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25 February 1986

NEAR EAST/SOUTH ASIA REPORT

CONTENTS

INTERNATIONAL AFFAIRS

REGIONAL AFFAIRS

Effect of Oil Price Drop on Arab States (AL-IQTISAD WA AL-A'MAL, Dec 85).....	1
Iraq Cashes In on Kuwaiti Gas Shortages (Jonathan Crusoe, Shakib Otaqui; MEED, 30 Nov 85).....	9
Study Examines Youth Problems in Gulf Area (Lutfi Nasr; AL-ADWA', 23 Nov 85).....	11

ARAB AFRICA

ALGERIA

Overview of 1986 Budget Law Presented (Hocine Khelfaoui; ALGERIE ACTUALITE, 2 Jan 86).....	15
Briefs	
Messaadia Receives PDRY Politburo Member	21
Visa Requirement for Italians	21
APS Agency Economic Service	21

EGYPT

Articles Probe Murder of Israelis in Sinai (AL-MAJALLAH, 25-31 Dec 85; AL-MUSTAQBAL, 28 Dec 85).....	22
Basic Aspects of Case Outlined, Sulayman Khatir Interview	22
Lawyer of Khatir Interviewed, 'Imad al-Sabaki Interview	31

Linkage Between Wages, Production Urged ('Abd-al-'Alim al-Mahdi; AL-AHRAM AL-IQTISADI, 6 Jan 86)...	38
LIBYA	
U.S. Oil Companies Seeking To Evade Libyan Sanctions (LA STAMPA, 14 Jan 86).....	42
TUNISIA	
Briefs	
UGTT Leader Resigns in Favor of Achour	44
Cultural Agreement With USSR	44
Economic Ties With PRC	44
PUP Communique	45
ARAB EAST/ISRAEL	
BAHRAIN	
Editorial: Gulf-Soviet Relations Should Strengthen Independence (SADA AL-USBU', 19 Nov 85).....	46
Project To Modernize ALBA Aluminum Plant Approved in Principle (Muhammad Qasim al-Shirawi; AL-ADWA', 23 Nov 85).....	47
IRAQ	
Official Contacts With Populace Detailed (AL-THAWRAH, 21 Nov 85).....	49
ISRAEL	
Peres Interviewed on Terrorism, Prospects for Mid-East Peace (Shimon Peres Interview; DER SPIEGEL, 27 Jan 86).....	60
Chief Military Police Officer Interviewed (Elimelekh Interview; BAMAHANE, 9 Oct 85).....	66
Paratroop Officer Interviewed on Current Standards (BAMAHANE, 2 Oct 85).....	70
JORDAN	
Briefs	
Five-Year Housing Target	73

LEBANON

Briefs

Balance of Payments Surplus 74

QATAR

Development of Agriculture, Livestock Resources Discussed
(Ahmad 'Abd-al-Rahman al-Mani' Interview; AL-'ARAB,
30 Nov 85)..... 75

SAUDI ARABIA

Saudi Oil Policies Seen Geared To Development
(AL-IQTISAD WA AL-A'MAL, Dec 85)..... 80

King, Cabinet Praised for Reducing Electricity Rates
(AL-YAMAMAH, 25 Dec 85)..... 92

FRG Aids in Expanding Cement Industry
(FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT, 3 Jan 86). 94

SYRIA

Trade Deficit Cut
(MEED, 23 Nov 85)..... 98

Briefs

Saudi Fund Loan 99

UNITED ARAB EMIRATES

Ties With Hungary Sought
(Latha Nayar; EMIRATES NEWS, 15 Dec 85)..... 100

New Visa Rules Issued
(KHALEEJ TIMES, 28 Jan 86)..... 101

Population Statistics Reported
(KHALEEJ TIMES, 14 Jan 86)..... 102

SOUTH ASIA

AFGHANISTAN

PDPA Official Discusses DRA-Iran Relations
(Mahmud Barialay; Moscow in Persian to Iran 21 Dec 85).... 103

Kabul Province Cooperatives Claim Over 3000 Members
(DEHQAN, 3 Nov 85)..... 105

Briefs	
Mujahedin Launch Surprise Attack	107
Aid to Mujahidin	107
Soviet Helicopters Downed	107
Soviet Cooperation in Medicine	108
Land Deeds Distribution	108

INDIA

Biographical Information on New Assam Chief Minister (THE TIMES OF INDIA, 23 Dec 85).....	109
Assam Police Concerned Over Rise in Political Clashes (THE TELEGRAPH, 24 Dec 85).....	110
Further Liberalization of Licensing Policy Reported (THE STATESMAN, 28 Dec 85).....	111
Commissioning of Indigenous Warship Reported (THE TIMES OF INDIA, 27 Dec 85; THE TELEGRAPH, 31 Dec 85)..	113
Specifications Noted	113
Gandhi at Launching	114
Space Agency Unit for Liquid Propulsion Systems (THE HINDU, 14 Dec 85).....	115
Finance Minister Urges High-Tech Import From USSR (THE TELEGRAPH, 3 Jan 86).....	116
Foreign Help Sought in Exploitation of Coal Resources (THE TELEGRAPH, 3 Jan 86).....	117
Briefs	
Soviet Battery Purchase	118
Radar From Netherlands	118
Bearings From USSR	118
Indo-Soviet Power Cooperation	119
Soviet Firefighting Experts	119
Chief Election Commissioner	119
Pact With Romania	119
First Indium Discovery	120
Indian-Canadian Protocols	120
Gas Off Andamans	121
Indo-Netherlands Aviation Agreement	121
Kerala-Congress Merger	122

IRAN

Tehran-Tel Aviv Arms Relationship Revealed (London KEYHAN, 23 Jan 86).....	123
---	-----

Libya's Case 'Reveals U.S. State Terrorism'	
(JOMHURI-YE ESLAMI, 11 Jan 86).....	125
Prime Minister Inaugurates Gamma Ray Center	
(KEYHAN, 25 Nov 85).....	127
Prosecutor General Urges Dealing With Enemies Decisively	
(KEYHAN, 24 Nov 85).....	128
Briefs	
Helicopter Repairs	130
New Runway Opens	130
Revolution Guards Smuggling Narcotics	130

PAKISTAN

Cautious Optimism Voiced on Indo-Pakistan Relations	
(Editorial; THE PAKISTAN TIMES, 22 Jan 86).....	131
Briefs	
Trade With Poland, USSR	133

REGIONAL AFFAIRS

EFFECT OF OIL PRICE DROP ON ARAB STATES

Beirut AL-IQTISAD WA AL-A'MAL in Arabic Dec 85 pp 22-26

[Article prepared by the Research Division: "Effects on Arab States of Deterioration in Oil Prices and Dollar"]

[Text] The fact that the oil-producing countries, and Arab states in particular, are suffering from a limited global oil market made worse by the recent decline in the dollar is an important development in the oil-producing world that will undoubtedly leave its mark on the volume of oil production and on Arab states' revenue from the foreign sector. What does the future hold for the oil producers after this development?

The secretary of the treasury and finance ministers of the five industrial nations (the United States, Great Britain, France, West Germany, and Japan) decided during a meeting held in New York in the latter part of September that an effort must be made to reduce the value of the dollar, since the "blossoming" of the dollar on world financial markets at that time (despite its decline of 15 percent from its high at the beginning of the year) was behind many worldwide economic problems, from slow economic growth in the United States to the chronic inability of Third World countries to lighten the burden of their external debts.

The five industrial countries warned the governments concerned that delays in lessening the pressure on economies of other countries might reduce the volume of foreign trade, bring about negative real rates of growth, increase unemployment rates and make developing countries shackled by external debts unable to obtain vital income from exports.

What is worth noting in this situation is that for the first time, the United States encouraged the reduction in the value of the dollar, reflecting the American Government's abandonment of the principle of "nonintervention" which it had adopted toward global economic issues and of abandonment of its opposition to intervention in the financial market.

It is obvious that the change in the U.S. position occurred after the strong dollar began to cause difficulties within the United States and abroad, since the American Government's unexpected decision was to support effective intervention to influence its future.

Less than 2 weeks after the decision by the five countries, the timely goal of this decision was achieved, with the value of the dollar showing a decrease of 5 to 7 percent and the value of the German mark against the dollar rising to 2.67 and that of the Japanese yen to approximately 215.

It should be noted that those who supported the decision to reduce the value of the dollar and evaluate its effect on the world economy gave cursory consideration to its expected effect on the oil-producing countries and their revenue from oil exports, which are calculated in dollars.

Effects of Dollar and Oil Situations on Arab Oil Producers as a Group

Recent events indicate that the Arab oil producers are at variance over two basic concerns:

- a. The decrease in the value of the dollar and in interest rates on assets valued in dollars.
- b. The decrease in oil production and prices in light of reduced demand for oil in general in the major consuming countries and the lack of coordination among OPEC countries.

The reduction in the value of the dollar may have several different effects on the Arab oil producers. The revenues of oil-exporting countries have declined recently, not only because of the drop in prices but also because the volume of their exports has fallen. However, the increasing strength of the dollar against the other currencies has somewhat offset the negative effect of these developments. Naturally, the reduction in the value of the dollar caused a reduction in the buying power enjoyed by the Arab oil-producing countries. Many of these countries, particularly those with a liquidity shortfall or those facing a significant deficit or reduction in their balance of payments, will be forced to increase the volume of exports to offset this loss in purchasing power. This may upset OPEC's export quota system and put pressure on prices that could lead to a sharp reduction in these prices. The reduction in the value of the dollar could also affect the current value of foreign assets held by the Arab oil-exporting countries, which would decrease in accordance with the dollar since most of these assets are valued in terms of the dollar. Their revenue would drop, having a negative effect in turn, considering the recent reduction in interest rates on financial instruments and deposits in dollars.

The other significant result of the drop in the value of the dollar will affect local currencies and their purchasing power. Specifically, the drop in the value of revenue from oil and investments will reduce revenue available to governments to defray the costs of development projects. Since the currencies of several Gulf countries are tied to the dollar, the purchasing power of these currencies is subject to erosion. Some of these countries may resort to decreasing the value of their currencies to compensate for the drop in their level of income, possibly leading to increasing inflationary pressure, particularly with regard to imported goods. However, these pressures will probably not be severe, since most of these countries are witnessing sluggishness and near-stagnation in their economic activity.

The combined effect on Arab oil producers of the drop in the value of the dollar and in oil prices will vary according to the differing situation in each country as to its growth needs and its balance of payments.

Within the Arab world, it is expected that the "high absorption" countries particularly Saudi Arabia, Iraq, Libya, Algeria, Egypt, and to a lesser degree Tunisia and Syria, will face an increasing deterioration in their balance of payments, which will be financed with foreign reserves or increased borrowing from international financial markets. It may be necessary in general to reduce imports, but development projects will undoubtedly decrease.

The "low absorption" Arab oil producers also face a sharp reduction in revenues and, with the exception of the UAE, Qatar, Kuwait, and Oman, will face balance of payment deficits. These countries will probably not have to liquidate long- or short-term investments this year. However, they will certainly not be a major source of new investments.

Every Decrease of 1 Percent in the Value of the Dollar and the Price of Oil Costs Arab Producers Approximately 1 Billion Dollars Annually

Effects of Dollar and Oil Situations on Individual Countries

Saudi Arabia

The Kingdom's foreign accounts have been fundamentally affected by the decrease in oil prices and the value of the dollar. Oil revenues decreased by 61 percent in 1984 (from \$51.5 billion in 1983 to \$43.7 billion in 1984), with a share in the balance of payments deficit amounting to \$12.5 billion, compared to an average surplus of \$40 billion 4 years earlier. This deficit will lead to greater utilization of foreign assets, officially valued at \$126 billion in August of 1984 and currently valued at approximately \$100 billion. In addition, investment income fell from \$12 billion in 1981 to approximately \$8 billion in 1985, not sufficient to cover the balance of payments deficit estimated at \$20 million for 1985.

Kuwait

Kuwait's trade balance and balance of payments fell approximately 70 percent between 1980 and 1984. Its balance of payments surplus dropped from \$13.8 billion in 1980 to \$5.18 billion in 1984 and is expected to drop to \$4.4 billion by the end of 1985. Since Kuwait is considered a low absorption country, its balance of payments is expected to show a surplus in 1986 and 1987, despite decreased production, but this surplus will be lower than previous surpluses.

On the other hand, this decrease in oil revenues will give the government greater incentive to cut back on domestic expenditures and to back a lower rate of growth aimed at the most inefficient and unprofitable institutions and to bring about the sought after balance between Kuwaiti and non-Kuwaiti residents of the country.

The UAE

The UAE's balance of payments surplus decreased to \$3.4 billion in 1985, following a surplus of \$4.3 billion in 1983, primarily as a result of the drop in oil and investment revenues. The UAE also saw a dramatic, unexpected exodus of accounts, attributable to remittances by foreign workers and transfers of profits, particularly following the uncertainty which pervaded the local banking system.

Despite the preceding, the balance of payments surplus is expected to improve, reaching \$4 billion in 1985.

Qatar

The slight increase in oil exports for 1984 and the reduction in imports led to a noticeable improvement in Qatar's balance of payments surplus, which reached \$1.2 billion, compared to \$310 million in 1983.

However, projections in 1985 indicate that this surplus will decrease to \$590 million because of lowered oil revenue. This level will, nonetheless, be sufficient to maintain a balance of payments surplus because of Qatar's small population.

Oman

Figures recently published by the International Monetary Fund indicate a significant deterioration in Oman's balance of payments, with a surplus of only \$148 million for 1984, compared to \$447 million for the previous year, a 70 percent drop.

Oman is not a member of OPEC and is trying to compensate for the drop in oil prices by raising production. In order to achieve this goal, it follows a policy of lowered prices in a free market. Oil production reached 500,000 barrels per day during June, as compared to 480,000 the previous month.

Bahrain

Bahrain, whose production was 41,000 b/d in 1984, is not considered a major oil producer in the Gulf region. In 1970, Bahrain was producing 76,000 b/d, and its reserves, estimated at 170 million barrels, will be exhausted by the mid- or late-1990's. The Bahrain National Oil Company refinery, which is supplied by Saudi Arabia, produced 209,000 b/d in 1984, as compared to 175,000 b/d in 1983.

Even though prices paid for crude oil are set in accordance with the official price, refined materials are affected by low oil market prices. Bahrain's balance of payments deteriorated in 1984, with the surplus of previous years (\$230 million in 1983) becoming a deficit of \$60 million in 1984 and perhaps reaching \$70 million in 1985. This deficit is due to the imbalance between revenues from tourism, foreign investment, and official remittances on the one hand and remittances by visiting workers and other services on the other.

Iraq

The oil recession and the Gulf war together had a significant adverse impact on the Iraqi economy. The balance of payments deficit is expected to increase an average of \$500 million over the previous year, when it reached \$3.5 billion, as a reflection of increased external debt payments. The debt-servicing burden is known to remain heavy, despite the rescheduling agreed upon by Iraq's major foreign creditors. Oil export revenues continued to rise, although to a lesser degree, and an increase of \$1 billion is expected for 1985 to reach a figure of \$12.2 billion. The second half of 1985, with pumping beginning from Yanbu' on the Red Sea in Saudi Arabia, is expected to see increased revenues, bearing in mind that with implementation of the second stage in 1987, exports from this outlet will reach 1.6 million b/d, in addition to Iraq's current figure of 1 million b/d through Turkey and, to a lesser degree, through al-'Aqabah in Jordan.

Libya

Libya has been greatly affected by the oil recession, with its production lowered to approximately 970,000 b/d, a figure that approaches the quota set by OPEC. This has increased the deterioration in Libya's balance of payments, with the deficit increasing from \$1.686 billion in 1983 to \$1.803 billion in 1984. In 1985, this deficit is expected to approach the same figure, but Libya should be able to overcome the problem since its reserves are estimated at \$3.52 billion (in May of 1985). However, Libya's external debt, estimated at more than \$2 billion, consists more of payments in arrears to contractors and exporters than of borrowing.

Algeria

Algeria has been able to bear the current oil recession after developing its hydrocarbon resources, liquid natural gas in particular, and after adopting a policy of refining as much as its oil as possible.

Algeria's balance of payments deficit is estimated at zero for 1984, but could reach \$240,000 in 1985 because of reduced prices for oil and gas and weak demand for most hydrocarbon exports in general.

The foreign reserves situation may improve somewhat in 1985.

Egypt

Recent IMF reports on the Egyptian economy indicate a structural weakness in the Egyptian economy affecting future growth and development. The export sector complains of a lack of ability to compete on the international level and inability to penetrate foreign markets.

The overall trade deficit of approximately \$6.56 billion threatens to continue for the foreseeable future. This weakness is linked to Egypt's reliance on petroleum exports. Medium range projections for the balance of payments see a financing deficit of \$2.6 billion, assuming that the payments in

arrears accumulated during 1984 and 1985 will be paid. Egypt is asking the IMF to grant it reserve facilities in the amount of \$1.5 billion to confront this deterioration.

The balance of payments deficit is expected to worsen during 1985-1986, and economic and social problems are expected to increase because of the expulsion of Egyptians from Libya and the small number of Egyptians in many of the Gulf countries.

Tunisia

The Tunisian balance of payments deficit is increasing, particularly following the return of Tunisian workers from Libya. At the end of 1984, this deficit was \$700 million and it has been financed traditionally through medium- and long-term borrowing. Direct investments dropped sharply primarily in the petroleum sector; however, the government relied on withdrawals from official reserves, which fell to \$184 million in May 1985. At this time, the external debt seems small, since at the end of 1984 it was \$4.2 billion, with debt servicing amounting to 22 percent of goods and services exported. Even though debt-servicing expenditures can be absorbed at the present, continued expansion of the deficit will inevitably lead to problems in debt-servicing.

Overall Effects of Lowered Prices for Oil and the Dollar

It is difficult to assess the total effect of the decline of the two above factors when we rely on the volume of oil exports and the extent of decline of the dollar. However, three scenarios may be noted in this regard:

1. A combined decline in the price of oil and the value of the dollar of 5 percent would cause losses of approximately \$2.8 billion for the Gulf countries and \$1.7 billion for the other Arab oil-producing countries, or a possible total loss of \$4.6 billion.
2. A combined decline of 10 percent would cause a possible total loss of \$9.2 billion.
3. A combined decline of 15 percent would cause a possible total loss of \$13.8 billion.

The figures presented assume that all Arab oil producers will maintain levels of production equal to those of the last third of 1985, that the dollar will remain subject to pressures, and that the policy of intervention by the five Western countries will succeed in reducing the value of the dollar.

In conclusion, we can say that the Arab oil producers were subjected this year to many adverse developments because of outside factors beyond their control.

In addition to the political and social uncertainty engulfing these countries, the drop in oil production and prices and the decline in the dollar will

Arab Oil Producers: Oil and Foreign Trade

	Oil Export Income in Millions of Dollars					Losses Resulting From Decreased Price of Dollar			Balance of Payments in Millions of Dollars			Reserves in Millions of Dollars			
	1980	1981	1982	1983	1984	1985	5%	10%	15%	1983	1984	1985	1983	1984	1985
Gulf Producers:															
Saudi Arabia	102,700	113,200	76,000	51,500	43,700	30,000	1,500	3,000	4,500	-18.4	-12.5	-20.0	150,000	126,000	100,000
Kuwait	19,500	13,800	7,500	8,700	9,100	8,200	410	820	1,230	5.2	5.2	4.4	74,000	76,000	76,000
UAE	19,500	18,700	15,500	11,700	10,600	10,660	530	1,060	1,590	4.6	3.4	4.0	30,000	28,000	28,000
Qatar	4,800	4,600	3,900	3,600	3,500	3,400	170	340	510	0.3	1.2	0.6	4,846	4,900	4,600
Oman	3,000	4,400	4,088	3,900	4,025	4,000	200	400	600	0.6	0.4	0.1	763	900	815
Bahrain	1,200	1,400	1,300	1,100	980	967	48	96	144	0.2	-0.1	-0.1	1,426	1,302	1,443
Total	150,800	156,100	108,288	80,500	71,905	57,227	2,858	5,716	8,574	-7.5	-10.2	-11.0	261,035	237,102	210,858
Other Arab producers:															
Iraq	26,100	10,400	9,700	8,600	11,600	12,200	610	1,220	1,830	-7.5	-3.5	-4.0	1,000	800	750
Libya	22,600	15,300	13,900	10,900	19,500	9,500	475	950	1,425	-1.6	-1.8	-1.8	5,219	3,634	3,520
Algeria	12,500	10,700	8,500	9,700	10,000	9,000	450	900	1,350	-0.1	--	-0.2	1,880	1,464	2,494
Egypt	2,500	3,000	2,500	3,100	2,600	2,700	135	270	405	-0.9	-1.4	-1.8	771	736	850
Tunisia	500	600	400	800	800	700	35	70	210	-0.6	-0.7	-0.7	567	406	184
Syria	600	700	700	600	630	630	32	64	96	-0.8	-0.3	-0.4	52	120	75
Total	64,800	40,700	35,700	33,700	35,130	34,730	1,737	3,474	5,211	-11.5	-7.7	-8.9	9,489	7,052	7,873
Total for Arab producers															
	215,600	196,800	143,988	114,200	107,035	91,957	4,595	9,190	13,785	-19.0	-17.9	19.9	270,524	244,152	218,731

intensify development of these unfavorable changes, increasing their inability to develop their economies.

The Arab oil-producing countries are expected to earn \$91.9 billion at the end of 1985, a 57 percent decrease from the record year of 1980, when income reached \$21.5 billion.

This year's level may see another drop of \$13.8 billion if the value of the dollar and the price of oil drop 15 percent, making it \$78.1 billion, a decrease of 64 percent from the 1980 level.

The Gulf oil-exporting countries as a group are expected to see a balance of payments deficit of approximately \$11 billion, since Saudi Arabia will face a deficit of \$20 billion offset somewhat by surpluses in Kuwait, the UAE, and Qatar.

The other Arab producers are expected to show balance of payment deficits of approximately \$8.9 billion for 1985, slightly more than their total reserves of \$7.87 billion, meaning that they will have to make up the balance through borrowing from international markets.

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REGIONAL AFFAIRS

IRAQ CASHES IN ON KUWAITI GAS SHORTAGES

London MEED in English 30 Nov 85 p 21

[Article by Jonathan Crusoe and Shakib Otaqui]

[Text]

IF all goes according to plan, Kuwait will be getting about one-third of its gas from Iraq by the end of 1986. The multi-million-dollar scheme, which has been prompted by severe local gas shortages, has received both governments' blessing: the client, Kuwait Oil Company (KOC), now hopes to start work in January.

The scheme, which should help to fill Iraq's dwindling coffers, entails building two pipelines to supply Kuwait — on a per capita basis, the world's third-largest energy consumer — with 30-40 per cent of its gas needs.

The gas will be piped from collection points in Iraq's southern Rumaila oil fields to gathering stations in north Kuwait. One line will take up to 400 million cubic feet a day (cfd); the other will pipe roughly 40,000 barrels a day (b/d) of condensate. Estimates suggest Rumaila will have to produce about 500,000 b/d — its potential production capacity is 800,000 b/d — to produce the 400 million cfd.

C F Braun & Company, a wholly owned subsidiary of Kuwait Petroleum Corporation, has been appointed project manager for the estimated \$80 million-100 million scheme. It has already started preliminary engineering and will be responsible for inviting procurement and construction tenders.

Kuwait will meet all the costs of the project, which — on completion in November 1986 — could start yielding Iraq about \$520 million a year. This money will complement the revenues now being earned from IPSA 1 — the Iraqi pipeline across Saudi Arabia — which is pumping Basra light from Rumaila.

Gathering system complete

Iraq's reserves of natural gas are estimated at 815,600 million cubic metres. For many years, it has been flaring roughly 85 per cent of its associated gas, although it had been expected to make greater efforts to exploit reserves. It has completed its own gas gathering system in the south, although most of the industrial schemes it was destined to provide with feedstock have been mothballed because of their proximity to the warfront. The gas is also intended to feed industries and homes in central Iraq.

In addition, Baghdad has drawn up plans to build a 3 million-tonne-a-year liquefied petroleum gas (LPG) export pipeline through Turkey (Iraq, MEED Special Report, October 1985, page 6). This scheme depends on oil production being raised sufficiently to allow more associated gas to be produced.

Kuwait, by contrast, now flares less than 10 per cent of its associated gas, compared with about 38 per cent in 1978. But overall, associated gas production has fallen, in line with the decline in oil output. In 1979, gas production peaked at 1,261 million cfd; in 1983, it totalled 526 million cfd, before rising to 568 million cfd in the first half of 1984.

The country has no reserves of non-associated gas. All KOC's exploration efforts have resulted only in the discovery of more oil — the one commodity that Kuwait does not need, in view of the present slump in the oil market.

LPG exports tumble

Liquefied petroleum gas (LPG) exports have tumbled as the Mina Ahmadi liquefaction plant has been forced to operate at only 25 per cent of design capacity. Production of ammonia and fertiliser has also suffered from a shortage of feedstock.

