward Libya, and to prepare policy options to contain Qadhafi's subversive activities.
Pending the strategy review, continue to strengthen ties with Qadhafi's neighbors while calibrating our rhetoric to advance our goals without elevating Qadhafi's status in the international arena.

While maintaining current economic sanctions on Qadhafi, State Department chaired interagency committee will review possibilities for increasing such pressure, e.g. reducing U.S. economic participation in the Libyan economy, more stringent restrictions to prevent Americans from working in Libya, and possible multilateral sanctions.

and expand political-economic cooperation with friendly governments in our efforts to combat Libyan terrorism and other unacceptable behavior.

The Department of Defense will review the Stairstep Exercise Program and forward options and recommendations to the NSC for interagency review and coordination.

Ensure that the onus to conform to acceptable international standards rests with Qadhafi. Our posture should be conveyed through diplomatic channels and public statements by U.S. officials.

Hold systematic, high-level discussions with the French government in order to achieve Libyan withdrawal from Chad.

Tunisia: (S)

Demonstrate continuing, visible support by Sixth Fleet port calls, occasional joint military exercises and other gestures as appropriate; reaffirm publicly that these actions are in support of Tunisian security and independence.

In planning security assistance levels, take into account the GOT's need to limit debt service, the desire to obtain additional military training, and the external security to Tunisia.

Continue to identify and expand contact with potential leaders, whether in power or in the opposition; make clear in such contacts that we continue to support the GOT.
-- Offer appropriate military/logistical support in the event of a Libyan move against Tunisian territorial integrity, preferably in support of the lead of France or other interested countries but unilaterally if necessary.

-- Enter into discussions with the GOT and other concerned governments to establish realistic U.S. Government responses should Libya subvert and/or attack Tunisia.

Regional: (S)

-- Continue to endorse publicly a political settlement of the Western Sahara issue by an expression of self-determination.

-- If necessary, veto SDAR membership in the UN Security Council.

-- Prepare an internal paper on possible U.S. diplomatic moves designed to reduce Moroccan/Algerian tension and conflict potential. Specifically focus on options for resolving the Western Sahara dispute.

-- Proceed with implementing the VOA modernization agreement with Morocco.

-- Within approved budget levels, pursue expansion of public diplomacy and educational/cultural programs with Algeria, Morocco, and Tunisia.

-- Morocco and Tunisia should have access to blended credit programs to an extent dependent upon both need to counter subsidized competition and periodic assessments of their creditworthiness.