Perhaps most serious has been the impact on the power and desalination plants operated by the Ministry of Electricity & Water (MEW). Between 1979-83, their consumption of natural gas fell dramatically: from 110,339 million cfd to 33,663 million cfd. However, consumption almost doubled in 1984, to 60,473 million cfd, with MEW apparently being allocated a larger share of available gas.

To meet the shortage, MEW has been forced to use a much larger proportion of liquid fuels, including highly polluting crude oil. Moreover, liquid fuels are much more expensive than gas, with commensurately higher subsidy bills. In 1982/83, subsidies were budgeted at KD 224 million (\$766 million), before an additional appropriation of KD 120 million (\$410 million) — an increase of nearly 54

per cent — became necessary. This followed a 37.5 per cent cost overrun the previous fiscal year.

Division with Saudi Arabia

About 110 million cfd of gas from the offshore Khafji field — in the Divided Zone shared with Saudi Arabia — will become available on completion of the Southern Gas Project. The \$225 million scheme was originally expected to be finished in mid-1985, but has been delayed by disagreements with the kingdom about how to share the gas.

Kuwait has even considered importing LNG to make up for the local shortages: in late 1983, it bought an LNG carrier for use during the peak demand months the following summer. The plan was later quietly shelved because of fears that the supply line would be vulnerable to Iranian attack. The pipeline from Iraq will be almost equally vulnerable. But with little prospect of improvement in the world oil market — and therefore no plans to increase oil production to boost gas output — Kuwait has apparently decided it is a risk worth taking.

Kuwait: natural gas production and use, 1979-83
(million cubic feet)

	1983	1982	1981	1980	1979
Production	191,870	162,728	223,822	310,066	460,376
Use, of which:	170,775	145,853	196,352	260,099	334,362
Oil companies	73,812	58,472	65,798	93,818	121,529
Reinjection	1,743	7	7,986	16,545	30,208
State organisations, of which	95,220	87,374	122,568	149,676	182,625
MEW	33,663	41,005	58,153	79,162	110,339

Sources: Central Bank of Kuwait; Ministry of Electricity & Water (MEW)

/9274

CSO: 4400/93

REGIONAL AFFAIRS

STUDY EXAMINES YOUTH PROBLEMS IN GULF AREA

Manama AL-ADWA' in Arabic 23 Nov 85 p 6

[Article by Lutfi Nasr: "Study on Gulf Youth: Percentage of Youths in Bahrain Is Higher Than in Any Other Gulf State; Immigration of Asian Youths to Area Has Implanted Unfamiliar Maladies That Are Difficult To Eliminate"]

[Text] In his capacity as chairman of the current session of the Council of Ministers of Labor and Social Affairs of the Arab Gulf States, Shaykh Khalifah ibn Salman ibn Muhammad Al Khalifah, the minister of labor and social affairs, will open in Baghdad this morning one of the most importantly Gulf symposiums organized in 1985 under the title of "Youth and Contemporary Problems in Arab Gulf Society."

Numerous invaluable and specialized studies on which enormous effort has been exerted will be presented to this symposium, which is organized by the Follow-up Bureau of the Council of Ministers of Labor and Social Affairs. All the studies focus on youths and their problems and on the ways to eliminate these problems or these negative phenomena that engulf youth. An enormous number of specialized professors and researchers gathered to discuss these studies and to conclude from them indication and recommendations that may perhaps produce the successful cure for the difficult problems that are boring into the fabric of the area's youths who are, meanwhile, the homeland's weapon and future hope.

Of these studies, we selected today a study that deals directly with the core of the Gulf's youth problems, that ponders and examines them carefully, and that puts forth 35 recommendations which it finds are capable of forming the basis of a plan to deal with the Gulf's youth problems.

It behooves us to review briefly the pages of this invaluable study, which was conducted by Dr Mahir Fadil al-Qaysi, a professor at the National Youth Institute in Baghdad, under the title of "Arab Gulf Youth."

The researcher states: The statistics say that the total number of Gulf youths ranging in age from 15-24 years amounts to more than 5 million youths, meaning that they represent 19 percent of the total population, with the exception of Bahrain where youths constitute 24 percent of the population. In Kuwait, youths represent 18 percent of the population, in Oman 17 percent, in Qatar 18 percent, in Iraq 20 percent, in Saudi Arabia 18 percent, and in the UAE 19 percent.

What is more important is that the researcher points out in his study the percentage of foreign youths in the area's states, saying that this percentage constitutes a phenomenon that draws attention because the percentage of youths in the UAE is 78 percent, in Qatar 75 percent, in Kuwait 53 percent, in Bahrain 43 percent, in Saudi Arabia 29 percent, and in Oman, which is the lowest percentage, 15 percent.

The researcher also points out other important statistics, namely that only 40 percent of the youths in this age group (15-24 years) or only 2 million youths are enrolled in the various stages of education.

The researcher adds that only a small percentage of Gulf youths take part in activities with an economic yield.

As for the health and social conditions of the Gulfs youths, the researcher says that despite the expansion of public health and social services, information from UNICEF and other international organizations confirms the spread of endemic diseases and the emergence of diseases unknown before. The sole reason for this is the immigration of a large number of youths, especially Asians, to the area.

The researcher further adds: As for the social programs available to youths, they have been quickly turned in most countries into ends by themselves, even though these programs are not complete and do not include all sectors of youth.

The researcher goes on to add: We conclude from all this that youths of the 15-24 year age group are still few in comparison with the total population.

He also says: We also conclude from the small percentage of youths enrolled in the various educational stages, including university education, that the Gulf's educational institutions are still incapable of absorbing the students and of putting an end to the loss emanating from the processes of repeat years [al-rusub] and to the youth drain, which cause the area to lose the most significant elements of its growth and progress.

The researcher also says: As for the low percentage of youths participating in activities with an economic yield, it can be attributed to the obstruction of the role of women in the Gulf countries, "excluding Iraq," and to denying women serious and effective participation in economic life.

The researcher further says: The high percentage of foreign youths in the Arab Gulf states, "excluding Iraq," has--in addition to its numerous negative consequences and effects--been behind the emergence of the state of dependence on readily available labor.

The researcher deals with the Gulf's youth problems in detail, defining them in the following: the gaps existing in regular and irregular education, labor problems, social problems, the problem of heritage and modernity, and alcohol and drug abuse problems.

The researcher points out that the challenges facing the Arab nation generally have their ramifications on youth, especially political, economic, social, and

cultural challenges. He also notes that there are special challenges facing the Gulf area and having their inevitable consequences on the Gulf's youths, especially since this area occupies a distinguished strategic position by virtue of its being the center of communication between East and West and one of the main channels through which international commerce passes. This exposes the area to both longstanding conventional conflicts and modern conflicts. There are also other conflicts emanating from development and from the modernization of society, with the subsequent ramifications embodied in the breakdown of values, in the shakiness of social relations, and in the numerous civilizational conflicts. The researcher focuses on the challenges emanating from the incoming foreigners whom the area's states need to take part in their various development plans. These challenges have had the worst effects on the Gulf's youths--effects that cause the qualitative, technical, and professional level of native labor to continue to be low and that drain Gulf financial resources that could be used to achieve greater happiness for the area's citizens and youth. There are, moreover, the challenges of the cultural invasion that seek primarily to counterfeit the Arab man's identity and to distort his religious and moral values.

Most Important Recommendations

The most important of the 35 recommendations made by the study are the following:

- Establishing stricter control over the means of personal and visual communication to protect youth from the cultural invasion.
- Reforming education and dealing with its intricate problems.
- Putting emphasis on the practical training of youth and on preparing them according to the actual needs of the development plans.
- Providing youth with the proper climate during military service.
- Devoting attention to youth guidance programs.
- Increasing the number of commercial establishments and having the Gulf's youths work and participate in managing them.
- Devoting attention to special education and developing the programs and cadres for such education.
- Increasing the number of institutions offering social services.
- Devoting attention to rural youth in order to curtail their emigration to the cities.
- Educating parents and teachers to steer clear of using meaningless pressure or repression because of the danger to future youth activity in society.
- Insuring freedom of movement for Arab labor to the area's states so as to curtail foreign labor, which has harmed the area.

- Achieving integration in the development plans of the area's states.
- Devoting attention to the technical level of Gulf manpower.
- Implanting confidence in the minds of youths.

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ALGERIA

OVERVIEW OF 1986 BUDGET LAW PRESENTED

Algiers ALGERIE ACTUALITE in French 2 Jan 86 pp 20, 21

[Article by Hocine Khelfaoui: "Budget Law '86: Year of Fulfillment"]

[Text] For observers, private and public industrialists, and taxpayers as well, the 1986 budget law comes as the dynamic expression of the political resolve, expressed by President Chadli Bendjedid in his budget speech before Congress, to give the national economy a shot in the arm.

This is to be done by a significant easing of fiscal pressure, and by making certain procedures more flexible, in order to: deal with the decline in petroleum-based income, earmark the maximum possible resources to the country's productive patrimony, and stimulate public and private investment, particularly for exports. The sectors getting the "lion's share" are in the socio-cultural field, namely education, agriculture, and water projects.

The 1986 budget law confirms and carries through to completion actions already started under the 1985 budget law and the supplementary act. These actions had to do with maintaining internal and external financial equilibrium during a grim oil crisis, and with achieving rigorous and effective management of the nation's economic potential and resources. The self-centered growth called for in the budget law relies on expansion of productive industrial investment through creation of incentives to public and private enterprises, and above all on development of agriculture and its principal support, water resources. Socio-educational expenditures, made heavier by the major existing deficiencies that need to be overcome as well as the new needs resulting from demographic pressures, take up a large proportion of the budget (40 percent of the operating budget).

Nevertheless, more rigorous control over outlays for infrastructural or productive investment, along with more effective collection to make it impossible for anyone to evade taxes, should help reduce that pressure on governmental outlays.

Mr Benammar, deputy budget minister, who gave us an overview of the 1986 budget law, puts it in this context: "This law provides for continuing our efforts, beginning in the 1985 budget law and the 1985 supplement, to reform

the national economic environment. The three laws comprise a coherent package of general organizational measures for the economy. They aim at increased mobilization of governmental resources and at optimized, rational utilization of the latter to focus more intensively on those sectors which are now called upon to play an increased role in meeting the needs of the citizens and generating capital formation."

Three underlying concerns permeate these budget laws, which coincide with the first 2 years of the second Five-Year Plan:

--Maintaining a balanced governmental budget through a policy of austerity with regard to expenditures, while at the same time trying to safeguard as much as possible those investments tied to objectives of the Plan.

--Increasing the government's resources by expanding the material base of development, by the promotion of public and private investment, and by realization of existing potential, while at the same time making sure that this growth in resources does not rely on increased tax pressure, which must [begin italics] remain within tolerable limits." [end italics]

--Respond to the decline in petroleum revenue by promotion and diversification of non-hydrocarbon exports in both the public and private sectors.

The 1986 budget law has two main sections: the first contains the outlays prescribed for achieving a balanced budget, the second contains tax measures.

General Government Budget

What does the 1986 budget law say about the general government budget? In figures, that budget provides for 123 billion dinars in assured income and 128 billion dinars in expenditures. Estimates of budgetary resources are up 8.85 percent over last year's income estimates.

Mr Benammar discussed the apparent deficit with us: "the 5 billion dinar deficit provided for must be seen in light of the figures from the two previous fiscal years. In 1984, ordinary revenue not only covered the government's operating expenses, but also contributed to the financing of a portion of the development budget, thus to some extent replacing the petroleum tax. This trend continued in 1985. On the basis of preliminary data, we can already expect, in principle, that the 1985 fiscal year will end up with a balanced budget rather than the 3.5 billion deficit initially foreseen. All the same, if one goes strictly by the projections, the expected deficit, as a portion of the gross domestic product, is still within quite reasonable limits. It does not threaten our overall position, since our economy has immense productive potential still unexploited, particularly if we achieve better control over costs and prices, and since these expenditures are earmarked heavily toward increasing the productive patrimony."

In 1984, then, and for the first time, ordinary revenue began to overtake revenue from the sale of hydrocarbons in the financing of the government's budget. "This positive change was made possible," we were told, "thanks to the efforts of the taxpayer, fiscal reform, and increasing economic profitability of the public sector."

The financial reform of the public enterprises, in addition to making it possible to restructure and reschedule the public debt, has also accelerated the process of collecting inter-enterprise debts, which audits showed amounted to 40 billion dinars in claims on a public sector-wide basis. This reform had both financial and fiscal effects, by recovering unpaid debts, which had become an alternate method for enterprises to finance themselves, and by restoring to the victimized creditors what was rightfully theirs. The supplementary budget law for 1985 extended this process to public sector debts owed to private sector creditors under the rubric of programmed operations.

According to the new provisions appearing in the 1986 budget law, this process will extend to cleaning up unpaid debts and agricultural season deficits accumulated by the government agricultural sector.

"All these measures tend to eliminate various constraints which have obstructed the operation and action of various enterprises. Freed from these burdens, the enterprises will be in a better position to achieve the objectives of the Plan and contribute more to the satisfaction of social needs."

The Operating Budget

As in the two preceding years, appropriations in the socio-educational sector take the lion's share, with more than 40 percent of the overall operating budget.

Here are the sectors getting the largest appropriations:

--National education: 1,360 billion dinars, a 33.5 percent increase over 1985. We are told that accommodation of new students at various levels required "the opening in 1985 of 630 school buildings and two teacher training institutions. In 1986, the plan is to open 732 new establishments, including 40 high-schools and technical schools."

--Higher education: 3 billion dinars. According to the deputy budget minister, "special emphasis is being placed on scientific research, which will be enhanced by the addition of some 50 research units."

Overseas training will get a 293 million dinar appropriation in 1986 to cover the enrollment and tuition costs of 9,540 students, of whom 6,995 will be in postgraduate studies.

The three levels of education (elementary, secondary and higher) will absorb 18 billion dinars, or 27 percent of the operating budget.

Public health gets an appropriation of 352 billion dinars. This is an increase of 29.12 percent over the previous fiscal year, and it is intended to "finance the operation of 22 hospitals which will be put into service at the beginning of the year, as well as 25 other hospitals, 68 polyclinics, 105 care centers and 33 maternity hospitals, which will be opened during the course of the year. This increase will also defray the costs of new personnel, namely 3,500 doctors, pharmacists and dental surgeons, and 10,000 paramedics."

Capital Budget

The capital budget will be 61 billion dinars, a 22 percent increase over 1985. According to Mr Benammar, "this budget responds to the priorities of the Plan and carries out the political decision to devote the bulk of resources to infrastructural outlays that are increasing faster than operating expenses."

What are the major components of the capital budget? In addition to educational infrastructure, which gets an appropriation of 7.470 billion dinars, the water development sector alone gets 6.28 billion dinars, or 11 percent of all capital appropriations. Because of its numerous ramifications, particularly on agricultural development, the struggle against drought and the provision of potable water to urban areas, this sector continues to command high priority.

The distribution and storage sector is getting 3.2 billion dinars "to carry out a number of important projects intended to provide better fluidity to distribution of products and more reliable supply lines throughout the country."

Most of the other appropriations, we are told, are earmarked for economic infrastructure outlays judged indispensable for improved efficiency in productive investment.

In addition to the various aspects of budgetary balance, the 1986 budget law has another section containing numerous measures designed to put new resources at the government's disposal, and a tax regime adapted to the current situation and its constraints.

Thus we see in this law the introduction of new fiscal measures "aimed at simplifying procedures, lightening the tax burden, maximizing ordinary tax revenue and keeping fiscal pressure within completely acceptable limits." The most important measures are summarized as follows:

Encouraging Investment

In order to facilitate economic development, provisions for direct levies have been modified by the introduction of certain measures relating to improved technical flexibility and reduced fiscal burden. The most important new features:

--Those owing monies to the TUGP [Single Total Production Tax] or the TUGPS will be able to take care of those taxes by means of secured notes. This will make it unnecessary to pay these taxes in advance, thus alleviating cash-flow problems. The Bank will consider the secured notes to be guaranteed credits.

--The BIC [Industrial and Commercial Profits] tax to which public enterprises, mixed and assimilated companies, and limited liability companies are subject is reduced from 60 to 50 percent. The rate is reduced to 20 percent when profits are reinvested.

--Projects developed by public and private enterprises in the disadvantaged areas of the Grand-Sud are exempted for a 5-year period from the TAIC [Tax on Industrial and Commercial Activity], from mandatory payments, and from the BIC tax.

--Goods and products exported by public and private enterprises will be exempted from the BIC. Moreover, certified enterprises that earn foreign exchange are exempted from the VF.

Measures to Assist New Communes and Local Collectives

A reform of the provisions regulating local finance is under study by the government. This reform "should achieve a balance between the burdens local collectives must bear and the resources put at their disposal." Another innovation for the local collectives is the opening of a special treasury account to hold loans intended to finance programmed investments of local economic units. That account will be managed by the Local Development Bank. This new financial institution was created in July 1985 to handle the financing of productive local collective investments.

Land and Housing Development

Pending the APN's review of the law on land development, fiscal measures have been taken by the 1985 budget law. These include the institution of a single tax on income from land development generated by the conversion of buildings to residential usage. This tax, which is set at 25 percent, will replace the BIC, TAIC and ICR [Supplementary Income Indemnity]. The rate is reduced to 15 percent when projects are turned over to savers or buyers paying in hard currency, and in the case of projects in disadvantaged areas. This tax does not affect self-help builders, either individuals or organized into real estate cooperatives, or joint-stock, limited liability companies.

--To encourage the acquisition of government-owned properties, a measure has been introduced which permits CNEP [Algerian National Savings and Insurance Bank] to create a mortgage to guarantee loans made to those acquiring state-owned housing. These loans can be used for restoration, improvement or expansion of structures.

This series of measures, including others we have not discussed, adds flexibility and lightens the tax burden in order to stimulate investment, particularly private investment. The objective is a major increase in the number of projects and economic units, thus an expansion of the resource base. In other words, alleviation of the tax burden should increase the number of taxpayers. The more flexible procedures should facilitate more rigorous control, and consequently result in more revenue. But this obviously presupposes that the taxpayers concerned play by the rules: by rationalizing management, by promoting creativity and innovation, by respecting the framework and the investment guidelines defined by the state, by moving into areas that have significance for development.

From another point of view, no one henceforth can have any excuse for shirking his obligations as a taxpayer. There is no reason why an industrialist or businessman cannot support a tax burden that is shouldered by a simple wage-earner. Or do the two groups not share the same perception of the public interest? No one wants to find that this is the case. But let us see some proof.

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CSO : 4519/49

ALGERIA

BRIEFS

MESSAADIA RECEIVES PDRY POLITBURO MEMBER--Algiers, 26/01/86 (APS)--The head of the C.C. Permanent Secretariat Mohamed Cherif Messaadia audienced here Saturday a delegation of the Socialist Party of the Democratic and People's Republic of Yemen led by Anis Hasan Yahya, member of the Yemeni Socialist Party Politburo. The talks, which were attended by Foreign Minister Ahmed Taleb Ibrahimi, were centered on tragic events taking place in the Democratic and People's Republic of Yemen and the developments of the situation which Algeria is following with great concern and called for an end of fratricidal fightings. [Text] [Algiers APS in English 1008 GMT 26 Jan 86 LD] /6091

VISA REQUIREMENT FOR ITALIANS--Algiers, 28/01/86 (APS)--In the wake of the unilateral decision by the Italian authorities to subject the Algerian nationals visiting Italy to entry visas from February 1st, 1986 on, it has been decided as a reciprocal measure that Italians will not as by the past enter Algeria without visas, a communique issued by the Foreign Ministry announced. As from February 1st, 1986 all Italian nationals willing to visit Algeria on whatever account should provide themselves with a consular visa issued by Algerian diplomatic or consular representations, the communique read. [Text] [Algiers APS in English 1006 GMT 28 Jan 86 LD] /6091

APS AGENCY ECONOMIC SERVICE--The minister of information, Bachir Rouis, has inaugurated the economic line at the APS agency headquarters. Specialized news in this field will be transmitted as from 3 February. It will answer the needs of the national information organs and of all bodies interested in economic activities. [Text] [Algiers Domestic Service in French 1830 GMT 29 Jan 86 LD] APS [Algerian news agency] Echo is perhaps a way of not losing track of what is happening in the field of economic news. What can we expect from this specialized service of APS which starts tomorrow? Mokhtar Hayder, our colleague at APS responsible for implementing this project, explains: It's very simple: economic news. Economic news of a commercial, financial, banking [words indistinct] nature. News about economic indicators of countries, especially [words indistinct] news about the commodity exchanges. By commodity exchanges I mean the exchanges for certain raw materials: coffee, cocoa, sugar, cotton, wool, ferrous and nonferrous metals, [words indistinct] their rates and quotations on these exchanges, generally at the close, well, at the opening and close. There also is another part reserved for news about the national economy. [Excerpts] [Algiers Domestic Service in French 1200 GMT 2 Feb 86 LD] /6091

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EGYPT

ARTICLES PROBE MURDER OF ISRAELIS IN SINAI

Basic Aspects of Case Outlined

London AL-MAJALLAH in Arabic 25-31 Dec 85 pp 12-15

[Interview with Sulayman Khatir by Mahmud Sadiq and Maha 'Abd-al-Majid in Cairo: "Hero of the Sinai Operation: I Am Not Crazy; I Killed the Israelis in Defense of My Country"; date not specified]

[Text] The trial of Sulayman Khatir, the hero of the "Sinai operation" who killed seven Israelis and wounded two others in defense of the soil of his country, is truly unique. Calling it the "trial of the age" is not an exaggeration because this is the first time in the history of the Arab-Zionist conflict in which an Arab has been tried on the charge of killing Israelis.

AL-MAJALLAH is publishing here the secret documents of this trial, is interviewing the hero of the Sinai inside the military prison, and is offering a complete picture of the facts of the operation as given in the documents and according to the witnesses. It has also met with the hero's lawyer, who is using all the evidence, means of defense and legal pretexts to have him set free and acquitted of the charges laid against him.

The secret documents and records of the case which AL-MAJALLAH examined came to more than 230 pages and included details of the investigations which were conducted with the hero and his colleagues and the forensic-report. The result of these meetings and investigations follows.

In February of 1982, about 66 days before the final withdrawal from the Sinai, the information department of the World Zionist Organization issued an official document which said, "The economic situation in Egypt, the nature of the regime, and Arab policy will lead, following April 1982, the date of the withdrawal, to a situation in which Israel will be forced to work directly or indirectly to restore its control over the Sinai as a strategic and economic balance and as a source of energy.

Since that time, with continuing encroachments on the Israeli-Egyptian borders, Israel still maintains even today 16 military brigades opposite Sinai.

In 1982 Shimon Peres, the leader of the Israeli opposition at the time, announced that the government of Menahim Begin had warned Cairo, during the events in Lebanon, of military sanctions in the event it violated diplomatic relations between the two countries. The first of the encroachments on the Egyptian border was what Israel did in establishing a hotel 600 meters into Egyptian Taba (that was at the end of the withdrawal from Sinai). It thereafter became a permanent source of violations and provocations on the Egyptian-Israeli border, in that Israel prevented Egyptians from entering the area except after getting a visa from the Israeli embassy in Cairo.

At the end of 1983 a spokesman for the Israeli embassy in Bonn said that Israel might find itself forced to go back to holding Sinai for a period of 5 or 6 years and the reason might be Egypt's refusal to return its ambassador to Tel Aviv. One of the greatest provocations which upset Egyptian public opinion and which was directed at Egyptian soldiers on the borders at Taba was what occurred in the summer of 1984 when Israel set up a nudist colony on the shore in front of the Sonesta hotel in Egyptian Taba. Colonel Mahmud Zaydan, commander of Central Security Forces responsible for guarding the wire fences specified in the accord, revealed that his soldiers were busy during their guard duty with watching visitors to the camp.

Fearful of the "temptation" for the soldiers, Col Zaydan ordered his soldiers to withdraw farther inside Egyptian territory. He set up a barbed wire fence known thereafter as "Col Zaydan's fence" and when one of the senior officials ordered the fence removed immediately, an Israeli warship moved into Taba waters to oppose any Egyptian attempt to remove it.

After this story spread on the Egyptian street, the opposition started to demand that the government offer an explanation for what occurred. The minister of the interior replied that no occupation by the Israelis of any new part of Egyptian territory had occurred.

All of those encroachments came to the minds of the Egyptians and the Arabs the moment they heard of the fate of the seven Israelis at the hands of an Egyptian soldier standing on the border of the Taba area. By himself he was able to reply to the provocations of a group of half-nude Israelis.

Central Security soldier Sulayman Muhammad 'Abd-al-Hamid Khatir did not think that he was going to go down in the history of the Arab-Israeli conflict as of 5 October 1985. Indeed, he did not realize, while firing at the Israelis who had infiltrated his area, that he was going to be the first Egyptian in the history of the struggle with Israel to face an Egyptian military court on a charge of killing Israelis. Thus, 49 shots later, Sergeant Sulayman Muhammad 'Abd-al-Hamid Khatir became a "hero" because he killed 7 Israelis and attempted to kill 2 others.

Thus began Case No 142, military capital offense-Suez. Report No 186, Nuwaybi' misdemeanors, 1985, prepared at 6:30 on 5 October with the knowledge of Colonel Muhammad 'Ali Isma'il, police commissioner, said that 25 km from Nuwaybi', in the direction of Taba, atop a mountain overlooking the coast, at an altitude of about 150 meters, and about 500 meters from Central

Security Outpost 146 where a small five member Central Security post is located, Sgt Sulayman Muhammad 'Abd-al-Hamid used his 762 x 39 automatic weapon in the murder of seven Israeli subjects and the wounding of two others when they tried to climb the mountain in the direction of the post he was assigned to guard. This occurred on Saturday, 5 October 1985.

The part of the report describing the incident said that it was shortly before sunset when Sgt Sulayman Khatir saw some people walking toward him. He was gripped with fear, especially since that was the first time people had approached his post after daylight.

The investigation report said: "The soldier used some English words he knew, but to no avail. Therefore, he began thinking of what they might do and who may have been behind them. He pretended to fire to 'scare them away,' but he was the one who was trembling with fear while stiffly holding his weapon in total panic until a shot was fired by accident, according to him. He saw a man fall to the ground bleeding. The sight of blood made him lose consciousness and the next thing he knew he was lying in another place on the mountain."

The indictment in Case No 142, 1985, military capital offense, said: "On 5 October 1985, in Nuwaybi' (South Sinai), Central Security recruit Sgt Sulayman Muhammad 'Abd-al-Hamid Khatir of Central Security Post 146 at Ra's Barakat premeditatedly killed Haman Shilih, Elan Shilih, Khalil Shilih, Anita Gravel, Dina Birri, 'Ofri Tur'el, and Ed Bohm, all Israeli citizens. He also attempted to murder Ihud Bohm, Moshe Bohm, Tai Gravely, Amun Barry, and Ni'mat Karen, all Israeli citizens as well."

At the end of the indictment, prosecutor Lieutenant Colonel Yahya Hasan Qasim ordered the defendant tried before a high military tribunal because he committed crimes specified in Articles 45, 234/2, of the penal code.

The soldier agreed to the charges contained in the indictment, saying that he lost consciousness the minute he saw the victims swimming in their blood. He lost his sense of judgment, perception, and recollection, as he said, the minute he saw the blood, and did not think that the victims had been shot by him.

Medical Report

The preliminary medical report said that, by order of the military prosecutor's office in Suez to admit Sgt Sulayman Muhammad 'Abd-al-Hamid Khatir to the psychiatric ward of Suez Hospital, Brigadier General Dr Ayman 'Abd-al-Fattah Salamah and Brigadier General Dr Muhammad Fu'ad went to the Qabbartah Military Prison Saturday morning, 12 October 1985, to examine the soldier, who was fully cooperative and responsive throughout the entire examination. The medical report affirmed that the soldier did not suffer from any physical or psychological illness. Reports on the defendant's behavior added that he was an introvert who kept his problems to himself and that he was disciplined and carried out orders very well. In conclusion, the report

emphasized that Sgt Sulayman Khatir did not suffer from mental illness, retardation, or insanity and therefore was responsible for his actions, but that he did suffer from a severe case of depression and anxiety.

Sulayman Khatir talked to AL-MAJALLAH from his military prison. He said: "I am not crazy as some people may think, nor am I a hero as some people claim. Whatever I did was in self-defense and in the performance of my duty. I did not commit murder. The Israelis entered a prohibited area and I tried to stop them, but they did not comply. I used the weapon issued to me to defend my country against an enemy attacking or approaching the post."

He added: "Had I wanted to be a hero by killing Israelis, I had the whole resort in front of me full of Israelis, so why would I shoot these people in particular? I could have gone down the mountain where Israelis were scattered over a 1-km area. But I did not want to kill, I was defending myself and my country.

"I lost control of myself after the first shots which I fired as a warning. I did not know what to do after that: laugh, cry, or shoot myself. My colleagues witnessed my attempt to kill myself. I did not mean to commit suicide, but I did not know what to do. I began screaming: 'Close the road to stop any cars from informing Israel. It will attack Egypt.'"

During the prosecutor's interrogation of Sulayman Khatir, he wondered whether it was forbidden to shoot at the enemy, saying: "This is a restricted area and no one, be he foreign or Egyptian, is allowed in it. These are the orders. Otherwise, we can leave the borders unattended so that anyone wishing to come into Egypt can make himself at home, and any female exposing her body can be allowed to pass. What I mean is that any young man can succumb to such things, as was the case at the Taba borders where they used to cross to the chalets. I heard that one female slept in a chalet which had the radio equipment. Of course, she was on assignment, obtained the frequency, and went on her way. They are all on assignments."

Sulayman categorically denied that he or any other member of his family had ever suffered from emotional or psychological problems. The strange thing is that throughout his interrogation, he was keen on protecting all the post's personnel. He did not challenge anyone's testimony, even when it conflicted with his personal interests, always saying that they knew better than he did. He also waived his right to confront any of his colleagues.

One and a half hours after the accident, the general prosecutor's office heard testimony from Israeli witnesses at Nuwaybi's hospital who agreed that those who climbed the mountain were one man, two women, and nine children, while the prosecutor's report and the Egyptian coroner's report proved that the bodies were of three children, two men, and two women, which suggests a clear inconsistency between their testimony and what actually happened. Moreover, they insisted that that was the first time they had realized that climbing the mountain was prohibited and that they had come to this area before and the children had climbed the mountain, as they had done the evening before the incident, and no one had stopped them.

As for the Egyptian witnesses, Sgt Sulayman Khatir's colleagues, they agreed at the outset that their instructions were to stop anyone approaching the observation post atop the mountain and that the recruit on guard duty was not allowed to open fire on mountain climbers and must communicate with them verbally and, if they failed to comply, he must inform the post commander to take action.

This was what Ibrahim Ahmad, one of Sgt Sulayman Khatir's colleagues, said when he testified that he saw a group of foreigners going up the mountain and saw his colleague, Sulayman, asking them to leave, which they refused to do. Then he saw him open fire at them. This was confirmed by Sulayman Khatir when he said: "I warned them and asked them to freeze! I motioned to them that climbing the mountain was not allowed, but they kept on going up. I fired in the air as a warning to them, but some bullets hit them by mistake." When interrogations were resumed the following day, inconsistencies in the Egyptian witnesses' testimony began showing up. It began with the testimony of soldier 'Atiyah Ibrahim 'Ali, who testified that he was sitting with his colleagues, 'Ali and Sulayman, on the deck overlooking the sea and Sulayman had his weapon inside the "hut." "A while later, Ali and I saw some foreigners climbing up from the seaside, so I told Sulayman to get them down. He said: 'Let them be.' Then they went toward the equipment on which Sulayman was sitting and after a while we hear four shots behind the shed where we saw Sulayman. When I talked to him, he told me: 'It is not your business. Go tell officer Tariq that Sulayman has killed some foreigners,'" 'Atiyah mentioned that Sulayman was threatening to kill anyone who came close to him. This testimony contradicts that of his colleagues, 'Ali Ibrahim, which he gave the day before.

'Atiyah added that Sulayman's weapon was on his bed before the foreigners [the Israelis] went up. When he went up to see him, he found him holding onto it, aiming it at them. Asked about the level at which the defendant was standing in relation to the victims when the defendant opened fire, he said that Sulayman was standing on a low incline and they were on a high hill. This contradicts medical reports and the findings of preliminary medical examinations performed on the bodies.

Soldier 'Ali Ibrahim Ahmad confirmed the testimony of his colleague, 'Atiyah Ibrahim 'Ali, contradicting his testimony of the day before--the day of the incident--which was confirmed by first Lieutenant Tariq Sulayman.

Before Military Justice

On Sunday, 6 October 1985, the president issued an order to refer the case of Sgt Sulayman Muhammad 'Abd-al-Hamid Khatir to military justice, effective immediately.

Investigations were once again resumed at the military prosecutor's palace following the necessary examination. Investigations began with the witness, Major Ahmad al-Shaykh of Central Security, South Sinai sector, who confirmed the testimony of previous witnesses, adding that he went to Central Security Observation Post 46 and asked Sulayman Khatir to hand over his weapon to

a colleague and then give himself up. He did in fact give himself up (this contradicts the testimony of 1st Lt Tariq Sulayman who said that the defendant had been arrested and did not give himself up). He also said that Sulayman Khatir was a normal person who kept to himself and had no problems with his colleagues. He engaged in no unusual activities and always performed his prayers. He was well-liked and never behaved in a suspicious or abnormal way.

After denying having had any kind of verbal exchange with Sulayman Khatir, he reserved himself, saying that the latter told him literally: "We are an Islamic country and the foreigners go around in the nude. This sort of thing is offensive to the Islamic religion."

Witnesses started giving conflicting testimonies and even the same witness began contradicting himself. The investigative reports had many contradictions and inconsistencies, thus prompting the prosecution to hold face-to-face confrontations between witnesses and between witnesses and their testimonies.

Police Officer Holds Key to Truth

Upon questioning police officer Jamal Ahmad Riyad, who was detailed to Central Security, he refuted most of 1st Lt Tariq Sulayman's testimony, starting with the fact that he never heard or saw Sgt Sulayman Khatir threatening to fire on anyone who came close to him, although he had heard a while later the sound of shots; that Lt Tariq refused to go up to the mountain to find out what happened, using the excuse that he was going to call the post on the radio; and that Ibrahim 'Atiyah came down to him in a disconcerted state saying that Sulayman Khatir had asked him to inform officer Tariq that he had killed a group of "foreigners." He mentioned that Sulayman had opened fire in a standing position and when he went up to see the defendant right after the incident, he found him in a highly agitated state, saying that he did not want anyone to get close to him.

When officer Tariq Sulayman was brought face-to-face with the police officer concerning the contradictions and inconsistencies in their testimonies about the defendant threatening to kill anyone who came close to him, the officer backed off, saying he might not have heard well. And when soldier 'Ali Ibrahim Ahmad was confronted with his conflicting testimonies before the public prosecutor, the police, and the military prosecutor, particularly pertaining to the matter of Sulayman Khatir warning the foreigners before opening fire, he broke down, crying, and said that his testimony in the police report was more accurate, that Sulayman Khatir had talked to them in English and then mentioned to them to go back down, and that he stood by the testimony he gave at the police precinct.

Soldier 'Ali Ibrahim added that he has seen in a "blue album" that was in 'Atiyah's possession photos of the latter with foreign men and women taken at the post or under the Egyptian flag. He said that 'Atiyah used to allow foreigners to go up, unlike Sulayman, who always used to stop them.

When 'Atiyah Ibrahim 'Ali was confronted with the testimony of his colleague, 'Ali Ibrahim Ahmad, he admitted to giving false testimony for no reason except that he was extremely frightened following the incident.

Defense Asks for Acquittal

AL-MAJALLAH met with defense lawyer 'Imad al-Sabaki, who pleaded Sulayman Khatir's case before the military court. The interview focused on the grounds on which he based his request for acquittal and on the reason why the defense insisted on an insanity plea. He also answered a question about the penalty the soldier may have to face.

[Question] You said in your argument that the act of turning over the bodies of the Israeli victims to their families was a flagrant violation of Egyptian sovereignty and that such an action rendered the investigation inadmissible in a court of law. Why is that?

[Answer] Because preliminary medical examination reports must be signed by the Egyptian coroner's office and any autopsies must be performed with the knowledge of this same office and no other party. No one has the right to dispose of bodies, evidence, or other things found at the scene because the right of the defendant comes before the right of the victim and because the cause-and-effect relationship between the weapon or the instrument used in the incident and the injury or death can only be proven conclusively through an autopsy. Therefore, the expert must be Egyptian and any deviation from this norm is inadmissible.

[Question] Is it better to base the defense on an insanity plea or on the fact that he was doing his duty in defense of his country and his work?

[Answer] The fact is that this question is premature. But I would like to establish, however, that all legal circumstances mentioned in all scientific references and acknowledged by Egyptian jurisprudence and Islamic jurisprudence support the defendant, both from the standpoint of his mental state, which was established in the reports, and from the viewpoint of the extenuating circumstances stipulated in the law on the grounds that he was exercising his legal right when he committed this crime, even if he were in full possession of his mental facilities. From the defense's point of view, all legal defense angles favor the defendant and lead to acquittal. We are very optimistic, particularly since many of the Israeli provocations were being committed in the Gulf of 'Aqabaj area by Israeli tourists.

[Question] Does the existence of Israeli provocations give a soldier the right to use his weapon to commit murder?

[Answer] I do not mean that the provocation led to the commission of the crime. I reiterate, however, that Israelis are committing illegal, hostile acts in a dangerous area against Egyptian sovereignty, such as a refusal to comply with instructions and defiance of Egyptian authorities. This entails another dangerous situation in that if we are to forbid Egyptian security personnel from countering such violations, they will fail to do their duty in time of need.

[Question] You are thus taking this case out of its individual framework, the commission of a specific crime, and putting it into a general one of mutual provocations or provocations by the Israeli side.

[Answer] I do not want to say that these provocations led to the incident. What I mean to say is that the Israelis pick quarrels with Egyptian forces on purpose for a mysterious reason with far-reaching consequences.

[Question] Consequences affecting relations between the two countries?

[Answer] And other more serious situations as well. I urge all authorities at all levels to analyze these situations and this constant provocation. I am sure that this will lead to very serious results which the authorities must weigh very carefully.

[Question] Do you believe that this case is an individual case, or one that has been turned into an issue of public opinion and relations between two countries or into a primarily political issue?

[Answer] I believe that it is an individual case and not an issue of public opinion. It is dangerous to present it as a public opinion issue because such a move will throw the defendant into the snare of international political pressure. If we look at it as a public opinion issue, we will find Egypt and Egyptian and other public opinion on the side of Israel and the countries behind it, especially the United States, against the helpless defendant who will surely receive the death sentence. In other words, internationalization or universalization of the case will lead to one result: extreme harm to the defendant himself.

[Question] Then you do not wish to put it in a general or political framework but want to keep it on an individual legal level?

[Answer] That is correct. However, it does have some political background which the authorities must carefully examine and cautiously and sensitively because a death or prison or other sentence against this soldier will mean that all his colleagues and his commanding officer will refuse to take appropriate action when the need arises to defend Egyptian land and national soil against espionage or sabotage activities. Herein lies the seriousness of this case. Should Israel and its backers succeed in bringing any kind of harm to this defendant, you can say goodbye to any willingness on his colleagues' part to perform their duties. This is a very serious consideration.

[Question] How do you describe Sulayman Khatir from the point of view of his psychological, social, and moral makeup?

[Answer] He is Egyptian, Muslim, friendly, mild-tempered, peaceful, natural, and spontaneous.

[Question] Have you noticed any political evidence in the case?

[Answer] Not at all. This case does not have any political overtones, and I say this with complete confidence.

[Question] Did you notice any change in the soldier's frame of mind during your meetings with him?

[Answer] He seemed tense, anxious, and unstable. This was the impression of the military medical committee and it is the truth.

[Question] Was he not aware that he was suffering from this illness?

[Answer] No, he was not. He was very open and frank in talking about his life and the fits he used to have. The medical committee reported that he never got emotional and never lied and he talked in a steady monotone.

[Question] Did he mention that he used to have fits?

[Answer] He mentioned certain hallucinations and phobias.

[Question] Can his health condition be used as a justification for acquittal in his capacity as an Egyptian soldier?

[Answer] This is what the law says.

[Question] Has Sulayman Khatir read everything that has been published about him?

[Answer] Not at all because he is not allowed to do so in prison.

[Question] Is he proud of killing seven Israeli soldiers?

[Answer] He has never expressed pride in that nor has he ever discussed it or talked to me about it.

[Question] You mentioned that when the Israeli tourists were going up to the top of the mountain, the soldier fired warning shots. Can warning shots hit seven tourists all at once?

[Answer] No, the warning shots were fired into the air and did not hit them at all.

[Question] But how did they die?

[Answer] When they did not heed his warning and kept on going toward him, he fired the warning shots and as soon as he heard the first one he lost control of his senses and his ability to understand what he was doing.

[Question] Did you ever notice in the two sessions any sympathy on the part of the court for the soldier?

[Answer] As a defense lawyer I do not look for, expect, or ask for anything like that from the court. I do not even presume it. The court and the judge be totally impartial with regard to the defendant, the plaintiff, and the prosecutor.

[Question] What is the situation regarding the appearance of Israeli witnesses in court? Will this hurt or harm the defendant?

[Answer] It will neither hurt nor help him because Israeli witnesses have no bearing on the facts. However, their appearance may allow the defense to extract many things from them, which I am not at liberty to reveal now, in favor of the case.

[Question] Do you call Sulayman Khatir a defendant and is he in fact a defendant?

[Answer] Yes, I call him a defendant because a defendant is innocent until proven guilty. He had to appear before the court because the prosecution brought charges against him in this case and this makes him a defendant.

[Question] What is the maximum sentence that can be handed down against this soldier under the law?

[Answer] The law calls for the death sentence.

[Question] What is the minimum sentence, taking into consideration that he was performing his duty and was mentally deranged?

[Answer] If these two considerations can be proven to the court, he should be acquitted, and if there was some transgression by him over and beyond the bounds of duty, the sentence will be very light, such as a suspended jail term.

[Question] Does the president have the right to reduce or suspend the sentence?

[Answer] The president has to sign a death order and has the right to uphold or reduce the sentence any way he pleases, or to repeal the sentence and order the case closed.

[Question] Based on his constitutional right?

[Answer] Yes, it is an absolute right for the approving officer in military law.

Lawyer of Khatir Interviewed

Paris AL-MUSTAQBAL in Arabic 28 Dec pp 28-30

[Interview with 'Imad al-Sabaki in Cairo: "He is Innocent Because All Egyptian Soldiers Are Sulayman Khatir; Arabs Awaiting Egyptian Court Decision"; date not specified]

[Text] Next Saturday a decision will be handed down in the case of Sulayman Khatir, the Killer of seven Israeli tourists, following his trial on the charge of defending the nation's land against its enemies and after the prosecution asked for the death sentence because he confronted some Israelis trying to infiltrate his military position on the eve of the 6 October anniversary.

AL-MUSTAQBAL had a long interview in Cairo with Sulayman Khatir's attorney, Muhammad 'Imad-al-Din al-Sabaki, who revealed things he had never said before about Sulayman, about the case, about Egyptian mistakes, and about his arguments in defense of Sulayman Khatir against the Zionist enemy.

[Question] From a purely technical point of view, where does the case stand now?

[Answer] It has been postponed until sentencing on 28 December. The deadline for submitting arguments was the 14th of this month and the last session was on Saturday, the 7th of this month.

[Question] When did your story with the hero of Sinai begin?

[Answer] His brother 'Abd-al-Mun'im and some relatives asked me to take his case and I agreed for two reasons. The first reason was because the case had several purely technical considerations that required a great deal of work and great technical efforts from the standpoint of appreciating the defendant's circumstances during the conduct of his duties.

[Question] Did you meet with Sulayman Khatir privately?

[Answer] I met his family first. I wanted to understand the case before I met him. I later had a very useful meeting with him, which lasted 40 minutes, in a private and secluded atmosphere which allowed me to exercise complete freedom.

[Question] What were your impressions of Sulayman Khatir during that meeting?

[Answer] He is a 100 percent Egyptian and patriotic man who possesses all the innate moral values of a true Egyptian. I swear to God that I am not saying this to serve the case. He was an exemplary serviceman. His 3-year record in the service was unblemished and investigations revealed that he was the only one on the scene to take good care of his weapon. He had memorized the serial number of his weapon and the weapon's barrel. He even knew the number of the weapon's bayonet. This is a very unique situation. Does anyone know that Sulayman Khatir removed the pockets from the military uniform he wore while on duty to avoid putting his hands in his pocket during sentry duty!

[Question] What did Sulayman Khatir tell you about the incident?

[Answer] You certainly know that when the peace treaty was concluded, Sinai was divided into three zones: A, B, and C. Zone C begins from al-'Arish line to Ra's Muhammad and ends at the Gulf of 'Aqabah coastline. It is 25 km wide and has no armed or border guard forces, only civilian police forces. The treaty stipulates that these forces be lightly armed and perform security duties. Sgt Sulayman Khatir belonged to the Central Security forces which are in charge of the zone's security and safety, according to the agreement. He was a conscript, not a volunteer. The Gulf of 'Aqabah shoreline, by virtue of its topography, is a mountainous area with valleys which can be 2 km wide, but it narrows down to almost nothing at the site of the incident where the

mountain is only 5 meters away from the water. Therefore, the Taba-Nuwaybi'-Sharm al-Shaykh road turns off behind the mountain, the highest point of which was being guarded by Sulayman Khatir. It is 150 meters above sea level. The military prosecutor described it as an extremely rugged rocky area. The only access to the point Sulayman was guarding is a specific trail with a guarded gate at the bottom of it. The mountain is surrounded with barbed wire. There are other approaches, but they are extremely difficult to climb. The point Sulayman was guarding is an observation post for securing Egypt's border from the Gulf of 'Aqabah side which guards the territorial waters, the shoreline, and the Taba-Nuwaybi' road. It has observation equipment used to safeguard Egypt's borders and national security, hence the momentous responsibility. The person in charge of this point must be highly competent, patriotic, and exemplary.

[Question] At what time did the incident occur?

[Answer] At 5 o'clock in the afternoon. In the mountains they call this hour "the last light." Dusk falls very quickly in the mountainous regions. The incident occurred on 5 October 1985, or on the eve of the 6 October war anniversary, a dangerous time when the armed forces and all regular forces are supposed to be placed under arms because we do not know what to expect along our borders. Caution is a duty and we must not blame a soldier for being completely alert at times like these. If he is surprised by the presence of unidentified civilians at the top of the mountain inside his grounds at 5 o'clock, what is he supposed to do? He is supposed to order these strangers off the grounds immediately and if they do not comply, he must fire warning shots in the air and if they refuse to leave, he must shoot "to kill." This is what any soldier in any city would do, so how about along the country's entire border?!

[Question] When did you get involved with the incident?

[Answer] Upon reviewing the investigation reports, I noticed some strange irregularities, which were in violation of the simplest rules of investigative procedures. First mistake: failure to close off the scene of the crime and to leave evidence in place. When the police removed the bodies and the wounded prior to the investigative team's arrival, they removed all traces. They even removed the empty shells and when the prosecutor arrived at the scene, the blood stains had also been removed.

[Question] Why is the military prosecutor investigating Sulayman Khatir's case since he is a civilian?

[Answer] The military prosecutor stepped in after the president gave orders to refer the case to the military courts. This is a right granted the president under Article VI of the martial law statute when a state of emergency is declared. The first mistake was the removal of evidence before competent investigative authorities arrived at the scene. The second mistake was that when the bodies and the wounded arrived at the hospital, the medical report was not signed by an experienced doctor. The young doctor who examined them was unable to express a professional opinion in the reports. His reports

were vague. The third mistake was that when the prosecutor took over the investigations the night of the incident, and for reasons I do not understand or accept, it gave orders to turn the bodies over to the Israeli families who were at the scene before he examined the bodies and before there was any kind of Egyptian technical procedure to discover legal evidence tying Sulayman and his weapon to the injuries and deaths. This case did not have any of these safeguards. This is an affront both to Egyptian sovereignty and to the Egyptian judicial system. Another mistake was the failure to question the Israeli witnesses about the reasons for their presence at that place at that particular time. Their passports proving their identities and their legal entry on to Egyptian soil were not held in custody. Not only were there deficiencies in the investigation, but they renders it invalid as well. The strange thing is that the place where Sulayman was is not fit for tourism and the closest tourist site is 46 Km to the north of 21 Km to the south. Furthermore, the investigations failed to prove the existence of any tourist camp for them anywhere near the mountain or even far away from it to justify the presence of 25 Israelis atop the mountain. How could the survivors be allowed to leave without questioning? The police commissioner in Nu'abi was supposed to ask everyone not to leave the scene until the prosecutor arrived. This is a strange deficiency in the investigation.

[Question] What was the reason for all these deficiencies?

[Answer] They may have occurred in good faith. Perhaps it was a case of sensitivity when it became clear that they were Israelis and some people may not have wanted to create problems with Israel at that particular time, hence the appeasement.

[Question] What kind of appeasement?

[Answer] A strong glaring appeasement at the expense of the case and Sulayman Khatir. He is a defendant in this case and his right to due process is sacred, even if it led to his indictment.

[Question] Did you attend the various stages of investigation?

[Answer] No. The investigation was conducted in total secrecy and before his parents came to me to ask me to represent him.

[Question] Did you have any problem in questioning witnesses?

[Answer] This case is not a case of witnesses. It is a case of legal debate on the facts. Moreover, the witnesses were Sulayman's colleagues and commanding officers who were asked to explain the special instructions for using weapons. During questioning they gave evasive answers, insisting that there were no instruction, which was very strange. However, his commanding officer, 1st Lt Tariq, said that a weapon should be used in case of legitimate self-defense. The law says that legitimate self-defense is a defense of self, property, and land. The soil of the nation's sacred land is always the key. Why else is defense of the nation called a blood duty. "Blood tax" comes before self-defense. Furthermore, Sulayman was in a state of property defense because he was defending military equipment found at the site and

the ammunition was in his possession. Here I say that an inspection by the prosecutor revealed the existence of empty shells 25 meters away from the scene of the accident. It is impossible to have empty shells more than 6 meters away. This brings up the possibility of other weapons being used in the accident, perhaps by the Israelis themselves. The right to legitimate self-defense permits killing, even if those coming to the military site were very important Egyptian personalities. Going into the site was a crime by the Israelis, which gives Sulayman the right to legitimate self-defense.

[Question] Do you not feel that the court rushed the case?

[Answer] Were there any witnesses for the defense?

[Answer] No, I believe that although some fundamental petitions by the defense were rejected, the trial proceeded normally without haste or any other thing. I have absolute confidence in the integrity of the court because it is comprised of the best qualified people in military justice.

[Question] Were there any witnesses for the defense?

[Answer] No, the case did not have any witness for the defense. I presented to the court a copy of a press report published 2 months before the incident when Israeli tourists began committing certain perverted sex acts before the eyes of Central Security troops, thus prompting the soldiers to fire in the air. This report literally said that tourism was going to be the straw that broke the back of the Egyptian-Israeli peace camel.

[Question] If this was the case, why did you rule out the political dimension?

[Answer] Because defense of the country has nothing whatsoever to do with politics. Intelligence Service and State Security Investigations proved that Sulayman Khatir had no radical political or religious tendencies. Sulayman Khatir received his high school diploma when he was in the service and enrolled in the school of law. He was going into his fourth year as an affiliate student. He had not held any job prior to his recruitment into Central Security.

[Question] What kind of sentence do you expect in this case?

[Answer] All the inculpability clauses in the penal code apply to Sulayman Khatir. His was not a criminal act. He was mentally incompetent when he committed the act. There is also the right of legitimate self-defense, on which the law is very clear: "There shall be no punishment for anyone who commits an act of legitimate self-defense." Sulayman opened fire but there is no conclusive evidence that the shots that killed the victims were fired from his gun or that these gun shot wounds caused the deaths. The cause--and effect--relationship between the weapon and the injuries and between the injuries and the deaths was absent.

[Question] Did Sulayman not confess to murder?

[Answer] He said: "I fired as a warning but after the first shot I did not feel anything at all. I then saw some people wounded, so I sat down. My colleagues called out to me, saying that some people had been hit, so I asked them to attend to them. Then I found a young girl beside me, so I asked my colleague, Hassunah, to take her to her parents at the foot of the mountain. Then my commanding officer called me on the phone asking me to surrender my weapon to my colleague, Hasan, and I did. He then ordered me down and I did go down without actually realizing what had happened." He warned them and ordered them to stop in English. Therefore the intent to kill is absent in this case. Premeditation is not there.

[Question] Is there a political side to the case? Does it have anything to do with the Taba negotiations? This is what Israel wants people to believe.

[Answer] I truly believe that the president does not interfere in the business of the courts and that the minister of defense does not interfere in the business of military justice. Military justice is truly independent. I said in court that we do not accept blackmail or threats and we let Israel say what it pleases.

[Question] How will the sentence be appealed?

[Answer] In military law, after the sentence is pronounced, we file a petition for a retrial based on the same motions as an appeal for a reversal. The petition is submitted to an officer senior to the approving officer. Military tribunal judgments are subject to ratification. Prior to approval, judgments undergo legal reviews.

[Question] Therefore, the president will not have to approve the sentence?

[Answer] Only in the case of a death sentence does the president have to approve the sentence. In general, the convict is informed of the sentence after approval, at which time we have a right to appeal through a petition for a retrial within 15 days of the date the convict is officially informed of his sentence.

[Question] If the sentence is accepted, what next?

[Answer] If the petition is accepted, the presiding judge has the right to repeal the sentence and close the case, or to repeal the sentence and change the penalty, reduce the sentence, or order a stay of execution. He has absolute powers.

[Question] After all these phases, does the judgment become final?

[Answer] It becomes final and it must be carried out.

[Question] Do you consider Sulayman as an Egyptian hero or as a soldier doing his duty?

[Answer] I consider him one of the Egyptian soldiers who perform their duty with honor and sincerity and each of them deserves a statue. To say that he is a hero is to say that all Egyptians in the armed forces are heroes. And what about the martyrs of our wars with Israel?

[Question] How do his parents feel about all this?

[Ansser] They are very proud of him because he did his duty. They are not afraid for him because he is in good hands, but this is not to say they are not worried about him. After all, he is their son and may God look after him.

[Question] Did you not indicate in your defense all the things that Israel has committed against thousands of Palestinians?

[Answer] I talked about Dayr Yasin and Sabra and Shatila and reminded the court of the case when a radar station was stolen from the Red Sea island. I said in my arguments: "The ugliness of Israeli crimes throughout history, from the Balfour Declaration to the present, call for extreme vigilance." I quoted in court Begin's exact words when he said: "We were like a sharp knife held against the doves' necks. All we had to do was to occupy the land. The Arabs were fleeing before us to save their lives and in search for their food, shouting: 'Dayr Yasin, Dayr Yasin.'"

Hence, an Egyptian guard standing at Egypt's eastern borders has the right to exercise boundless vigilance.

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EGYPT

LINKAGE BETWEEN WAGES, PRODUCTION URGED

Cairo AL-AHRAM AL-IQTISADI in Arabic 6 Jan 86 pp 43, 83

[Article by 'Abd-al-'Alim al-Mahdi: "It Is Not Far Off: Link Wages to Production, Then There Will Be Awareness of Production for Export"]

[Text] How much I wanted to read in the first government statement at the beginning of the Great Awakening an indication, even if only in passing of practical steps concerning the topic of linking wages to production as an effective means to increase production, but....

Praise be to God, I begin this investigation with Dr 'Ali Lutfi, the prime minister and Egyptian economics expert, according to a letter with which he honored me at 9 o'clock in the morning on 28 September 1985, a little while after that day's publication on the economics page of AL-AHRAM of my article titled, "A Puzzle Searching for a Solution...Linking Wages to Production...Has Been Under Study for 20 Years."

The minister read what I had written early that morning, as is his custom. I was surprised by his letter.

"Brother Prof 'Abd-al-'Alim al-Mahdi, pleasant greetings. I read your AL-AHRAM article for 28 September, titled 'A Puzzle Searching for a Solution...Linking Wages to Production, Under Study for 20 Years.' You ask how long the linkage between wages and production will remain under investigation and study without a decision being reached, in spite of complete acceptance of the advantages and success of such linkage. Thank you for provoking this vital issue, because we believe that production and its increase is the key to solving all of our problems.

"From this point of departure, we are involved with our brother minister of labor and our brother experts on labor in a study in which we will put into effect everything that will remove obstacles and give impetus to an increase in production." [Signed] The prime minister, Dr 'Ali Lutfi.

I am not surprised by this man's concern for a solution to this puzzle, for this is something that in, every way, is related to the Egyptian economy.

I was not surprised to learn that on the same day he called my friend on the path of the labor struggle, Sa'd Muhammad Ahmad, the minister of labor and

training, to learn from him what the scientific and field studies conducted by the labor experts have concluded concerning the linkage between wages and production, and that the two of them agreed to take positive steps to legislate and implement this principle in order to increase production, which is the sole solution to all of our problems. But I have been surprised that from that day, 28 September 1985, until now, the experts have continued to mull over their studies and the linkage between wages and production is still under study, as though it were a difficult birth.

No...Sirs

I am almost certain that you know well the extent of Egypt's need, in an era of the great awakening, for production, both for self-sufficiency and for export. I know that you have researched the subject to death and that you have concluded straightaway the appropriateness of implementation of this principle.

Perhaps you have read, as I have, the article published last 1 September 1985 in AL-'UMMAL, the official Egyptian labor newspaper, under the title, 'The Ministry of Labor Calls for Linkage Between Wages and Production.' This is the prime minister demanding from you the bases and the means by which you decide to link wages with production. Why do you leave the field to talk about secondary aspects of the topic, not becoming fat and not being relieved of hunger?

What is this secondary aspect? It is what is now being spread around about linking incentives to an increase in production. No, sirs. Linking incentives to production is like taking aspirin. It can only still the pain for a while, then the effect of the aspirin disappears and the pain returns. I know that you labor experts have arrived at the opinion that it is necessary to review the wages of the administrative apparatus of production, because its wages are greater than those of the labor force, which is the production nerve.

It is now expected that they have greatly exaggerated this opinion in the research, as well as having made the judgment that the administrative apparatus may be an obstacle to linking wages to production. It has been decided in the research that the wages of the workers--who are the nerves and the spine of production--should be greater than the wages of those who sit behind desks and decide on production levels. Increases or decreases in production do not much concern them, because their salaries are fixed and they receive periodic bonuses. Production volume does not concern them. It is the fruit of the sweat and effort of the workers, expended for a wage that--as you said in your field study--does not, on the average, exceed 40 pounds for a married worker and half of that for a single worker.

I ask you, by God, you labor experts, how such a wage can hold its ground in the face of the demon of prices, which ravishes even wages of 100 or 150 pounds per month?

The question that follows this is: If the Ministry of Labor has called for linkage between wages and production, why has this linkage been a demand ever since the beginning of the 1960's, when the ministry was established, under the name of the Ministry of Work?

If, you labor experts, your research confirms the successful result of the experiment of linking wages to production by increasing production in some public and private sectors, what keeps you from openness and frankness about the linkage between wages and the level of production being entirely advantageous for Egypt, for the use of unprofitable national capital, and for the labor force, to produce a miracle that would be a complete and detailed solution to our economic problems.

Why Link Wages To Production?

Because we want to experience abundance in life after periods of deprivation in the occupation period and the wars for independence...and we want to experience...it is our right to experience...pride in a great nation that answers to no one but God.

We want to live without problems, without debts. Where? In the Egypt of the Nile, the mother of the world and cradle of civilization.

This is not a life in which Egypt reaches out its hand to Australia, Canada or America, or any other country, to purchase loaves of bread, cheese, eggs or meat, by cash, credit or gift, which in time become harmful and a constraint on our freedom. President Muhammad Husni Mubarak was correct when he said: "He who does not have power does not have freedom."

It is not life to eat from the farming of others. Our vast land can not find anyone to farm it, because our skilled farmers have emigrated to farm the land of neighbors, pursuing higher wages.

This is no life, in which the Egyptian villages are transformed from sources of food production to places of consumption of everything, including life itself.

Life in the village has become a game of lost time. Perhaps it is a twist of fate that the village now purchases its loaves of bread from the city, which imports the flour from a country that used to depend on Egyptian wheat for its breakfast.

This is not life in which the wage of the farmer has risen to 5 pounds per day, though he works only half as hard and half as long because he is exhausted due to lack of sleep and the use of narcotics with the video and the television. So the 5 pounds does not reach the level of the value of most of a kilogram of meat.

Increasing production and productivity can not be brought about by public speeches or slogans or calls to awaken the conscience. Conscience can not be awakened save by an increase in wages. In all candor, our economy today is incapable of increasing wages. But it can do that the day it links wages to production.

The wages of workers in agriculture and industry should be set at a reasonable level, after which we should relate an increase in wages to a percentage of production.

After that, expect an increase in the rate of production until self-sufficiency is achieved...and then exports. Dear friend, exporting is the most obvious, soundest, and most likely way to defray the Egyptian debts.

The Story of One-Half Million Pounds

With mention of the Egyptian debt, in response to the call for the great awakening, we mention bashfully the one-half million pound gift from the Federation of Egyptian Labor Unions to defray the Egyptian debt. If the matter were in my hands, I would return this gift to the laborers' bank to keep it in the federation's account to spend in defense of the case for linking wages to production. If the federation would win the case, the increase in production would, altogether, give Egypt billions on the debt.

The federation must--rather, it has the right to--fight for increased production. Our agricultural production must scale the peak of food security, and our industrial production must rise to levels sufficient for export, which will be enough to defray the Egyptian debt.

Economic development can occur for us only after production rates increase ten-fold over their current levels. Linking wages to production is the means to do this...there is no other way. And God is the helper.

12780/12274
CSO: 4504/164

LIBYA

U.S. OIL COMPANIES SEEKING TO EVADE LIBYAN SANCTIONS

PM160956 Turin LA STAMPA in Italian 14 Jan 86 p 5

[Mimmo Candito dispatch: "Sisters to Outsmart Reagan?"]

[Text] Tripoli--Here in Tripoli a very confidential source has revealed that the Americans are coming to an arrangement with the Libyan Government to circumvent the sanctions ordered by Reagan. This information was disclosed to us by a confidential and very authoritative source, this being the formula used to designate a person at the top level of government.

Sunday, the day before yesterday, the "Four Sisters" working in Libya, which extract more than half the oil sold to the national corporation, held a secret meeting in New York to determine what line to pursue. The vice presidents of Occidental Petroleum, Conoco, Marathon, and Amerada Hess met Sunday morning in one of the world's most famous lawyer's offices accompanied by their respective attorneys. Their conversation was neither protracted nor difficult because the law contains loopholes which the attorneys immediately identified, citing a large and consolidated body of international legal precedent.

Then yesterday, Monday, the group's attorneys and a joint committee flew to Paris, where that afternoon, just as [U.S. Deputy Secretary of State] Whitehead was beginning his European talks, they sat down at the table of a large import-export agency opposite four representatives of the National Oil Company [NOC] Libya's equivalent of [Italy's] National Hydrocarbons Agency. Under different circumstances the normal location for such a meeting would have been London, which is the traditional capital of the oil trade, but London broke off diplomatic relations with Tripoli 2 years ago, so Paris was chosen as the replacement venue. Talks are planned to go on here for 3 days, that is, through tomorrow morning, to define every detail of the legal framework within which to set the new legal and commercial arrangements for relations between the Libyan Government and the four U.S. concerns, without risk of indictment.

Back in 1981, when Reagan announced the first sanctions against Tripoli, business continued virtually undisturbed. The White House demanded that there be no direct oil purchases from Libya; that no sophisticated equipment be sold to Libya; and that no technology or spare parts only available in the United States be transferred to Libya. These three conditions have been grudgingly but scrupulously observed by everyone, but they were such--especially the third--that in practice at the very moment the sanctions were announced they were in the same way being excluded. [as published]

This time the loophole, if the U.S. attorneys' suggestions are confirmed, is the establishment--probably in Europe--of bogus companies controlled by the "Four Sisters" to which the oil consortium will transfer its current oil drilling and extraction contracts with the NOC. Officially sanctions will be observed. But in fact the "Four Sisters" will remain where they are and will merely have to change rubber stamps and headed notepaper in order to operate under a different name. It will cost a few thousand dollars but the profits make it worthwhile. "There is not the slightest doubt about the positive outcome of the meeting," our informant told us. "Muhammad taught us that when you cannot scale a mountain it is better to dig a tunnel. The important thing is to reach the other side."

Be that as it may, Libya will still have to pay a price for these sanctions because the simultaneous departure of many skilled personnel and specialists returning to the United States will cause serious problems for the oil production machine; but the world market now offers almost 100,000 possible substitutes for the thousand-or-so personnel who are leaving and the disruption caused by their replacement should not last too long. There is information from London that brokers are extremely busy and the Libyan Government's offers seem to have risen considerably to make the transfer to that country's oil fields more attractive to prospective candidates.

/12232

CSO: 4500/77

TUNISIA

BRIEFS

UGTT LEADER RESIGNS IN FAVOR OF ACHOUR--Tunis, 3 Feb (KUNA)--Sadek Alouch, secretary general of the General Union of Tunisian Workers [UGTT], today announced he is standing down from the post of union secretary general in favor of the former secretary general, Habib Achour, who is currently in prison. Alouch's standing down from the post of union secretary general in favor of Achour is within the union's preparations for a confrontation with the regime, and as a reply to the occupation of the UGTT headquarters and the headquarters of its organ, EL-CHAAB, by unionists supported by the regime. The appeal court in Sfax lowered a sentence by a preliminary court imprisoning Achour for 1 year for his alleged storming of a cooperative building with some of his supporters. The appeal court decided to imprison Achour for a period of 8 months. [Text] [Kuwait KUNA in Arabic 1326 GMT 3 Feb 86 LD] /6091

CULTURAL AGREEMENT WITH USSR--Bechir Ben Slama, minister of culture and chairman of the Tunisian-Soviet Friendship Association, and Zaytsev, Soviet deputy minister for culture and chairman of the Soviet-Tunisian Friendship Association, signed this afternoon a 2-year cultural cooperation agreement. Mr Bechir Ben Slama pointed out that this agreement requires more work from both associations to provide more information about the cultures of both peoples. The Soviet official stressed the importance of cultural cooperation between the two friendship associations. [Text] [Tunis Domestic Service in Arabic 1800 GMT 27 Jan 86 LD] /6091

ECONOMIC TIES WITH PRC--Beijing--At a ceremony in Beijing contracts covering chemical fertilizers, grain (wheat and maize), cotton, and tea were signed following economic and trade negotiations between China and Tunisia. A memorandum was also signed between the Chinese Shipping Company (COSCO) and the Gabes company, Chimie Transport, covering the transport of Tunisian phosphoric acid on behalf of the Tunisian-Chinese-Kuwaiti tripartite chemical fertilizer company. [Summary] [Tunis TAP in French 1500 GMT 29 Jan 86 LD] /6091

PUP COMMUNIQUE--The Party of Popular Unity (PUP) issued a communique in which it stated that on Friday, the administrative board held its periodic meeting in which it carefully studied the general social and political situation at the national and pan-Arab levels, concerning the questions of the Tunisian General Federation of Labor (UGTT), the university and the issue of the decisions that the American President made against the fraternal country of Libya. The PUP strongly criticized these decisions and expressed its active solidarity with the Arab people of Libya just as it expressed its belief that Arab solidarity is capable of thwarting all criminal conspiracies which tend to create a new and dangerous focus for international tension and which threaten the peace and security of the people of the Arab Maghreb. [Text]
[Tunis AL-SABAH in Arabic 12 Jan 86 p 2] /6091

CSO: 4504/179

BAHRAIN

EDITORIAL: GULF-SOVIET RELATIONS SHOULD STRENGTHEN INDEPENDENCE

Manama SADA AL-USBU' in Arabic 19 Nov 85 pp 6-7

[Editorial: "What Is More Important!"]

[Text] The announcement of the establishment of diplomatic relations between the UAE and the Soviet Union has never been beyond the sphere of the imaginable. For a time, there were indications that the establishment of such relations was likely and that the event was a matter of time.

It seems that the Omani step in this direction on the one hand and the convocation of the Sixth Gulf Summit in Muscat on the 3d of this month on the other hand came at the right time. Abud Dhabi had been awaiting to announce its decision on the exchange of diplomatic representatives with the Soviet Union.

Whatever the case, the presence of the Soviet Union in the Gulf states, and not just in the UAE, parallels the presence of the United States. This embodies concepts and principles long advocated by the leaders of the Gulf states, namely that they have not been and will not be a party to the issues disputed by the two giants.

On the other hand, acknowledgement of the principle of diplomatic exchange with the Soviet Union is tantamount to recognizing an existing fact that is impossible to ignore. The Soviet Union, which shares equally the throne of power with the United States, is the equalizer to the other power and has never stood at the door asking to be permitted to enter. This power's entry, if not through the doors then through the windows, is a foregone conclusion.

It is our belief that what is more important than the exchange of diplomatic representatives with the Soviet Union is that this exchange be a prelude for a qualitative move toward a dialogue and toward addressing others, toward exchanging benefits, and toward bolstering independent decision making from the domination of the two giants. It is our belief that the exchange of ambassadors should not be a mere procedural step without meaning or content.

8494/12859
CSO: 4404/159

BAHRAIN

PROJECT TO MODERNIZE ALBA ALUMINUM PLANT APPROVED IN PRINCIPLE

Manama AL-ADWA' in Arabic 23 Nov 85 p 1

[Article by Muhammad Qasim al-Shirawi: "Major Project To Modernize ALBA Aluminum Plant; Project Will Cost \$150 Million over 4 Years and Will Raise Production Capacity to 210,000 Tons a Year"]

[Text] The project to modernize the aluminum plant, which will cost \$150 million and is aimed at increasing production without an increase in energy consumption, has been approved in principle. AL-ADWA' has learned that it has been decided to form a scientific team of technicians and specialists to study the project within the framework of the conditions of the world aluminum market so that implementation may begin next year. The project was approved in principle during the ordinary annual meeting held 2 days ago and headed by Yusuf Ahmad al-Shirawi, the minister of development and industry and acting minister of state for cabinet affairs. The meeting was also attended by all the partners in the Alba Aluminum Aluminum Plant, let by 'Abd-al-'Aziz al-Zamil, the minister of industry and electricity of the fraternal Kingdom of Saudi Arabia, who is currently visiting the country, and by the gentlemen members of the Alba Company's Board of Directors.

It is well known that Alba's current production amounts to 170,000 tons a year. The modernization project, to be implemented over 4 years, raises production capacity by nearly 40,000 tons a year. The modernization is based on introducing modern technology to increase production without an increase in energy consumption by utilizing the heat existing in the gases generated during the electricity generation process to increase the steam and electricity produced and, consequently, to generate the high temperature needed for melting. This will lead to increasing production without the need for an additional source of natural gas. The modernization also seeks to reduce the volume of crude aluminum needed to produce a ton of pure aluminum. This volume currently amounts to 2.25 tons of crude to produce a ton of pure aluminum.

In the coming months, the work team will make comparisons through the above-mentioned study and will observe world market conditions and the prevailing prices. The study's outcome will be presented next year to a work team comprised of the partners to evaluate it. Even though expectations seem encouraging, instability in the international currency market and low aluminum prices in the world market have motivated the partners to approve the project in principle, but not to go ahead with immediate implementation.

AL-ADWA' has learned that the ALBA Company's Board of Directors has asked that the company's executive board focus its efforts next year on reducing production costs so as to enable Alba to face the ferocious international competition in the aluminum industry markets.

8494/12859

CSO: 4404/159

IRAQ

OFFICIAL CONTACTS WITH POPULACE DETAILED

Baghdad AL-THAWRAH in Arabic 21 Nov 85 p 7

[Article: "To Implement Instructions of Leader President Saddam Husayn on Entrenching Sound Democratic Formulas Between Official and Citizen, Ministers and Department Heads Held 18,810 Meetings in April, May, and June of This Year"]

[Text] To implement the instructions of the president leader on entrenching sound democratic formulas between the official and the citizen, to find out the citizens' problems, and to tackle them in accordance with the law and the principles of justice and in a manner that responds to the requirements of developing the task and of dealing with failures wherever they exist, the ministers and the heads of departments and institutions have been holding ceaseless meetings with the citizens. The number of meetings held by the ministers, by the heads of departments not tied to a ministry, by the heads of the independent departments, and by the governors in April, May, and June of this year came to 18,810 meetings, with an increase of 651 meetings over the preceding 3 months. The meetings were divided as follows:

1. Ministers: 5,268 meetings or 28.02 percent.
2. Heads of departments not tied to any ministry: 619 meetings or 3.29 percent.
3. Heads of independent departments: 1,231 meetings or 6.48 percent.
4. Governors: 11,692 meetings or 62.19 percent.

To find the mathematical average of meetings per official in the above-mentioned four groups, the following equation is used:

$$\frac{\text{Number of meetings}}{\text{Number of officials}} = \text{Average number per official.}$$

A more accurate comparison of the 4 groups shows that governors head the list with an average of 649.5 meetings per governor, followed by the ministers with an average of 263.4 meetings per minister, then by the heads of the independent departments with an average of 110.8 meetings per head, and finally by the heads of departments not tied to any ministry with an average of 103 meetings per head.

Upon comparing the number of meetings in each of the four above-mentioned groups, the following becomes evident:

1. Ministers

Chart 1 shows that the minister of agriculture and agrarian reform holds top position in the number of meetings held in the above-mentioned 3 months, considering that he met 956 individuals, with an increase of 177 citizens over the preceding period. He is followed by the minister of trade, who met 789 citizens, with an increase of 233 citizens, and then by the minister of local government, who met 555 citizens, with a drop of 431 citizens below the preceding period whereas this minister topped the list in that preceding period. The minister of planning recorded the lowest number of meetings, holding 38 meetings, with a drop of 25 meetings below the preceding period. He was preceded by the minister of youth, who met 56 citizens, with a drop of 40 meetings below the preceding period. The minister of youth was in turn preceded by the minister of oil, who met with 101 citizens, with an increase of 25 citizens over the preceding period. The position of the minister of youth had been previously held by the minister of interior, who had the lowest number of meeting. Chart 1 shows the position of each minister for the current period in comparison with the preceding period.

Chart 1. Ministers' Meetings

Minister	April	May	June	Total	Total number of Meetings for Past 3 Months
1. Agriculture and Agrarian Reform	248	369	339	956	679
2. Trade	221	201	367	789	556
3. Local Government	182	214	159	555	986
4. Light Industries	122	150	137	409	301
5. Irrigation	131	158	105	394	267
6. Higher education and Scientific Research	77	97	112	286	431
7. Health	109	48	65	222	338
8. Education	42	79	73	194	196
9. Industry and Minerals	46	108	28	182	156
10. Religious Trusts and Affairs	24	84	64	172	207
11. Housing and construction	54	56	57	167	125
12. Transport and communications	27	83	46	156	186
13. Culture and information	18	60	65	143	150
14. Labor and social affairs	44	65	18	127	176
15. Finance	44	42	26	112	92
16. Interior	29	41	35	105	65
17. Justice	32	35	37	104	183
18. Oil	28	38	35	101	76
19. Youth	24	8	24	56	96
20. Planning	6	19	13	38	13

Grand Total

5,268

5,280

Chart 1 (cont.)

Ministers' Meetings in Detail

Type of Meeting	Month	Under Study	Accepted	Rejected	Total
Personal Issues	April	273	370	484	1,127
	May	281	607	612	1,500
	June	316	318	447	1,081
	Total	780	1,295	1,543	3,708
Job Issues	April	35	36	39	110
	May	53	18	45	116
	June	38	20	32	90
	Total	126	74	116	316
Issues Concerning Progress of Work	April	66	89	101	256
	May	61	105	159	325
	June	74	70	91	235
	Total	201	264	351	816
General Issues	April	45	54	20	119
	May	68	159	43	370
	June	55	308	31	394
	Total	168	521	94	783
Grand Total		1,365	2,154	2,104	5,623

2. Heads of Departments Not Tied to Any Ministry

The mayor of the capital topped his group in the number of meetings held with citizens, amounting to 420 meetings and with a drop of 19 meetings below the preceding period. He is followed by the head of the Public Technical Industries Establishment, with 94 meetings (not listed in the preceding period), and then by the head of the Public Tourism Establishment with 66 meetings and a drop of 35 meetings below the preceding period. Meanwhile, the chief editor of AL-THAWRAH Press and Publication Establishment recorded the lowest number of meetings, namely eight meetings, with a drop of two meetings below the preceding period. He is preceded by the governor of the Central Bank of Iraq, with 14 meetings and a drop of 13 meetings below the preceding period, as demonstrated in Chart 2.

Chart 2. Meetings of Heads of Departments Not Tied to Any Ministry

Department Head	April	May	June	Total	Preceding Period
Mayor of Capital	144	158	118	420	439
Head of Light Industries Establishment	42	37	15	94	-
Head of Public Tourism Establishment	11	30	25	66	101
Governor of Central Bank of Iraq	7	7	-	14	27
Head of Scientific Research Council	6	6	5	17	15
Chief Editor of AL-THAWRAH	1	3	4	8	10
Grand Total				619	641

The total does not include the meetings of the head of the Light Industries Establishment which were not listed in the preceding period.

Details of Meetings of Heads of Establishments Not Tied to Any Ministry

Type of Meeting	Month	Under Study	Accepted	Rejected	Total
Personal Issues	April	77	72	29	178
	May	104	31	30	165
	June	71	48	16	135
	Total	252	151	75	478
Job Issues	April	-	1	2	3
	May	-	-	3	3
	June	-	-	2	2
	Total	-	1	7	8
Issues Concerning Progress of Work	April	9	5	4	18
	May	7	5	7	19
	June	4	4	-	8
	Total	20	14	11	45
General Issues	April	11	1	-	12
	May	31	13	8	52
	June	16	3	3	22
	Total	58	17	11	86
Grand Total		330	183	104	617

3. Heads of Independent Departments

Chart 3 shows that the general secretary of the Economic and Financial Affairs Department tops the list with 430 meetings, with a drop of 76 meetings below the preceding period, followed by the Executive Council chairman, with 240 meetings and an increase of 79 meetings over the preceding period, and then by the general secretary of the Internal Affairs Department with 143 meetings, i.e., with an increase of 6 meetings over the preceding period.

Meanwhile, the lowest number of meetings was recorded by the general secretary of the Social Affairs Department, who had 10 meetings, with a drop of 9 meetings below the preceding period. He was preceded by the general secretary of the Religious Trusts' Affairs Department, who had 19 meetings, with a drop of 16 meetings below the preceding period, and by the general secretary of the Agriculture and Agrarian Reform Department who had 43 meetings, with a drop of 4 meetings below the preceding period.

Chart 3. Meetings of Heads of Independent Departments

Department Head	April	May	June	Total	Preceding Period
General Secretary of Economic and Financial Affairs Department	133	130	167	430	6
Head of Executive Council	80	89	71	240	61
General Secretary of Internal Affairs Department	34	28	91	153	49
General Secretary of Education and Higher Education Department	34	33	55	112	77
General Secretary of Culture and Youth Department	26	25	19	70	41
Legislative Council Chairman	16	18	28	52	26
General Secretary of Municipalities and Summer Resorts Dept.	19	16	17	52	61
General Secretary of Public Works and Housing Department	11	12	27	50	33

[Chart continues on following page]

Chart 3. [Cont.] Meetings of Heads of Independent Departments

Department Head	April	May	June	Total	Preceding Period
General Secretary of Agriculture and Agrarian Reform Department	14	18	11	53	39
General Secretary of Religious Trusts Department	8	5	6	19	35
General Secretary of Social Affairs Department	5	5	-	10	9
Grand Total				1,231	1,147

Details of Meetings of Heads of Independent Departments

Type of Meeting	Month	Under Study	Accepted	Rejected	Total
Personal Issues	April	32	95	13	140
	May	34	81	14	129
	June	61	71	15	147
	Total	137	247	42	416
Job Issues	April	15	5	6	26
	May	9	3	2	14
	June	3	22	18	43
	Total	27	30	26	83
Issues Concerning Progress of Work	April	16	19	3	38
	May	21	14	17	52
	June	12	46	7	65
	Total	49	79	27	155
General Issues	April	40	106	6	152
	May	32	130	6	168
	June	45	158	5	208
	Total	117	394	17	528
Grand Total		320	750	112	1,182

Details of Governors' Meetings

Type of Meeting	Month	Under Study	Accepted	Rejected	Total
Personal Issues	April	633	1,354	579	2,566
	May	897	1,876	920	3,693
	June	1,086	1,619	691	3,396
	Total	2,616	4,849	2,190	9,655
Job Issues	April	19	24	25	68
	May	29	35	46	110
	June	40	37	20	97
	Total	88	96	91	375
Issues Concerning Progress of Work	April	18	221	16	255
	May	12	368	15	395
	June	24	222	3	249
	Total	54	811	34	899
General Issues	April	130	118	50	298
	May	111	148	87	346
	June	148	147	40	333
	Total	389	413	177	977
Grand Total		3,147	6,169	2,492	11,806

4. Governors

The governor of Babylon topped the list with 2,106 meetings, with an increase of 648 meetings over the preceding period, followed by the governor of Nineveh with 1,701 meetings, i.e., with a drop of 276 meetings below the preceding period, and then by the governor of al-Ta'mim with 1,112 meetings, i.e., with an increase of 5 meetings.

The lowest number of meetings was recorded by the governor of al-Basrah with 119 meetings, i.e., with a drop of 349 meetings. He is preceded by the governor of Dahuk with 132 meetings, i.e., with a drop of 136 meetings below the preceding period, who in turn was preceded by the governor of al-Anbar with 160 meetings, i.e., with a drop of 181 meetings below the preceding period. Governors listed under Nos 7-18 in Chart 4 recorded a lower average number than the average number of meetings per governor.

But if we consider the number of meetings in relation to the number of people in each governorate as a basis for comparison, then the list is topped by the governor of Babylon, followed by the governor of al-Ta'mim and then by the governor of al-Muthanna, with the meeting-to-population coefficient amounting to

3.8, 2.3, and 2.1 for the above-mentioned governors in succession. The lowest coefficient is recorded by the governor of al-Basrah with 0.1, who is preceded by the governor of Baghdad with 0.2 and by the governor of al-Anbar with 0.4-- as demonstrated by Chart 4.

Chart 4. Governors' Meetings

Sequence of Governors According to Meeting Population Coefficient (Relationship Between Number of Meetings and Population)

Sequence	Governor	Number of Meetings	Governor	Sequence According to Meeting Population Coefficient
1.	Babylon	2,106	Babylon	3.8
2.	Nineveh	1,701	Al-Ta'mim	2.3
3.	Al-Ta'mim	1,112	Al-Muthanna	2.1
4.	Diyala	997	Karbala'	2.0
5.	Dhi Qar	894	Diyala	1.9
6.	Baghdad	864	Nineveh	1.7
7.	Karbala'	504	Dhi Qar	1.6
8.	Irbil	497	Maysan	1.6
9.	Maysan	488	Wasit	1.2
10.	Wasit	443	Al-Qadisiyah	1.0
11.	Al-Muthanna	403	Irbil	0.9
12.	Al-Qadisiyah	393	Al-Najaf	0.8
13.	Al-Sulaymaniyah	392	Salah-al-Din	0.8
14.	Al-Najaf	265	Al-Sulaymaniyah	0.6
15.	Salah-al-Din	222	Dahuk	0.5
16.	Al-Anbar	160	Al-Anbar	0.4
17.	Dahuk	132	Baghdad	0.2
18.	Al-Basrah	119	Al-Basrah	0.1
Total		11,692		

A study of the preceding period shows that the difference in the number of meetings from one ministry to another and from one department to another is not only due to the difference in their activities, even though each exerts its own efforts, but also due to the following reasons:

1. The particular nature of the work of a department that is not directly connected with the citizens through its activities.
2. The absence of the official concerned on official tasks outside the country.
3. Stability in a department's work, clarity in its relationship with the citizens, and good performance are conducive to reducing the number of citizens wishing to meet the officials

Third, distribution of meetings according to purpose:

The following chart demonstrates the percentage distribution of the officials' meetings for the various purposes:

Period	Personal Issues		Job Issues		Issues Concerning Work Progress		General Issues		Total	
	Preceding	Current	Preceding	Current	Preceding	Current	Preceding	Current	Preceding	Current
	%	%	%	%	%	%	%	%	%	%
Ministers	70.4	66	12.3	5.6	5.0	14.5	12.3	13.9	100	100
Heads of Departments Not Tied to a Ministry	78.2	77.5	5.3	1.3	11.1	7.3	5.4	13.9	100	100
Heads of Independent Departments	62.0	35.2	9.3	7.0	5.8	13.1	22.9	44.7	100	100
Governors	87.0	82.0	1.9	2.3	4.5	7.6	6.7	8.3	100	100
	74.4	64.7	7.4	4.1	6.4	10.6	11.7	20.2	100	100

The above chart demonstrated the following clearly:

Personal issues amounted to 64.7 percent, with a considerable drop of 13 percent below the preceding period when they had amounted to 74.4 percent [as published]. This percentage decreased insofar as the ministers' meetings are concerned and increased insofar as the governors' meetings are concerned.

Job issues dropped by 44 percent, amounting to 4.1 percent in comparison to 7.4 percent in the preceding period. This percentage drop in the ministers' meetings was bigger than the percentage drop in the meetings of other officials.

As for the issues concerning progress of work, their proportion increased considerably, amounting to 10.6 percent in comparison with 6.4 percent in the preceding period. The increase included all officials.

As for general issues, their proportion increased considerably, amounting to 20.3 percent in comparison with 11.7 percent in the preceding period.

Third, distribution of meetings according to type of decision taken on them by the officials. The following chart demonstrates the distribution of the officials' meeting according to the decision made:

Period	<u>Accepted</u>		<u>Rejected</u>		<u>Under Study</u>		<u>Total</u>	
	<u>Preceding</u>	<u>Current</u>	<u>Preceding</u>	<u>Current</u>	<u>Preceding</u>	<u>Current</u>	<u>Preceding</u>	<u>Current</u>
	%	%	%	%	%	%	%	%
Ministers	40.7	38.3	30.2	37.4	29.1	24.3	100	100
Heads of Departments Not Tied to a Ministry	11.0	29.6	21.0	16.8	67.0	53.5	100	100
Heads of Independent Departments	37.5	63.4	15.5	9.5	47.0	27.1	100	100
Governors	59.8	52.2	25.5	21.1	14.7	26.6	100	100
Average	37.2	45.9	23.1	21.2	39.4	32.9	100	100

It is noticed in the above chart that accepted issues represented 45.9 percent of the total number of meetings, amounting to 18,798 meetings in the preceding period. This provides a good indication of this period, with the percentage amounting to 37.2 percent of the total number of meetings, which reached 18,000 meetings in the preceding period. Meetings by heads of independent departments took the highest percentage, amounting to 63.4 percent in comparison to 37.5 percent in the preceding period. Governors' meetings recorded the lowest percentage, amounting to 52.2 percent in comparison to 59.8 percent in the preceding period.

Rejected issues amounted to 21.2 percent of the total number of meetings, recording a drop below the preceding period when they amounted to 23.1 percent.

As for issues under study, they amounted to 32.9 percent of the total number of meetings in comparison to 39.4 percent in the preceding period.

The percentage of issues under study dropped in the meetings of the ministers, of the heads of departments not tied to any ministry, and of the heads of the independent departments. This is a positive indication regarding the tendency to settle the issues raised. Meanwhile, this percentage of the ministers' meetings increased.

8494/7051

CSO: 4404/148

ISRAEL

PERES INTERVIEWED ON TERRORISM, PROSPECTS FOR MID-EAST PEACE

Hamburg DER SPIEGEL in German 27 Jan 86 pp 113-115

[Interview with Premier Shimon Peres conducted by SPIEGEL staffer Henri Zoller in Jerusalem, date not given: "'Europe is Making a Serious Mistake'"]

[Text] SPIEGEL: Mr Premier, about 4 weeks have passed since the terrorist acts in Rome and Vienna without Israel having retaliated. Do the Israelis also believe by now that military blows against terrorists are of little use?

Peres: No. I think the blows against terrorism have definitely proved effective, that Tunisia for instance is wondering whether and how it can prevent preparations for terrorist attacks from its territory.

SPIEGEL: In other words, you do not go along with the opinion of former Israeli security adviser Rafael Eitan that one has to adjust to "living with terrorism for another 100 years"?

Peres: I have no ambitions whatever to pin myself down for that long.

SPIEGEL: During your current visit to Europe and particularly to the FRG, will you be taking along any concrete plans on how Israel envisages coordinating the fight against terrorism?

Peres: I will try to convince my interlocutors that it is better and more important to ward off a storm than not to wake up until one is in the middle of it.

SPEIGEL: So you believe that terrorism can in fact be fought effectively?

Peres: Yes, definitely. First, it can quite simply be fought physically by affording better protection to airports, planes, ships, and routes of transport. Secondly, countries must get together to fight international terrorism. It is necessary to create the legal prerequisites for making possible to arrest and punish terrorists everywhere and without delay. And thirdly, one must proceed against countries affording asylum to terrorists. Today these countries are headed by Libya.

SPIEGEL: Does Israel have tangible evidence that Libya shares in the responsibility for the attacks in Rome and Vienna?

Peres: Everyone knows that Qadhdhafi has dispatched terrorists and killer commandos all over the world, that he has spent a billion dollars in the past 10 years for the support of terrorist squads. Libyan diplomats fired at British police in the middle of London. None of this needs to be proved any more than that the sun rises every morning.

SPIEGEL: Not the complicity in Rome and Vienna either?

Peres: Not in these two cases either. It has been shown that Qadhdhafi is on intimate terms with the murderer Abu Nidal. He affords him asylum and gives him money, guns with silencers, and also loudspeakers with which he can spread lies all over the world.

SPIEGEL: What comment do you have on the fact that Europe does not want to go along with the U.S. economic boycott against Libya?

Peres: I find it difficult to explain. I think Europe has made a serious mistake, for which many innocent people will have to pay with their lives. I find it incomprehensible that every European country considers it necessary to fight the crime at home but does not understand that it must also be fought internationally.

SPIEGEL: In the event that the U.S. sanctions against Libya remain ineffective, do you think military measures would be appropriate?

Peres: One should not threaten anyone with war, but one must not afford asylum to a single terrorist, wherever he may be.

SPIEGEL: But you would not rule out military intervention either?

Peres: I would not like to make any sort of warlike statements. Of course, I have not failed to notice that U.S. Secretary of State Shultz has said such a thing. So why do you want a similar statement by the head of the Israeli Government?

SPIEGEL: The so-called peace process in the Middle East has bogged down. You are trying to continue normalization with Egypt. Can a reconciliation with Israel also put Israel's relations with Jordan on a new basis?

Peres: The answer is a clear yes. The peace with Egypt provides both a model and a precedent. It is our first peace with an Arab country, and it is therefore extremely important not to let it wither. If the agreements with Egypt prove durable, they will doubtless also promote appeasement with other Arab countries, particularly with Jordan.

SPIEGEL: Do you have any indications of this?

Peres: Look, this government has now been in office for more than 15 months, and I can already note with satisfaction that we have one war less--the one in Lebanon--and one prospect for peace more.

SPIEGEL: Will King Hussein soon negotiate with Israel direct?

Peres: I am neither a pessimist nor an optimist. But if one doesn't do anything, nothing happens either. I think Hussein needs peace exactly as we do. It is therefore necessary to do everything possible for such a peace.

SPIEGEL: All right; but how long will it take?

Peres: Historians have never been successful prophets, and prophets have never been successful historians. No one believed at the time that Egyptian President Sadat would go to Jerusalem. If shortly before his visit you had asked an Israeli politician whether Sadat would really come to Jerusalem, hardly anyone would have thought that possible.

SPIEGEL: When will there be a summit meeting between you and Egyptian President Mubarak?

Peres: I think the sooner the better. But I am not pressing and am not nervous. Whenever Mubarak will consider the moment for such a meeting to be propitious, we will act together. I must take into account not only mine but his deliberations concerning the best time. As far as I am concerned, the meeting could take place tomorrow morning. It only depends on him.

SPIEGEL: Do you think there is any prospect, however modest, of detente with Syria? Or do you consider another confrontation with Damascus sooner or later to be inevitable?

Peres: Though using very cautious tactics, Syria is not conducting a strategy of peace. In other words, the prospects for peace are extremely small. Besides Syria, anyway, is not the most urgent problem for us at this moment. We first want to complete our withdrawal from Lebanon, expand peace with Egypt, and initiate a dialogue with Jordan. I believe we are thus already fully occupying the politicians in this region for the time being.

SPIEGEL: Can the meeting between Jordanian King Hussein and Syrian President Assad affect detente positively or negatively?

Peres: If you told me what was agreed at that meeting, I could give you an answer. For the time being, it probably was only a question of taking up contacts. We are not disturbed by such a meeting provided that what was discussed there was how to achieve peace.

SPIEGEL: One year after the Cabinet decision on Israel's withdrawal from Lebanon, about 1,000 Israeli soldiers are still said to be on Lebanese territory. Is that true?

Peres: The figure is exaggerated. Israel now occupies only a small security zone in southern Lebanon. No one can accuse us of having territorial ambitions in Lebanon. And, thank God, no sons of Israel will be killed or wounded in this sorely tried area any longer.

SPIEGEL: Yet Israel apparently claims the right to continue to send reconnaissance planes north of the security zone. How come?

Peres: These flights are part of our security. They give us the warning time we need.

SPIEGEL: And these flight will also continue in the future?

Peres: Yes, they will continue.

SPIEGEL: Despite the missiles Syria has now moved into the Lebanese-Syrian border area?

Peres: Despite the missiles.

SPIEGEL: Under what circumstances do you think a participation by the Soviet Union in the peace process in the Middle East would be feasible?

Peres: First, Moscow would have to restore diplomatic relations with Israel. Secondly, it would really have to support the peace process rather than merely automatically support the views of the Arab side--and only the extremists among the Arabs.

SPIEGEL: Do you think such a change in course by Moscow is possible?

Peres: You know, if one doesn't act one doesn't accomplish anything either. I heard a story which is pertinent to this the other day. Two children are talking to one another, one from a religious and one from a nonreligious family. The first of course asserts that there is a God in heaven. The other claims that God does not exist. Afterward the second child tells its father about the discussion, summing it up as follows: "Father, if there really is no God, all right; but if there is a God, we are in deep trouble." The same is true of the chances for peace. If there are none, all right; but if there indeed are some, they must not be missed.

SPIEGEL: Is Israel by now prepared to conduct negotiations with moderate PLO groups, with or without Arafat, under certain circumstances?

Peres: No, I don't see much of a chance of that.

SPIEGEL: Do you think there is a chance of reaching an agreement with the population of the West Bank without Arafat participating?

Peres: I am determined to create the prerequisites for peace or at least peaceful coexistence between Israelis and Arabs on the West Bank. If a formal peace is not possible, however--why should we not try to establish at least a de facto pacification in the occupied territories?

SPIEGEL: Assuming such an arrangement with the inhabitants of the West Bank was possible, what would happen to the 3 million Palestinians not living in the occupied territories?

Peres: Israel too has a large diaspora. Its members also remain where they are.

SPIEGEL: But they live there voluntarily not because they are forced to do so.

Peres: I don't really know where this figure of 3 million Palestinians comes from.

SPIEGEL: International bodies have published it.

Peres: A large part of them, almost half, anyway live in Jordan, with full Jordanian citizenship rights. After all, Jordan used to be a part of Palestine.

SPIEGEL: You announced on various occasions that you intended to improve the living conditions of the population in the occupied territories. How far would you go?

Peres: As far as possible, with one proviso--to protect Israel's security needs. What prevents us from improving the living conditions there is terrorism. Without it, a great deal more would already have been done in this respect.

SPIEGEL; And what would that be?

Peres: We would have canceled the censorship provisions, granted greater freedom of movement and greater local responsibility, and also changed the settlement policy.

SPIEGEL: The settlement policy appears to be a particularly sore point in your left-right government. Deputy Premier Levi recently talked about a plan to found 13 new settlements, and your finance minister, Modai, spoke of as many as 27.

Peres: Those are settlements in press reports.

SPIEGEL: Do you mean by that that Israel has no plans to found new settlements?

Peres: What I mean is that there is an agreement between the coalition parties that new settlements may only be established with the consent of all government partners. (The coalition agreement mentions six such settlements per annum--Ed.)

SPIEGEL: According to opinion polls, nationalist-chauvinist groups are enjoying support in Israel. Wide circles of the population harbor a deep distrust of the Arabs, even of the Arab population of the nuclear Israeli state. Is such a move to the right in the country not bound to jeopardize the peace process?

Peres: Opinion polls change constantly, depending on the people's mood at the time. Before Sadat's visit to Jerusalem a poll would have yielded results utterly different from results a few days thereafter. One has to create favorable conditions for peace. Then there will also be a decided turnabout in the opinion polls.

SPIEGEL: Extreme chauvinist leaders such as Rabbi Meir Kahane are enjoying increasing support, however. Is Kahane not a danger?

Peres: Kahane is not so much a danger as he is a disgrace.

SPIEGEL: In accordance with the coalition agreement, you will remain in office another 37 weeks. Then you will have to turn over the leadership of the Cabinet to the head of the rightist Likud bloc, your current foreign minister, Yitzhak Shamir. Will that not also lead to a change in Israeli policies?

Peres: The rotation concerns only persons, not policies. This government is based on a coalition agreement binding on all partners. Should this agreement not be abided by, the coalition will cease to exist. Therefore all partners have to abide by the guidelines we agreed on.

SPIEGEL: That means, for example, that Mr Shamir would have to continue the present policy of a certain reserve in the settlement policy?

Peres: It is not a question of what Mr Shamir or someone else is going to do. As I have said, we have a coalition agreement, also about the settlement policy. Nothing can be done there without the assent of the two big coalition partners.

SPIEGEL: So if Shamir were not to continue the present policy, the coalition would break up?

Peres: The government came into being in order to pursue agreed policies. If it does not do so, it has no basis for existence any longer.

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CSO: 4620/24

ISRAEL

CHIEF MILITARY POLICE OFFICER INTERVIEWED

Tel Aviv BAMAHAHE in Hebrew 9 Oct 85 pp 48, 50

[Interview with Brigadier General Elimelekh, chief of the military police, by Aran S. and Barukh Ron; date and place not specified]

[Text] This year, the soldiers of the military police have returned home, after extended tours in five permanent bases in Lebanon. This is the first year since the outbreak of the Peace for Galilee War that training has been conducted normally and every reserve unit has received professional training just like the infantry in every way. These were the words of Chief Military Police Officer Brigadier General Eli Elimelekh, in a special interview with BAMAHAHE. He also noted that in his opinion there was an increase in the number and types of violent attacks on male and female soldiers in the IDF this past year, but that there is no cause for panic. The existing military standards and regulations are sufficient; what is more important than anything else is insistence on self-discipline.

[Question] How do you perceive the situation in military prisons today?

[Answer] There is crowding, but the situation is reasonable. The IDF has no exact criteria governing prison requirements. In order to reach an ideal, we would need a huge budget, which we do not have. There is a preference order in the army vis-a-vis where to invest funds. If at a time when cutbacks are being made in training, flight time, manpower, and equipment, I cannot come to the field command and say: The most important thing today is military prison reform. I would very much like to, but even I, as chief military police officer, understand that this would not be possible. The reform program exists for military prisons and has even been implemented in "Prison 4." Right now, it is impossible to continue implementing it due to budgetary constraints.

That notwithstanding, I have hope that as the next fiscal year begins, a treatment rehabilitation division will be opened on the model of the one operating at "Prison 4" in each of our prison facilities. And "Prison 7," the open prison, will become a normal prison wherein there is one "open" division. Thus, instead of concentrating all the low risk prisoners in one "exclusive" prison, we will spread them through all facilities to serve as an example and an encouragement for the rest of the prisoners. The subject

of rehabilitation and education is the one I see as the most important in the reform program. I support the "flexible method"--investing everything in the prisoners--classrooms, visiting lecturers, propaganda activity.

[Question] Are you satisfied with the treatment of inmates in military prisons today?

[Answer] Prison is not a hotel. It is a correctional facility and this should not be forgotten. Since we are the Israeli Defense Forces and our goal, after the term of punishment has been served, is for the soldier to return to normal duty, prisons maintain the same discipline as in the army. Obviously, civilian prisons do not share this objective. By the nature of things, this causes problems, unrest, conflicts between prisoners and guards. The prison staff bears the responsibility of carrying out their instructions.

[Question] Under what conditions are soldiers moved to civilian prisons?

[Answer] There is a special committee dealing with this subject, on which sits the IDF, the prison authority, the legal system, and the like. Transfer is generally considered for soldiers tried for serious crimes and sentenced to more than 1 year active imprisonment. If there is no possibility that they will return to normal duty, what is the point of holding them in a military prison? They are likely to have a negative influence on the rest of the prisoners, and at the same time, we would be compromising our treatment of the others. However, there have been instances where a 3-year sentence has been imposed, but the prisoner remained in the IDF. It has also occurred where soldiers have met our criteria, but requested a transfer to a civilian prison.

[Question] What is your position on the question of whether to arm female IDF soldiers with tear gas for their personal protection?

[Answer] The IDF has a dilemma on this issue, because a cannister of tear gas is considered a weapon in every sense. In my opinion, tear gas would only contribute to the personal-psychological feeling of the female soldiers. I have serious doubts about its real effectiveness. Anyone who is trying to perpetrate rape is sophisticated and prepared enough that the gas will not prevent him. The best personal weapon a female soldier has is her ability to avoid being trapped in dangerous situations. This involves a certain awareness of the subject. Even today we find female soldiers who stop to pick up hitchhikers at 11 or 12 o'clock at night.

[Question] When you entered this position, you instituted new procedures for the police, which you called "the functional method." What is that exactly? Have you seen any fruits of this endeavor?

[Answer] The "functional method" or the "concentrated method" deals with regular, focused attention on the problems troubling the IDF. Until now, we dealt with every issue, important and marginal ones alike. That was a waste and did not solve the IDF's painful problems. My concept is to deal with transgressions in a selective fashion and not collectively, to deal with the symptoms, with mass phenomena such as dress codes, thefts from emergency

warehouse, automobile accidents, hitchhiking, traveling with loaded weapons-- each on specific days of the week and at appointed hours of the day. Each time a number of cases are reviewed. According to the reactions we have received, this activity has been successful thus far. The presence of the military police at hitchhiking posts, which had for several years been a hotbed of degenerate dress, has served as a deterrence and we are beginning to see some improvement. It is our intention to ask each and every command to budget units for us to aid in our activities.

[Question] As regards discipline, what is your opinion on the level of discipline in the IDF?

[Answer] That is a complex question. In simple language, there is much to be improved.

[Question] In the IDF, they always say that the basis guilt for lack of discipline lies with the commanders. Do you watch even senior officers?

[Answer] As far as traffic accidents, yes. As far as dress codes and discipline, this is not handled by the military police. Very infrequently, it is handled by our own officers. I cannot imagine one of our junior police people rebuking a general for not wearing a beret, just as we do not judge lieutenant colonels or colonels. Other than that, the number of situations in which military police encounter senior officers is nil.

[Question] How do you perceive your image in the eyes of the IDF and the public today?

[Answer] As far as the army, the war improved our image in the eyes of both soldiers and commanders alike. They say and felt that we have a lot to say in emergencies; the military police were really fighters. We made a significant contribution and proved our ability. As for the public, it is hard to know because we get no massive feedback. For the most part, you will not encounter civilians who love or like lawmen. The issue of what the man on the street thinks about me is not at the top of my list of worries, as long as the civilian does not interfere with police activity. Unfortunately, we do run into numerous incidents with civilians who do interfere, and even threaten an activity.

[Question] In my opinion, all the spotlights in the force should be focused on the people, down to the lowest military policeman in the system. His problems should be considered, his training should be improved, and he should have the appropriate backing from his commanders. This is a young man who just completed high school, and already, a great deal is being asked of him. He is yelled at, cursed at and treated with enmity. People run away from him. And you want him to smile, to be polite and even-tempered, and, if necessary, to salute. For this reason, I am the only person who deals with the force vis-a-vis officers, courses and training.

That is also why I instituted an "open military police officers day," a precedent-setting innovation in the force. Once every 2 weeks, any soldier

in the military police can come to the command to talk with me personally (after setting it up by phone). We started this 2 weeks ago--and 14 military policemen came. Most of them came to talk about their relationships with their commanders and the outrageous demands placed upon them. A few addressed personal problems, some of which I was able to resolve on the spot. For many, their problems were solved--and will be solved, I believe--by simply speaking with the chief of the force.

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ISRAEL

PARATROOP OFFICER INTERVIEWED ON CURRENT STANDARDS

Tel Aviv BAMAHANE in Hebrew 2 Oct 85 p 50

[Interview with Colonel N., paratroop commander, by Hani Sheinman; date and place not specified]

[Text] [Question] A paratroop exercise was recently completed, marking an end to the last training session you conducted. Did the paratroopers meet your expectations?

[Answer] The results of the exercise and the level of command were as we expected. This is not a game or a soccer match. There are no surprises. We knew ahead of time what would be performed well and what would be performed less comprehensively.

[Question] This was the first paratroop exercise in the Golan Heights since the outbreak of the Peace for Galilee War.

[Answer] True, and that is not good. The cessation of exercises in the Golan Heights stemmed from various reasons: There were more armored units there and insufficient territory for exercises. One problem was that of the settlements, which have to live with the exercises. The exercise, for example, was halted twice because of children who had to go to and from school on roads that had been closed.

[Question] Recently, a new exercise plan was introduced for paratroop recruits. What changes does this plan reflect?

[Answer] For several months now we have been running an experimental plan with a number of divisions. The plan requires more testing, but in the meantime it is proving itself. When I enlisted, I learned the ABC's first, in order. The essence of the new plan is to teach whole phrases, like "See Dick run." The instruction is based more on logical comparisons--not rote repetitions like a parrot. Similarly, we do not train the soldier as an individual, but we explain the framework to him--the entire system within which he fights. We also effected changes in the commanders' training program: young company and platoon commanders must participate. In this context, we have added exercises to their program that did not exist before. In our estimation, this program trains better-prepared commanders.

[Question] Colonel N., what is the difference between paratroopers and other units in the infantry, such as, for example, the "Golani" or the "Giv'ati?"

[Answer] The main difference can be seen in the people who come to serve. Paratroop units accept only those who ask to join. There is no placement officer who tells you to go into the paratroops, as he might tell you to go into the Golani or the Giv'ati. In the paratroops, without detracting from the quality of the people in other infantry units, the people are simply better. These are people who seek difficult challenges.

[Question] They say that the discipline among the paratroopers is much stronger than in other infantry units. Doesn't this lower morale?

[Answer] A military unit must be built on discipline. The emphases are, first of all, on the disciplinary area of appearance, like wearing a beret on one's head. Especially since the activity in Lebanon, there is a special need to insist on dress codes. The long stay in Lebanon had marginal repercussions, not influences on the essence of the unit. From my point of view, operational discipline comes before outward appearances but the discipline of external appearance must also be preserved. If this affects morale somewhat--well, they will get used to it.

[Question] What is the quality of the paratrooper compared with in the past?

[Answer] The quality of the soldiers and the commanders is better today. Today also as a result of the war in Lebanon, we are using time to a much greater advantage. The people who reach us, a population of volunteers, are extremely positive. In the past, these people came from varied sources. Most came from Kibbutzim. Today, there are many fighters in our ranks from Dimona and Ramot Naftali. A few months ago, 10 young men from the same moshav came to us. That does not happen from any kibbutz. This goes to show that there is a change in the source from which we draw our people, not in their quality.

[Question] When a volunteer enlists in the paratroops, he undergoes half a day of progressively more difficult trials. Many fall by the wayside. Many of those who fail the trials have potential but have not yet achieved their full physical ability. Does this system choose quality at the expense of quantity? And doesn't this express itself later in a shortage of officers?

[Answer] Surely, for a large percentage of those who fail the trials, this distinction is true. Although the trials are very short, they prove themselves insofar as those who remain. We have numerical limits. It is possible that if we had a week of trials, instead of a few hours, the selection would be more fair. But on the absorption and classification base, we cannot hold up the recruitment and classification process for a week.

[Question] Is there a problem recruiting officers within the paratroops?

[Answer] There are few who refuse. The situation is no different than it was when I went to officer's training. Those who do refuse generally have

justifiable reasons, such as severe hearing problems for example. Today, we are experiencing no difficulty filling platoon commander positions, for example, and we have officers at high levels for these functions. The big question is who to sign up after that. Here, too, it is difficult to say that there is a shortage. But not all of the good men sign up. After serving as a platoon commander, they want out. Civilians cultivate them: grandiose tours to the far east and South America, an education, a position in a firm.

[Question] Rumor has it that there is a very hard line taken against those who refuse officers school.

[Answer] I want every appropriate man to be an officer. The IDF command dictates that those who refuse officers school cannot stay in their unit, except in special cases. This is policy.

[Question] The soldiers say that conditions today in the paratroops are much better than they were in the past. Is there any danger that they will emerge as "marshmallow soldiers?"

[Answer] As far as the difficulty of the physical training and demands, we continue to work no less intensively than in the past. It is true that control today is more serious than in the past, but this can only be seen as good. We are trying to ensure that the yardstick of effort will be balanced. We do not want to make it too difficult for the soldier all at once. This must be done gradually. The rumors that paratroopers today train less have been spread by veterans, graduates of previous sections. The paratroopers continue today, exactly as in the past, to retain the slogan: "The harder it is in training--the easier it is in battle."

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JORDAN

BRIEFS

FIVE-YEAR HOUSING TARGET--The Housing Corporation has allocated JD576 million (\$1,600 million) for spending in the 1986-90 development plan. Its construction target of 61,000 homes includes 21,500 for low-income families in Amman, Irbid, Kerak and Mafraq, and in Balqa and Maan governorates. The corporation also plans a JD 36 million (\$100 million), 3,000-home estate near Queen Alia international airport. The private sector is expected to spend about JD 306 million (\$850 million) on housing during the plan period. [Text] [London MEED in English 30 Nov 85 p 24] /9274

CSO: 4400/93

LEBANON

BRIEFS

BALANCE OF PAYMENTS SURPLUS--The balance of payments showed a \$101 million surplus at the end of August, Banque du Liban (central bank) figures show. This compared with deficits of \$1,230 million at the end of 1984 and \$933 million at the end of the previous year. Until 1983, the balance of payments had been almost constantly in surplus since independence in 1943. The past two years' deficits have resulted mainly from high expenditure on weapons for the army. Since the early-1984 withdrawal of the multinational force--led by the U.S.--such purchases have slowed down considerably, easing the pressure on foreign exchange reserves. The improvement in the balance of payments is seen as encouraging, but observers note that official statistics give only a partial picture of the economy. Much of Lebanon's business--particularly foreign trade--is carried out through unofficial channels. [Text] [London MEED in English 23 Nov 85 p 31] /9274

CSO: 4400/93

QATAR

DEVELOPMENT OF AGRICULTURE, LIVESTOCK RESOURCES DISCUSSED

Doha AL-'ARAB in Arabic 30 Nov 85 p 6

[Interview with Engineer Ahmad 'Abd-al-Rahman al-Mani', undersecretary of the Ministry of Industry and Agriculture, by Muhammad al-Fawwal: "Engr al-Mani' to AL-'ARAB: Fruit and Vegetable Processing Project Seeks To Reduce Loss Percentage in Local Production, To Deliver Commodities to Consumer at Affordable Price, and To Achieve Reasonable Profit for Producer"]

[Text] AL-'ARAB conducted an important interview with Engr 'Abd-al-Rahman al-Mani', undersecretary of the Ministry of Industry and Agriculture, on a number of new projects that seek to bolster agricultural development in the State of Qatar. These projects include the project to utilize sewerage water in agriculture and the phases and steps of the implementation of this project and the project to study deep underground water layers. The interview also dealt with the project to package local fruits and vegetables and with the efforts and activities of the Arab Livestock Resources Development Company.

Marketing Livestock Products

[Question] Mr Undersecretary, in your capacity as chairman of the Board of Directors of the Arab Livestock Resources Development Company--a company which participated in setting up the country's two biggest agricultural firms, namely the Arab Qatari Poultry Production Firm and the Arab Qatari Production Firm--we hope you will shed light on this company.

[Answer] The Arab Livestock Resources Development Company is one of the Arab joint-stock companies emanating from the Arab League's Arab Economic Unity Council. The company was set up in 1974 with a declared capital of 60 million Kuwaiti dinars for a renewable period of 50 years.

The company's headquarters is in Damascus and its activity is summed up in engaging in various agricultural, industrial, and commercial tasks connected with the production, processing, transportation, and marketing of livestock products, fodders, and their requirements.

Twelve Arab states and organizations, including the State of Qatar, have contributed to financing the company.

The company is a good example of joint Arab activity. This is why it enjoys the support of all Arab governments and why it has implemented numerous

projects in the various Arab countries in sheep and cattle breeding, in fodder production and processing, in poultry production, and in the production of milk and milk derivatives. Moreover, the Arab Livestock Resources Development Company also set up a number of firms in participation with the Arab governments, including:

- The Arab Poultry Production Firm in al-Faujayrah, UAE.
- The Arab Poultry Production Firm in al-Qasim, Kingdom of Saudi Arabia.
- The Arab Iraqi Livestock Resources Development Firm in Baghdad, Republic of Iraq.
- The Arab Dairy Production Firm in al-Fujayrah, UAE.
- The Arab Qatari Poultry Production Firm in the State of Qatar.
- The Arab Qatari Dairy Production Firm in the State of Qatar.

New Projects

There are currently other projects being implemented for the production of poultry in the UAE, in Jordan, and in Sudan.

I should not forget to point out the numerous investment projects implemented by the Arab Livestock Resources Development Company as a direct company investment, namely:

- The project to fatten sheep and calves and to raise sheep in al-Qamishli, Syria.
- The project to produce and process green fodders in al-Qasim, Kingdom of Saudi Arabia.
- The project to build a livestock fodder plant in Khartoum, Sudan.
- The project to breed and fatten sheep in Dahuk, Iraq.

One of Proposed Solutions

[Question] Mr Undersecretary, can light be shed on the project to package local fruits and vegetables? When will it be implemented, and when will we feel its benefits?

[Answer] First, I would like to point out that the project to package local fruits and vegetables is one of many solutions proposed to deal with the problem of the high percentage loss of Qatari-produced fruits and vegetables. To put it in economic terms, we seek to enhance the level of efficiency in marketing our agricultural products so that they may be delivered to the consumer in good shape and at an affordable price and so that, at the same time, the producer may obtain a rewarding yield for his agricultural activity. To achieve this objective, we studied the channels for marketing Qatari produce

from the moment of harvest until it is delivered to the consumer. Our study of these channels shows that there are two bottlenecks: The first is embodied in the high percentage loss which amounts at times to 10 percent of the produce and which is never less than 7 percent. This is the first point. As for the second point, it is embodied in the high marketing margin. What I mean by the marketing margin is the difference between what the final consumer pays and what the producer gets as a price for his commodity.

Crop Loss

The problem of crop loss is, according to our analysis, attributable to the widely scattered farms and to their remoteness from the wholesale market. This does not encourage the farmer who has produce in small quantities (such as one or two boxes of produce) to sell his crop. He thus leaves such a crop unharvested because the cost of harvesting, packaging, and shipping the crop to Doha may be higher than the price two such boxes fetch. The second point in the loss problem is the difference in the currently available packaging. There are now wooden boxes, cardboard boxes, and plastic boxes. The size of the box may also not be suitable for the crop. For example, using big wooden boxes to package tomatoes leads to damaging a large part of the crop.

Marketing Margin

As for the problem of the high marketing margin, it is a normal consequence of the high crop loss percentage throughout the various marketing channels. This is in addition to other factors whose effect is smaller.

The marketing margin for tomatoes amounts at times to more than 20 percent, for watermelons to more than 60 percent, and for eggplants to more than 50 percent.

These are examples that show that both the producer and the consumer lose a part of their income as a result of the marketing problems I have pointed out.

This is why the ministry has studied the problem and why we have proposed a number of alternatives to solve it. These alternatives include the project to package local produce. We are now in the process of conducting a detailed study on the project. If it is proven to be beneficial in solving the problem according to economic criteria, then we will begin implementing it.

Project Phases

[Question] We are aware that the project to utilize sewerage water in agriculture is a big project that is being implemented in stages. What are these stages, where do we stand now, and how much will this project contribute to increasing Qatar's agricultural production?

[Answer] The project to treat sewerage water and use it in agriculture is one of the important projects on which we count to develop our water resources. As for the project phases, it is divided into two main stages: the first pertaining to the treatment of sewerage water to make it fit for irrigation and the second pertaining to delivering the water to the lands that we plan to cultivate.

Sewage water treatment is summed up in the following steps:

- The aeration and mixing processes.
- The process of separating foreign matter.
- The process of initial sedimentation in basins.
- The process of biological treatment.
- The process of the final sedimentation of solid matter.
- Treatment with chlorine.
- The process of treating the solid matter anaerobically and without heating and of then drying the residue in the air. The liquid produced can be used for irrigation purposes, especially for the irrigation of green fodders.

High Rate of Organic Matter

The solid matter produced as a result of the above processes will be used for fertilization and for land improvement, especially in the light and sandy lands in the southern part of the country. This is because this solid matter contains a high percentage of organic matter which has a high fertilization value and contains nitrogen, phosphorus, and potash in suitable quantities.

Al-Rukbah area has been selected for a project to cultivate 10,000 feddans with green fodders and to breed nearly 2,000 milk-producing cows.

Field survey work has been carried out to determine the course of the project fenceline and to draw up the conditions, the general and technical specifications, the executive maps, and the terms for concluding the contract to build a fence around the project. Moreover, reticular points have been affixed to the project site at a distance of 400 meters from one another to study the various soil sectors. This is in addition to drawing up the blueprints for the first pasture area and to drawing up the general conditions and technical specifications for the water tank.

This project's production capacity will amount to nearly 2,000 tons of fresh milk a year.

Efforts To Develop Water Resources

[Question] There is the project to study the deep underground water layers. Can this constitute a solution to the water problem, considering that water is a main factor determining agricultural development in Qatar?

[Answer] Within the framework of the ministry's efforts to develop the country's water resources that are fit for irrigation, we have initiated a project to drill two deep wells, each with a depth of 2,500 feet. One is located near al-'Uturiyah in the north and the other is located in Rawdat al-Faras in Wadi al-Ikhwan in the southern part of the country. Formulation of the technical specifications and of the agreements pertaining to this project has been completed.

Assessment of Water Volume

The project seeks to assess the water volume in the various water-bearing layers. It also seeks to assess the quality of this water and the degree of its suitability for the cultivation of certain crops or of pasture bushes. I cannot express a specific expectation as to what these efforts will produce.

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SAUDI ARABIA

SAUDI OIL POLICIES SEEN GEARED TO DEVELOPMENT

Beirut AL-IQTISAD WA AL-A'MAL in Arabic Dec 85 pp 27-31

[Article: "The Saudi Economy In Its New Phase"]

[Text] The Kingdom of Saudi Arabia's decision to reclaim its right to export the full quota of oil allotted it by OPEC agreements has taken many people by surprise, and some western sources have described it as a well-timed "educated strike." In any case, however, the increase in the Kingdom's oil production was an inevitable step, since Saudi officials want to continue development efforts, guarantee the implementation of the goals of the fourth development plan, and ensure the financial resources necessary for that.

In this article, AL-IQTISAD WA AL-A'MAL will shed light on the meaning of the Saudi oil initiative and devote some time to the most significant trends and goals which will govern Saudi development strategy in the coming phase.

In early October 1985, the Kingdom of Saudi Arabia began selling about 850,000 barrels of crude oil a day, at market prices, to three American oil companies: Exxon, Texaco, and Mobil Oil. This was one of the most significant developments seen on the oil market recently, especially since it roughly coincided with an OPEC meeting which was supposed to deal once again with the problem of the member states' compliance with the production quotas which had been set, as well as with official prices for the various types of crude oil.

It should be noted that Saudi crude oil will be sold at prices which will fluctuate according to the prices for petroleum products, and thus the price for crude oil will be figured on the basis of spot prices for derivatives, less refining and transport costs. The Saudi initiative is expected to lead to an increase in the Kingdom's oil sales, up from the May 1985 minimum of 2.5 million barrels a day to about 3.3 million barrels a day. In any case, this figure is still less than the 4.4 million barrel a day quota allotted to the Kingdom by OPEC decree. However, at the very least it means that the Kingdom is determined to regain the initiative, protect its rights, and ensure the continuation of its development efforts and programs, particularly the implementation of the fourth development plan (1986-1990).

The drop in Saudi oil exports was primarily due to several factors, the most important being the Kingdom's respect for OPEC-set prices and its avoidance of discounts, barter agreements, and other such practices. It was also due to the fact that some OPEC countries did not honor their commitments and exceeded their quotas. Furthermore, the non-OPEC producers took advantage of the organization's (especially Saudi Arabia's) desire to not flood the market and push down prices, and continually increased their production at the expense of the OPEC countries. Finally, an important reason for the drop in Saudi exports was the shift in oil market conditions, especially the decline in world demand for heavy crudes, which are the principal crudes exported by the Kingdom. This decline was due in particular to the termination of the year-long British mineworkers' strike, thus ending Britain's need to import fuel oil (which is produced from heavy crude) as a substitute for coal in the operation of 10 power plants. It is also a fact that a few years ago Saudi Arabia, trying to act in OPEC's best interests, agreed to be a "flexible producer," meaning that it committed itself to producing only enough to keep OPEC production at the ceiling which had been set, even if this necessitated reducing its own share. So, if the total ceiling were set at 16 million barrels a day, for example, and the other OPEC members were producing, say, 12 million barrels a day, then Saudi Arabia would produce only 4 million barrels a day, so that total OPEC production would stay at the ceiling.

A Good Intention Not Repaid In Kind

It is no secret that some countries, OPEC members or otherwise, took advantage of the Kingdom's good intentions and affirmative steps and increased their own production, thus imposing a fait accompli which forced Saudi Arabia to accept less than its quota. Saudi Arabia put up with this situation, and during OPEC conferences and committee meetings tried every means to persuade these countries to stop these excesses. The time came when it found that the good intentions on its part were not being repaid in kind, and that the chaos was beginning to have repercussions not only on the oil market, but primarily on the Saudi economy and the interests of the Saudi people, in a way that no sovereign state could accept. Thus the Saudi leaders decided to take a more resolute stand. They began with a frank warning from the Saudi king that Saudi Arabia would be absolved of its commitments if this lack of discipline among the other OPEC members continued. That was followed by a statement by Oil Minister Shaykh Ahmad Zaki Yamani in which he said, "If the oil producing countries outside of OPEC do not work with us to stabilize the oil market, and if those of us within OPEC do not discipline ourselves, I can postulate the outbreak of a price war once winter ends, with prices dropping to US\$15 to \$18 a barrel." However, even more important is the Kingdom's recent decision to raise its production to levels close to its quota regardless of prevailing conditions on the market, which will be unable to bear the consequences. The 850,000-barrel deal with the American companies was the first step in this direction.

"An Educated Strike"

With that, Saudi Arabia decided for the first time to inform the other producing countries, small or large, that it was still capable of influencing market conditions, both negatively and positively, and that therefore all

the member countries had to shoulder their responsibilities. The Saudi stand generally met with understanding in international circles, and a few weeks ago THE FINANCIAL TIMES described it as a well-timed "educated strike." The Kingdom made its decision to increase production at a time when there was a certain breach in the market caused by the oil companies' reserves' dropping to their lowest levels in a long time. In addition, many producing states are now facing hard times which do not allow them to enter into a price war and thus disregard the Saudi warning. Mexico, for example, is once again uppermost in the minds of international banks and the International Monetary Fund because of the re-aggravation of its debt crisis and the possibility that its situation may become even more serious because of the recent earthquake. Nigeria as well is facing hard economic times because of the recent coup, and therefore it cannot tolerate a price war which might cut its revenues in half. Even Britain, a North Sea producer which is not an OPEC member, appears to be uneasy about the effects of falling oil prices on its economy. As for the Soviet Union, it clearly demonstrated its apprehension over the future of its oil revenues when Gorbachev himself visited the oil fields and began a purge of oil industry officials. Then came news of a sudden drop in the Soviet Union's oil exports. In short, the Saudi threat to accept the challenge of a price war must be taken seriously, and will therefore have an inevitable impact in coming months on solidarity within OPEC and therefore the stability of oil prices. It is no secret that the Kingdom, which has one-quarter of total world oil reserves, can bear the consequences of falling prices better than any other country, not only because its size, as a society, allows it a greater flexibility in expenditures not possible for a country like Nigeria, for example (population 100 million), but also because of the size of its overseas currency reserves.

This shift towards a harder line in the Saudi stand not only reflects the Kingdom's conviction that it is right to want to produce its quota as defined by OPEC agreements, but also points up the Saudi officials' desire to pursue economic development in a natural manner. One of the state's most important concerns right now is achieving the main goals of the fourth 5-year plan, the broad outlines of which were announced early this year. Everyone knows that this plan's goals are based on the assumption that an average 3.8 million barrels of crude oil will be produced each day--a realistic assumption when the plan was prepared, since it took into consideration the possibility that the Kingdom's oil production might fall below even the 4.4 million barrel a day quota set for it. Of course, it also took into consideration the fact that the OPEC countries in particular would adhere to the quota distribution agreement and would not try to get around it by various means.

The Fourth Development Plan

The fourth development plan is aimed at achieving an actual growth rate of 4 percent in the gross national product. This goal involves realizing a 5.6 percent yearly growth rate in the petroleum sector, a 15.5 percent rate of growth in the petrochemical industries sector, a 15.6 percent rate of growth in the crude oil refining sector, a 5 percent rate of growth in the public utilities sector, a 2.5 percent rate of growth in the commercial services sector, and a 15.5 percent rate of growth in the industrial sector. Lastly, the plan expects to achieve a negative 2.8 percent rate of growth each year in the building sector over the duration of the plan, from 1985-1990.

It should be noted that over 600 billion Saudi riyals have been allocated for the fourth development plan, including about 500 billion riyals for expenditures on projects in various sectors of the economy. This means that the 600 billion riyals allocated for the plan do not include all government expenses for the coming 5 years, but only the development expenses. These expenditures will of course be scheduled into the yearly state budgets, which will also include current expenditures for salaries and the like.

In view of the Kingdom's importance as a market, and its direct influence on foreign exporters, the announcement of the plan has lately been a matter of immediate, strong concern among Western circles, who want to find out the Kingdom's policies for the next few years so as to assess the opportunities provided by the plan for exports or the provision of services. In this context, more than one seminar and conference has been held overseas recently for the purpose of analyzing this plan and the opportunities it offers for business and commercial and technological exchange. The last such conference met in London in late August, and was attended by a senior Saudi delegation headed by Planning Minister Dr Hisham Nazir.

Consolidating Achievements and Rationalizing the Use of Revenues

How do official Saudi sources feel about the philosophy and trends of the fourth plan?

The many interpolations and clarifications presented concerning the fourth plan make it clear that Saudi Arabia's goal over the next 5 years can be summarized as consolidating and reinforcing the achievements of the previous three 5-year plans, through increased diversification of the economic infrastructure, rationalization of the use of revenues, and increased efficiency in all areas.

The need to consolidate prior achievements arises from a self-evident fact: ever since the mid-Seventies, the Saudi economy has found itself in circumstances which have forced it into unprecedented growth in all sectors. The abundance of petroleum revenues at that time was a golden opportunity which the Kingdom's leaders seized in order to push development as rapidly as possible through a gigantic workshop, in order to finish the infrastructure and lay the foundations for building and developing the national economy.

Here it might be useful to mention some examples of this development, to give an idea of the scope and depth of the changes which transformed the Kingdom in the space of about a decade. For example, total cumulative loans by general loan organizations amounted to about 183 billion riyals by 1984, and capital invested in factories rose from 2.4 billion riyals in 1970 to about 39 billion riyals in 1984. During that same period, the number of workers rose from 9,000 to 108,000. Meanwhile, the currency bloc (currency and the like) rose from 3.1 billion riyals in 1970 to 143 billion riyals in 1984. If we take the education sector as an example, we find that the number of schools and institutes rose from 3,107 in 1970 to 14,146 in 1984. The number of students in higher education rose from 7,000 to 82,000 during this same period. The number of vocational school graduates rose from 152 in 1970 to

2,410 in 1984. During this same period, paved roads increased in length from 8,000 to 28,000 kilometers, and all the Kingdom's cities and most of its villages were linked by a network of roads having two or more lanes. Furthermore, about 43,000 kilometers of unpaved roads were built to serve more than 8,000 villages throughout the Kingdom.

We might also mention some of the most important major achievements of the 1974-84 decade of development, such as the two industrial cities in al-Jubayl and Yanbu', the Saudi Basic Industries Corporation (SABIC), the General Organization for Petroleum (PETROMIN), the international airports, ports, electric grids, the gas collection project, the oil pipeline from the Eastern Province to the Western Province (PETROLINE), the Grain Silos Organization, the housing, social welfare and health projects, and so forth.

The Pressures of Rapid Development

All of these integral achievements were made in record time, as everyone knows, and therefore might be expected to lead to pressures on the ability of the Saudi economy to absorb and digest these achievements, projects and all-inclusive expansion. Such pressures have indeed appeared, especially during the second 5-year plan, when there were high rates of inflation. After that, other concerns emerged, chiefly centered around the probable effect of this rapid development on social equilibrium, and even on the country's social make-up. Questions have arisen about the complications resulting from the presence of millions of foreign workers and their effect on the Kingdom's social fabric and its deep-rooted Islamic traditions. There have also been questions about the repercussions of material progress on spiritual values, and how to reconcile the two.

In addition to the inflationary and social pressures, there have also been pressures on the ability of individual public and private sector organizations to absorb the huge, sudden expansion and at the same time maintain a reasonable degree of discipline and effective management. There is no doubt that the experience of the last few years has demonstrated that many organizations had no time to build up managements to meet the degree of quantitative expansion which has occurred. This vacuum has led to fluidity problems, disorganization, and even to the departure of many organizations from the market.

It is also obvious that the Kingdom's leaders want the fourth development plan to avoid these problems by reinforcing a plan for natural growth, spending more time on assessing what is being done, and consolidating it over a period of time, instead of just going ahead with setting up new projects.

How do the Saudi leaders view the process of consolidating and diversifying the economy?

For the coming phase, the Kingdom's economic strategy will concentrate on several main goals, all of which are part of a homogenous, cohesive plan.

Integrating the Various Areas of the Economy

The first goal of this strategy is making an effort to better integrate the various areas of the national economy, and thus achieve a greater degree of mutual interdependence. During their second conference in Riyadh in March 1985, Saudi businessmen made the point that the Saudi industrialist, or the Saudi contractor, does not obtain or purchase his needs in Saudi Arabia, even though what he needs is available on the local market, but instead imports these needs.

This point, valid as it is, is nevertheless not the principal problem right now. The basic challenge at present is to create intermediate industries which will ensure a link between the basic industries and the conversion industries, through which the circuit of domestic exchange will achieve some degree of integration among local producers. The basic industries established before SABIC's time will never have a big local market unless intermediate industries are established to make use of their products to produce semi-processed goods which will ultimately be used in the conversion industries.

In this context, the Saudi government has taken two main steps. First, it established the National Industrialization Corporation in order to establish new industries and thus integrate the various spheres of industrialization with the private sector's help. Secondly, it formulated the offset investment strategy, which requires foreign companies to re-invest 35 percent of the value of the technical works contracted to them in joint-venture projects within the Kingdom.

The fact is, while the National Industrialization Corporation has concerned itself with establishing new capital-intensive industries by encouraging cooperation between the public and private sectors, the offset investment program is involved in supporting industrial investment efforts by encouraging the idea of setting up joint-venture projects with high-tech foreign companies.

One of the Kingdom's industrial integration goals is the establishment of more national industries to replace imported goods. Studies have shown that there is still plenty of room to establish several such industries. In this context, the Saudi Industrial Development Fund will continue to play the chief role in guiding new investments, through firm cooperation and coordination with the Ministry of Industry and Electricity, the industrial licensing authority.

Development Of the Services Sector

Another of the Saudi government's goals is to concentrate on developing the services sector, which must be done in an integrated manner so that industry can grow and continue to progress. Saudi officials are constantly stressing the importance of major opportunities in this sector, especially in maintenance, marketing and distribution. Experience has shown that the delayed development of these services has continued to have negative repercussions on Saudi industry, depriving it of a basic means to compete and increase its share of the market. The many industries which have been established in the

Kingdom do not rely as much as they should on marketing and packaging arts geared to attracting consumers. In any advanced economy, the service sector is considered the third sector on which local production, however good it is, depends for the integration of production and distribution on the local market.

But in any case, it must be agreed that the development of services always follows the development of local production and local industries. For this reason, the fourth 5-year plan's concern for developing services is very timely. The Saudi investor must be allowed some time to grasp the nature of such services and to develop them and be successful in them, just as he has succeeded in grasping industrial matters.

The Role of the Financial Sector

The development of this sector is one of the most important avowed goals of the Saudi leadership over the coming few years, particularly because these leaders are convinced that this sector must play an increasingly dynamic and effective role in both investment and savings, so that it can gradually assume the role initially played by local loan organizations.

It is true that the Kingdom of Saudi Arabia is not considering abolishing the role of the General Loan Organization, but it is convinced that such organizations cannot meet all the economy's needs, but only part of those needs--those relating to providing primary financial backing for starting up a project. Other financing needs must be provided by the local market, particularly the banks.

In this context, certain observations have been made as to how well the Kingdom's financial sector has played its part in development. Some people feel that on the whole the banking organizations have taken an extremely cautious stand, relying primarily on short-term financing for commercial purposes or general personal loans (open accounts). The existence of a "finance gap" in the market has come to light, for several healthy organizations have been found to be carrying on their normal activities as a result of the general credit squeeze.

Even though it is generally agreed that one of the main duties of the banks is to protect their depositors' money, and therefore follow safe rules in granting loans, the majority opinion is that these banks' problems lie in the absence of technical staff qualified to evaluate projects, as well as in their laxity and non-competitiveness in creating and expanding new services for their clients.

The fact remains that many of the Kingdom's financial experts sympathize with the banks' point of view, and feel that the preponderance of short-term deposits as sources of funds for these organizations makes it difficult for them to contribute in any meaningful way to medium-term growth financing. Therefore, the views of those who call for the creation of a capital market for the Kingdom, which would provide the tools and the channels for bringing together the savings of individuals and organizations and re-investing them in the production sectors, are gaining increasing force. Current proposals in this respect include the development of the stock market in order to encourage the circulation of general corporate shares and thereby

increase the incentives for establishing such companies, creating domestic loan tools in the form of treasury notes to prevent the flow of funds overseas or their investment in currencies, and creating an issues market for the private sector, whereby preferred companies or banks would be able to get long-term loans from the public in order to strengthen their capital and acquire the revenues they need.

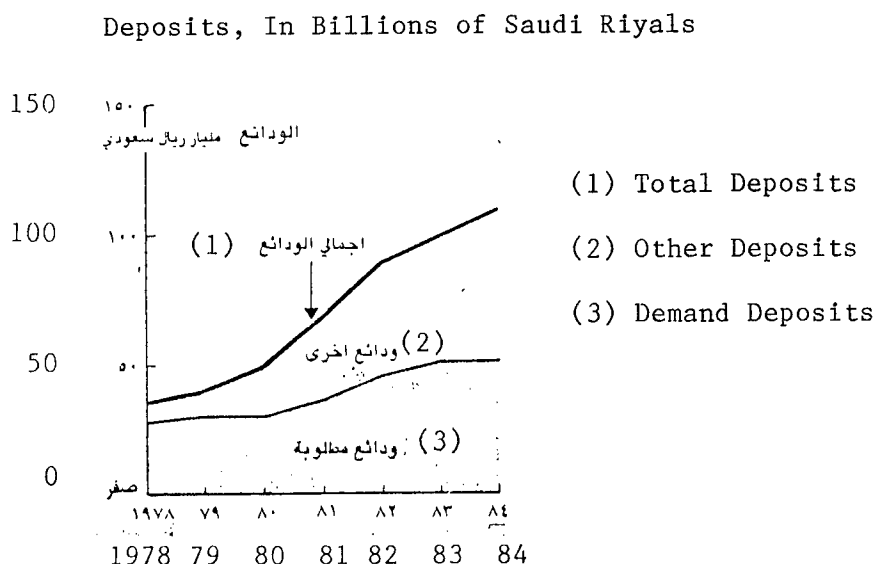
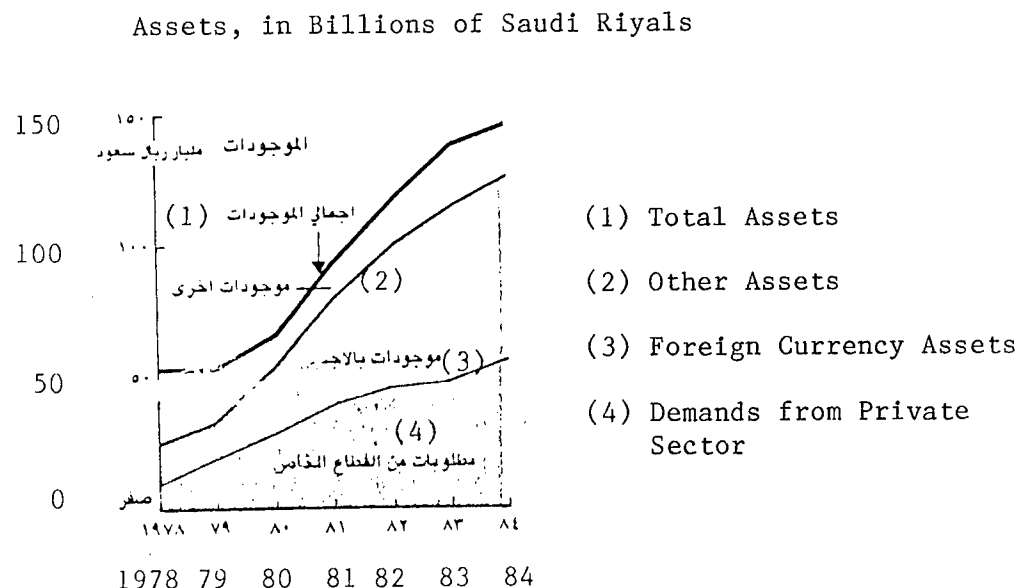
The Private Sector's Role

Saudi officials view this matter as the cornerstone for development in the coming phase. Over the past 3 years, the Kingdom's policymakers have given much attention to designing incentives, offering guidelines, and providing a milieu which would encourage the private sector to shift over to playing a leading role in the economy. This official concern arises from two main considerations, one theoretical or fundamental and the other socio-economic.

The fundamental consideration is the Saudi rulers' belief that the economy must be based on Islamic principles, which respect individual freedom and call for justice and the right of the worker and merchant to the fruits of his labor or trade. This principle, along with the natural inclination of the people of the Arabian Peninsula towards individual work, has made the authorities unwilling on principle to strengthen state power over the economy, and has made them want to use the state and the government budget as a means of supporting the private sector and its ongoing growth at state expense. For this very reason, loan funds have been founded, and every encouragement and incentive has been given to individuals, so that they can establish projects. Also for this reason, the private sector has been encouraged to organize itself, within the context of the chambers of commerce and the council of chambers of commerce, and has been declared pivotal to the state.

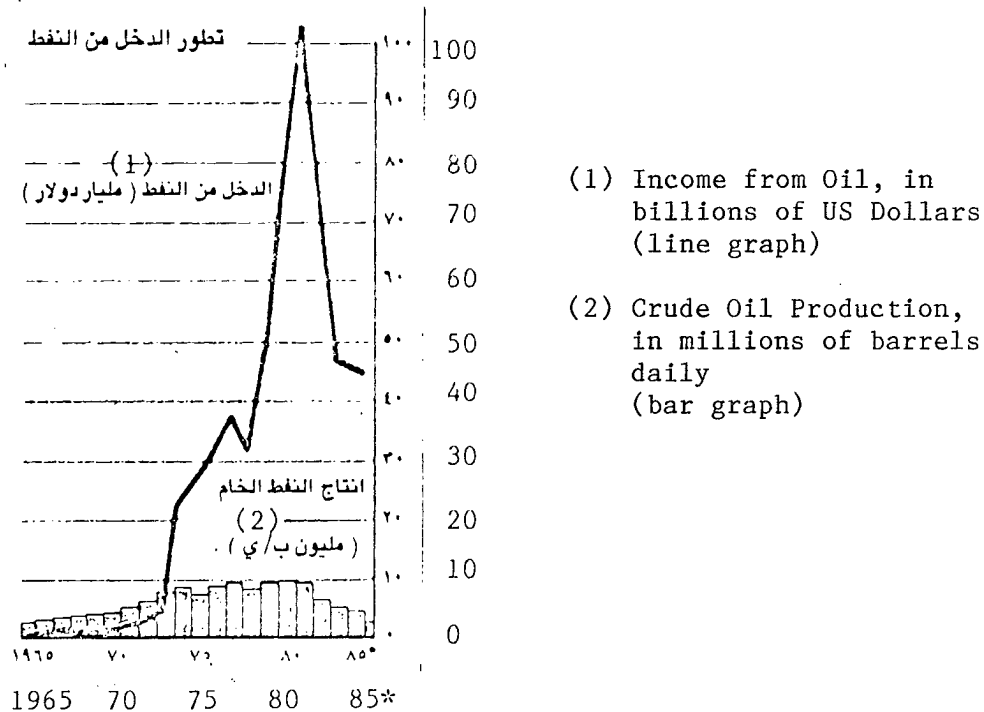
The socio-economic consideration rests on the need to bring the Saudi people into the production process, to exalt the idea of work, and to renounce the traditions of childish, luxurious consumption. In short, a civilized mentality can only be developed through direct work and the application of science. Naturally, such development is impossible without the development of production sectors in industry, agriculture and services, without more Saudis entering the work force, and without dispensing more and more with foreign manpower. Thus, for example, the fourth plan expects to reduce the number of foreign workers in the Kingdom by about 600,000 persons over the coming 5 years.

Figure 1. Rapid Growth of Saudi Banks



The figures show how Saudi bank assets roughly doubled over 6 years, from 53 billion Saudi riyals in 1978 to about 150 billion riyals in 1984. At the same time, however, it can be seen that the economic slowdown which began in 1982 is significantly reflected in the nature of these assets; whereas credit facilities for the private sector traditionally represent the major part of Saudi bank assets, the importance of this clause declined in favor of overseas assets invested in the international banking system. This, of course, is reflected in relatively fewer credit opportunities, and in a more cautious attitude on the part of the banks. Offsetting that is a large increase in total deposits, which also reflects individual inclinations towards investing in foreign currencies.

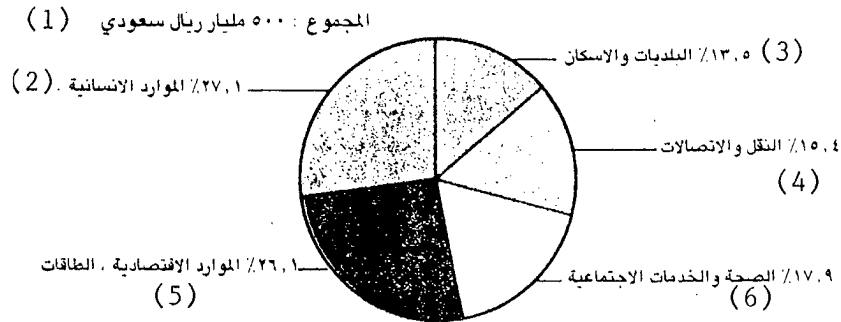
Figure 2. Growth in Oil Income



National income from petroleum exports is still the primary source of finance for the Saudi state budget and its development plans. The figure above clearly shows how oil exports rose continuously since 1965, from about 3 million barrels a day, and then gradually declined since 1981 to reach once again the level of about 3 million barrels a day in the first half of 1985. However, the figure also shows that the rise in petroleum prices now makes up for a major part of the drop in production; while the Kingdom's 1973 oil income was only US\$5 billion, for roughly 3 million barrels a day, today the income from this same amount of production varies from \$45 to \$50 billion each year.

* During the first half of 1985, production fell below 3 million barrels a day.

Figure 3. Distribution of Development Expenditures in the Fourth 5-Year Plan



- (1) Total: 500 billion Saudi Riyals
- (2) Human Resources, 27.1 percent
- (3) Municipalities and Housing, 13.5 percent
- (4) Transportation and Communications, 15.4 percent
- (5) Economic Resources and Capabilities, 26.1 percent
- (6) Health and Social Services, 17.9 percent

Table 1. Basic Expenditure Sectors in the Fourth Development Plan (1985-1990)

<u>Sector</u>	<u>Allocations, in Millions of Saudi riyals</u>	<u>Percent</u>
Natural Resources	55,037	100
Water	31,789	58
Power	18,821	34
Mines	4,427	8
Production Sectors	87,054	100
Electricity	41,932	48
Royal Commission for Yanbu' and al-Jubayl	30,000	35
Agriculture	10,810	12
Industry	4,241	5
Services Sector	64,821	100
Commercial Services	825	1
Banks and Finance	60,100	93
Meteorology and Environmental Protection	2,831	4
Specifications and Standards	507	1
Information and Statistics	558	1
Social and Cultural Development	108,637	100
Health	62,239	57
Judiciary, Shari'ah Law	18,501	17
Cultural Information, Youth Welfare	13,617	13
Social Services	14,280	13
Human Resources	136,173	100
Public Education	85,232	62
Higher Education	40,291	30
Technical, Vocational Education	6,586	5
General Administration Institute	1,053	1
Labor Force Development	1,195	1
Science and Technology	1,816	1
Infrastructure	150,670	100
Transportation	54,851	36
Postal, Communications Services	28,581	19
Municipal and Public Works	63,500	42
Housing	3,828	3

Source: Ministry of Planning, Kingdom of Saudi Arabia

8559

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SAUDI ARABIA

KING, CABINET PRAISED FOR REDUCING ELECTRICITY RATES

Riyadh AL-YAMAMAH in Arabic 25 Dec 85 p 11

[Article: "The Electricity Issue--the Response and the Decision"]

[Text] The cabinet decision to reduce electricity rates by more than 70 percent is a royal boon which will alleviate the citizen's burden of the cost of connecting electricity to residences. It reflects His Majesty King Fahd bin 'Abd-al-'Aziz's concern and ongoing desire to help the citizens and make things easier for them. This decision, a generous response to the citizens' pulse, also reflects the leadership's harmony with the citizens and its continual desire to help them overcome all their problems involving the services sector, one of the cornerstones of which is electricity.

Many countries have raised their rates for services to their citizens, from health and education to electricity, water and telephone services. This has increased their citizens' burdens and has caused them to complain bitterly about these price hikes. These countries have not stopped there, but have imposed exorbitant customs fees, duties and taxes, which flow into the state treasuries from the pockets of the oppressed citizens.

The opposite is happening in the Kingdom--the state is providing health and education services free of charge to the citizens, and is charging nominal fees for other services. It is also making it easier for the citizens to get loans for industry, agriculture and construction. Through this close tie linking it with its citizens, the state is thus providing a living example of the kind of relationship which can exist between a wise leadership and its citizens, and a unique, influential example of the kind of relationship which should exist between the leaders and the people.

The ongoing discussion of the electricity issue in the cabinet over the past 4 weeks clearly reflects royal concern for its flock's circumstances, just as during the early days of the Islamic state the ruler would consider himself responsible for the beast of burden stumbling along the ground, unable to find the road.

In the first session on 17 November 1985, some of the services provided the citizens by the state's public utilities, chiefly electricity, were discussed.

In the second session on 4 December 1985, the cabinet issued a decree changing the former categories for electricity consumption rates, setting them as follows:

Category I, 1,000 to 3,000 kilowatts per month--7 halalahs per kilowatt
Category II, 3,001 to 4,000 kilowatts per month--10 halalahs per kilowatt
Category III, 4,001 kilowatts per month and above--15 halalahs per kilowatt.

As for the use of electricity by industry, agriculture, government and private hospitals, and charitable societies, the price per kilowatt is reduced to 5 halalahs.

In the third session on 11 December 1985, the cabinet, under His Majesty's guidance, discussed various matters pertaining to electricity services, and His Majesty listened to various proposals relating to the rates now in effect for residential electrical connections. His Majesty, wanting to draw up a clear-cut, fixed system for serving the citizens in this vital, important sector, ordered that a committee be formed to look into these investigations and draw up a final draft to be submitted at the next session.

At the fourth session on 16 December 1985, after the cabinet reviewed all the proposals and opinions pertaining to the electricity issue, His Majesty King Fahd bin 'Abd-al-'Aziz gave his generous approval to the following cabinet decision.

1. The rate for a kilovolt-ampere is hereby reduced from its present cost of 100 to 200 Saudi riyals to a uniform price of 50 riyals for everyone, for all establishments, residential or otherwise.
2. The electricity companies are to connect electricity free of charge to citizens' homes and other establishments located in areas where such construction is permitted by the municipalities.
3. This new decree shall be effective as of 13 December 1985.

Thus the respected cabinet crowned its four meetings with this wise decree, which has met with approval and praise in various sectors. Thus His Majesty King Fahd added a new page to the record of his noble deeds for the citizens, since this generous initiative arose from his desire to help the citizens, lessen the burdens of their daily existence, and provide them with services.

AL-YAMAMAH may perhaps be the happiest of all at the issuance of these decrees dealing with electricity services, because in our magazine we have reported some of the citizens' concerns over this issue which has so preoccupied their thoughts. We are sure that His Majesty the King and his enlightened government are most closely following the concerns of the citizens, not just in this area but in all areas. AL-YAMAMAH is also happy to agree with what is going on in the officials' thoughts.

8559

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SAUDI ARABIA

FRG AIDS IN EXPANDING CEMENT INDUSTRY

Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German
3 Jan 86 p 2

[Article by W. An.: "Saudi Arabia Expands Cement Industry"/ German Firms Participate in Several Large Projects]

[Text] At this time, Saudi Arabia is not yet in a position to satisfy the domestic need for cement from its own production, although considerable investments for the development of the cement industry were made in recent times. Contracts for modern cement factories were awarded in particular to German construction and equipment firms. Cement production of the eight enterprises in operation was reported as 8.1 million tons in 1983, 14 percent higher than in the previous year, and 70 percent more than in 1981. In 1984, production was further increased to 9.6 million tons. Since present cement consumption in Saudi Arabia amounts to about 23 million tons annually, there exists a considerable supply gap which cannot yet be overcome in the next few years (see also the report on the cement industry in Saudi Arabia of 6 June 1984).

The first Saudi Arabian cement factory was put into operation in 1961 by the Saudi Cement Company (SCC) in Hofuf in the eastern part of the country with a daily capacity of 300 tons. The contract for its construction was given to Polysius AG, Beckum, Westphalia, which merged in 1970 with the cement sector of the Krupp group and became Krupp Polysius AG, Beckum, Westphalia. The annual capacity of SCC is now 1.32 million tons. In the course of further development of the Saudi Arabian cement industry, Yamama Saudi Cement Company Ltd. (YSCC), Riyadh, awarded a contract to Krupp Industrie und Stahlbau, which is now called Krupp Industrietechnik GmbH, Essen.

In June 1986, the fourth expansion of the Yamama cement factory at the outskirts of Riyadh is to be concluded. Its daily capacity will increase by 3,100 tons to 8,700 tons. Like the second and third expansion, the fourth was also awarded to the consortium of Krupp Polysius AG and Pilfinger & Berger Bauaktiengesellschaft, Mannheim. The value of the contract for the fourth enlargement investment amounts to DM 480 million. Maschinenfabrik Augsburg-Muenchen AG (MAN), Augsburg, received subcontracts from the general contractor, Krupp Polysius AG, for its operations in the amount of about DM 50 million. Included in this is

delivery of three large diesel motors with a total installed capacity of 27.6 Megawatts so that total capacity of the power plant, supplied completely by MAN, is increased to 65 Megawatts.

The Krupp Polysius AG's share of the contract for the fourth enlargement consists in the complete machine equipment of mobile limestone breakers over circular gravel beds, grinding installations, silos, rotary kiln with Dopol preheater and Prepol precalcination and the entire electrical equipment. Planning and consulting tasks for the expansion project were awarded to the Swiss enterprise Holderbank Management und Beratung AG, Holderbank.

Krupp Alysium AG, together with Held & Francke Bauaktiengesellschaft, Muenchen, received a further contract from the Saudi Kuwaiti Cement Manufacturing Company (SKCMC), Riyadh, for construction of its cement factory at El Khursaniyah, situated 65 km northwest of Jubail, which started operation in 1984. It has two production lines with a daily capacity of 3,500 tons each. The contract value amounted to DM 530 million for Krupp Alysium AG, and about DM 330 million for Held & Francke Bau-AG, which is represented in Saudi Arabia by the Joint Venture Jax-Held & Francke Bau-AG, Riyadh. Share owners of SKCMC are the Saudi Ministry of Industry and Electricity and the Kuwait Cement Company.

The volume of delivery by Krupp Polysius AG included all essential components of the installation, from breakers to packing equipment and all electrotechnical items, automation of the laboratory, additions to the workshop equipment, and water supply with a desalination installation. Held & Francke Bau-AG concluded construction work of the production installations of the cement factory by installing the feeder silos, the cement mills, the cement weighing equipment, packaging plant and various steel constructions. It also constructed administration, social and other buildings, ready to move in. It also handled external installations and infrastructural construction. Fuel for the cement factory in El Khursaniyah is supplied via a 65 km natural gas pipeline owned by the enterprise, which starts at the Aramco gas and oil separation plant in Jubail. Lurgi Umwelt und Chemotechnik GmbH, Frankfurt, supplied a complete dust removal installation valued at DM 15 million.

Siemens AG, Munich/Berlin, was included in the construction of the new cement factory of the Saudi-Bahraini Cement Company, Dammam, in the desert of Ayn Dar between Riyadh and Jubail. It supplied and installed all electrical equipment for the cement factory which has an annual capacity of 2 million tons. Owners of the Saudi-Bahraini Cement Company are the SCC mentioned above and Gulf Enterprise Company, registered in Bahrain, each holding 50 percent of the shares.

A major contribution to the development of the Saudi Arabian cement industry was made by KHD Humboldt Wedag AG, Cologne. It was included in the cement projects of three Saudi Arabian enterprises. In the summer of 1981, the Arabian Cement Company (ACC) awarded KHD Humboldt Wedag AG construction of a ready-to-operate cement factory in Rabigh, situated

about 180 km north of Djidda on the Red Sea coast. The contract is valued at about DM 610 million. The cement factory has four production lines with a total daily capacity of 4,000 tons of clinker, equivalent to an annual capacity of 1.26 million tons. Because of the specific combination of raw materials, rotary tubular kilns of 160 m length and a diameter of 4.40 m are being used.

The new cement factory replaces the old one owned by ACC which is located north of Djidda near the desalination complex and is also too close to the new international airport, built by Hochtief AG, Essen. Previously, by order of the Yanbu Cement Company Ltd., a German business consortium under the management of KHD had built a cement factory at Ras Baridi, situated about 65 km north of the new industrial complex of Yanbu on the Red Sea. The cement factory which became operational in 1980, has an annual capacity of about 1 million tons. The value of the order came to DM 430 million for the German business consortium. The cement factory is supplied with energy by a company-owned power plant with eight Deutz diesel units with a total output of 52,000 KVA.

In addition, KHD also built a cement factory with an annual capacity of 650,000 tons for the El Kasseim Cement Company in Buraydah, located about 400 km northwest of Riyadh. The order for this cement factory, operational at the beginning of 1980, amounted to DM 235 million. The aforementioned Held & Francke Bau-AG assumed the construction part of this project. To supply energy, AEG-Telefunken AG, Berlin/Frankfurt, supplied and installed a diesel power plant with an electric power production capacity of 32 Megawatts.

A Japanese consortium consisting of Ishikawajima-Harima Heavy Industries (IHI) and Nichimen Corporation, was awarded expansion of the cement factory in June 1984. It will increase its daily capacity by 2,000 tons. The value of the contract amounts to \$ 110 million for the Japanese consortium. In the spring of 1985, O & K Orenstein & Koppel AG, Berlin/Dortmund, was subcontracted by the Japanese general contractor to supply a mobile large-scale crusher for the quarry of the cement factory at Buraydah. The unit is equipped with a mammoth single-cycle hammer crusher (1,200 tons per hour).

The cement factory of the Southern Province Cement Company in Gizan in the southwest of Saudi Arabia, on the Red Sea, became operational in June 1983 with an annual capacity of about 1.5 million tons. It is equipped with two production lines (2,500 tons of clinker per day, each). The South Korean firm Hyundai International, Seoul, did the construction work. The Belgian enterprise S.A. Rasse-Sambre-FRI, Brussels, carried out consulting tasks and construction supervision.

At the turn of the year 1983-1984, the Japanese Onoda Cement Company was given a consultation contract by the Tabuk Cement Company valued at \$ 2.5 million, concerning construction of a cement factory near the port of Duba on the Red Sea, in the northwest of Saudi Arabia. The Japanese firm above

all prepares feasibility studies and carries out geological studies and planning work. In addition, it selects the processing technique. It also handles preparation of tender documents, construction supervision and start-up of the cement factory, which is estimated to cost about \$ 130 million.

9917

CSO: 4620/21

SYRIA

TRADE DEFICIT CUT

London MEED in English 23 Nov 85 p 42

[Text]

SYRIA'S annual trade deficit narrowed by almost 14 per cent in 1984, thanks largely to a bumper cotton harvest and restrictions on private-sector importers. However, there are signs that the trade gap will widen again in 1985 because of a relaxation in import controls and a relative decline in the cotton yield (MEED 2:11:85, page 35).

According to the Central Bureau of Statistics, exports fell slightly in 1984 — a 12 per cent drop in petroleum and products sales was offset by a 58 per cent rise in raw cotton exports. Imports fell by an overall 9 per cent, including a 36 per cent fall in the private sector to £Syr 1,332 million (\$340 million), from £Syr 2,106 million (\$537 million) in 1983. And 1984's dramatic increase in wheat imports was matched by sharply reduced flour purchases, as several flour mills started up during the year.

The lower import bill reflects the acute foreign exchange shortage in Damascus. But the figures conceal two important factors:

the cutback on imports has severely affected local industry, which has been starved of raw materials and spare parts; second, the private sector has evaded official restrictions by smuggling its requirements through Lebanon. In late 1984, President Asad began a crackdown on the smuggling trade, as measures were taken to make life easier for importers using official channels.

Iran was Syria's leading supplier in 1984, with sales — mostly oil — totalling £Syr 3,665 million (\$934 million). However, this is about 25 per cent lower than the 1983 figure. A huge rise in imports from Libya — to £Syr 1,242 million (\$316 million) from a mere £Syr 23 million (\$5.9 million) — indicates that the fall in Iranian supplies has been offset by increased oil imports from Libya.

The export pattern is largely unchanged: Romania is Syria's largest market, followed by Italy, France and the Soviet Union.

Syria: trade balance, 1983-84
(£Syr million)

	1984	1983	% change
Exports, including	7,275	7,547	-3.6
petroleum & products	4,588	5,196	-11.7
raw cotton	1,076	682	+58.0
Imports, including	16,155	17,829	-9.4
petroleum & products*	5,538	5,373	+3.0
wheat	861	443	+94.0
flour	192	441	-56.0
Trade deficit	8,880	10,282	-13.6

* including petroleum gases

\$ 1 = £Syr 3.925 (official rate)

Source: Central Bureau of Statistics, Damascus

SYRIA

BRIEFS

SAUDI FUND LOAN--The Riyadh-based Saudi Fund for Development (SFD) has agreed to lend SR 160 million (\$44 million) for two projects. Of the total, SR 110 million (\$30 million) will part-finance an estimated \$400 million scheme to upgrade Damascus' sewerage system. The remaining SR 50 million (\$14 million) will fund construction of a highway linking the ports of Tartous and Latakia. The loans are on concessionary terms (MEED 19:4:85). The loans' announcement followed the 16-17 November visit of SFD vice-chairman and managing director Mohammad Abdullah al-Sugair. The fund has also announced it will provide finance for several, as yet unspecified, industrial projects. Al-Sugair attended the ceremony marking the official start of work on the Mhardeh power station extension, for which the SFD has lent SR 100 million (\$28 million). The two-by-165-NW extension is being built by Switzerland's BBC Brown, Boveri & Company for an estimated \$195 million. Additional money has come from the Kuwait-based Arab Fund for Economic & Social Development, the European Investment Bank and the Jeddah-based Islamic Development Bank (MEED 31:8:85). [Text] [London MEED in English 23 Nov 85 p 42] /9274

CSO: 4400/93

UNITED ARAB EMIRATES

TIES WITH HUNGARY SOUGHT

Abu Dhabi EMIRATES NEWS in English 15 Dec 85 p 1

[Article by Latha Nayar]

[Text]

DUBAI: Hungary is seeking diplomatic relations with the UAE in the wake of the new foreign policy initiative signalled by the Emirates in establishing ties with the Soviet Union.

Diplomatic sources said Hungary has been quick to act on the November 15 announcement which established representation between Abu Dhabi and Moscow at ambassadorial level. Jozef Kapler, Hungary's Ambassador to Kuwait, the only Gulf state with which it has formal relations, was in Abu Dhabi last week for a series of talks with the Foreign Ministry to prepare for the visit of Deputy Minister of Foreign Affairs Naji Gabor who is due to visit the UAE tomorrow.

According to a brief official announcement Kapler and Director in the Foreign Ministry Yakoub al Kindi discussed "means of promoting bilateral relations" which is thought to have centred on the establishment of diplomatic relations. In fact, a Hungarian source admitted that "We would like to be the first East Bloc country after the Soviet Union to have representation here."

It is learnt that Hungary which has

put out strong feelers on establishing diplomatic relations with the UAE will be given some indication of the latter's response during Gabor's visit. Ties with Kuwait were set up seven years ago but, as in the case of the Soviet Union, Hungary's diplomatic thrust in this region has remained stymied since then. However the recent success by Moscow in gaining recognition from two Gulf states is likely to make Budapest's case, which has fewer political implications, much easier according to political observers.

These sources pointed out Hungary could be pinning its hopes on the statement by Sheikh Hamdan bin Zayed, Foreign Ministry Under-Secretary, who said ties with Russia "comes at this time to expand our international moves and continuous efforts to increase the number of friendly states." But this could refer to UAE's interest in having relations with both superpowers before taking its seat in the Security Council in January and need not mean relations with more East Bloc countries they emphasised.

Hungary's interest in the region are mainly economic and in Dubai this has been looked after by one of its state-owned companies, Tung-

sram, which has acted as commercial representative for almost a decade. This office became the Hungarian Trade Centre in February under the directorship of Bela Marton.

Marton told Emirates News yesterday, "Trade and projects with the UAE totalled dollar 10.5 million last year with turnkey projects accounting for most of it." The projects included two afforestation projects in Abu Dhabi and the laying of a high-tension power line which accounted for dollar 7 million. The rest was composed of exports to Dubai.

Hungary has more substantial commercial links with Saudi Arabia of dollar 50 million a year and "sporadic business with other Gulf States" through Dubai, Marton said.

The East Bloc state is keen to improve its trade figures with the UAE which is much lower than those of its Comecon partners like East Germany and Czechoslovakia whose exports have at one time touched dollar 16 million. This interest has been reciprocated by Dubai which less than two years ago sent a high-level business delegation to Hungary and other East Bloc states to boost commercial relations.

In the last two years tourism to Hungary from the Emirates has been buoyant and several folklore groups from that state have performed here.

/6091

CSO: 4400/89

UNITED ARAB EMIRATES

NEW VISA RULES ISSUED

Dubayy KHALEEJ TIMES in English 28 Jan 86 p 1

[Text]

THE Interior Ministry yesterday announced that the new visa rules would be implemented from February 1. It urged all people to comply with them and cooperate with the authorities in their enforcement.

Major Hassan Ahmed Al Hosni, Director of the ministry's Public Relations Department, urged the media to widely publicise the new rules to bring them to the notice of all.

The rules are included as amendments in Federal Law No. 7 of 1985, which changes some articles of Federal Law No. 6 of 1973 on Immigration and Residence.

The amendments, approved by the Supreme Council at its meeting in Abu Dhabi last month, were promulgated by the President, His Highness Shaikh Zayed bin Sultan Al Nahyan, through a federal decree. The decree was ratified by the Federal National Council at its opening session on Sunday.

Under the new rules, a visa and

entry permit would be valid for two months and for a single entry. The rules, for the first time, also allow a multi-entry visit visa to be issued, valid for six months.

A fine of Dh100 per day would be imposed on anyone staying in the country in violation of residence regulations.

The new fees of transit and residence visas and other permits issued by the Immigration Department would be as follows:

Entry visa or permit—Dh60
Multi-entry visa—Dh750

Transit visa—Dh50

Residence visa—Dh60

Renewal of visit visa—Dh100

Renewal of transit visa—Dh50

Renewal of residence visa (or permit)—Dh60

Departure fee for all non-AGCC nationals—Dh20

Group visa fee for each person—Dh60

Departure fee for violators of immigration rules—Dh100

Servant card—Dh50

Replacement of lost card—Dh50

/6091

CSO: 4400/89

UNITED ARAB EMIRATES

POPULATION STATISTICS REPORTED

Dubayy KHALEEJ TIMES in English 14 Jan 86 p 1

[Text]

ACCORDING to the results of the 1985 Census, the United Arab Emirates has a population of 1,622,464, which represents a growth of nearly one-third in the country's population since 1980, when the last census was taken. The population in 1980 was 1,042,720.

Also, according to the 1985 figures, the country has 1,052,577 males and only 569,887 females, representing a ratio of 2 to 1.

The figures were announced in Abu Dhabi yesterday by the Minister of Planning, Shaikh Humaid bin Ahmed Al Mualla, at a Press conference at the ministry's premises in Buteen. Shaikh Humaid read out the text of a prepared statement, copies of which were later distributed to reporters.

The country-wide Census was carried out between December 16 and 23 last year. Ministry officials said the figures released are preliminary and a detailed report in book form will be published within a couple of months.

According to the figures, the population of individual emirates was: Abu Dhabi 670,125, Dubai 419,104, Sharjah 268,723, Ras Al Khaimah 116,470, Ajman 64,318, Fujeirah 54,425, and Umm Al Quwain 29,229.

The minister thanked the people, the government and the census staff for cooperating and supporting the effort, which will help the government in planning policies for the future.

This is the third census to be carried out since the UAE was formed in 1971. The first census took place in 1975 when the population was 557,887.

/6091

CSO: 4400/89

AFGHANISTAN

PDPA OFFICIAL DISCUSSES DRA-IRAN RELATIONS

GF220916 Moscow in Persian to Iran 1800 GMT 21 Dec 85

[Statement by Mahmud Barialay, alternate member of the PDPA Politburo and secretary of the PDPA Central Committee, to unidentified Moscow radio correspondent during recent visit to Moscow--date not given; recorded in Dari]

[Text] With regard to relations between the DRA and the Islamic Republic of Iran, (?I would say) the peoples of both these brotherly nations have much in common in the way of culture, history, traditions, and common historical and unservable ties. We have no differences with our Iranian brothers that could estrange us from each other [words indistinct]. The people of Afghanistan have always been brothers and friends to (?their toiling) brothers in Iran. When the anti-imperialist revolution succeeded in Iran it was welcomed with great and befitting enthusiasm and total backing by the revolutionary forces in Afghanistan. Since then, the DRA Government has time and again initiated [word indistinct] aimed at achieving peaceful, friendly, and normal relations with the brotherly people of Iran. Unfortunately [word indistinct] from Iran counterrevolutionary bands are being sent against our country. These bands, with weapons acquired from the imperialist and Western countries, are entering Afghan territory. Unfortunately, under the circumstances, the government of Afghanistan cannot avoid taking special measures against the bellicose actions of Iranian (?officials) who have assumed the right to interfere in the domestic affairs of other countries. However, the foreign policy of the DRA, as declared in all its statements and communiques issued at international conferences and forums, is a policy of peace, of mutual coexistence, of friendship with neighbors, and of unity of all international progressive and peace-loving and revolutionary forces of the world.

Unfortunately, the Iranian Government has not given a favorable answer to the just, democratic, (?correct), and principled positions put forth by Afghanistan. Therefore, the responsibility for this stalemate must rest on the shoulders the ruling circles in Iran.

[Word indistinct] I once more (?speak) of the matter of responsibility. We are against the use of strength or military force in settling international disputes--especially disputes between neighbors. We, as we have said before, want (good), historical, traditional, and friendly relations with the toiling people of Iran. There should be no (?strain) in our relations today, nor should

there be tomorrow between our two friendly peoples. In the end common sense must prevail so that the revolutionary and progressive forces in both countries can form a united anti-imperialist and antireactionary front to pave the way toward economic, cultural, and political multisided cooperation between the two countries.

I once again express my apprehensions regarding the pursuit of the unjust and illogical policy that has been adopted by the ruling circles in Iran and which closely resembles the policies of the imperialist countries, American imperialism, and all other reactionary forces in certain states. I declare once again that we are ready to solve all our differences with the Islamic Republic of Iran by way of talks. The DRA Government has no territorial claims against Iran. (?It does not recognize the existence of any basic differences) with Iran. However, the DRA sees no justification or (?excuse) that could give anybody the right to interfere in the domestic affairs of its (?country).

We hope the Iranian Government, with serene contemplation, will consider the democratic and (?just) proposals of the DRA and will [words indistinct] study them and make favorable changes in its foreign policy with regard to the Democratic Republic of Afghanistan. We once again declare that we have the capability to defend against imperialist forces wherever they may be. The revolution of Afghanistan is democratic and national and is especially anti-imperialist and [words indistinct] the Iranian leaders claim, our (?party line) cannot be (?changed) by anything backed or supported by these leaders. Unfortunately, they say and do different things on different occasions. We express our deep regret at the continuation of these bellicose acts, in the form of unfriendly relations [words indistinct] and say that DRA is ready to discuss our problems with the Islamic Republic of Iran anywhere and at anytime on the basis of mutual respect. We are friends of the toiling people of Iran and believe that no force can sever the common bonds existing between our peoples, as we consider both these peoples equal and brotherly.

/8918

CSO: 4640/167

AFGHANISTAN

KABUL PROVINCE COOPERATIVES CLAIM OVER 3000 MEMBERS

Kabul DEHQAN in Dari 3 Nov 85 p 5

[Text] With the victory of the new and evolutionary stage of the glorious Sawr revolution, according to the progressive agricultural policy of the PDPA, long and effective strides have been taken in the area of agriculture and farming to improve the living conditions of the farmers and enhance the level of productivity. Among such improvements one can mention the creation of agricultural cooperatives and their expansion throughout the country in an ever-increasing pace, even in the most remote villages of the nation.

The toiling farmers who have now, as a result of the revolution, become truly aware of the privileges of the cooperatives, through their voluntary participation they tend to even expand this movement among the rank and file and thus cause the growth and development of the movement throughout the country. On the other hand, through their organic unity and solidarity they have been able to take some constructive steps toward building a modern society and a progressive and more developed agriculture and helped in insuring the provision of foodstuffs for their countrymen.

DEHQAN's correspondent while quoting a responsible official of the Agriculture and Land Reform office goes on to write: In the Kabul Province's hamlets and villages there are 49 agricultural cooperatives which have come about in an effort to increase and improve farmers' agricultural products with a total membership of 3,569 farmers and a capital share of 2,151,400 afghanis and an area of 20,666 acres of land.

Furthermore, in order to expand the growth of cooperative movement, during the first half of the current year another cooperative with a membership of 150 farmers with a capital share of 20,000 afghanis was created in which 73 farmers have been mobilized. Moreover, for the purpose of improving and increasing agricultural products, during the same period 711,950 tons of white fertilizer, 94,150 tons of black fertilizer, 62,400 tons of improved wheat crop seeds and 87.83 tons of sulphur have been put at the disposal of the members of the cooperatives either on credit or on a cash basis. In a like fashion, in an effort to help deserving farmers and members of the cooperatives in their farming and cultivation process, 3,139,945 afghanis productivity loans have been distributed, and similarly proper steps have been taken to market and sell 764 tons of fresh grapes belonging to the orchard owners. Along the same line, a contract agreement for the export of 500 tons of raisins to the friendly country of the Soviet Union has been signed by the members of the cooperatives.

Additionally, to facilitate the process of cultivation and harvest or gathering of the crops of the members of the cooperatives, an area of 450 hectares of land were cultivated by using tractors and utilizing the services of the mechanized stations in harvesting the crops through use of combines. Now that all the members of the agricultural cooperatives have become aware of the benefits and comprehensive privileges of the party and the government in the area of farming, not only do they take more active part in the production of farm products, but also through the formation and mobilization of the rank and file of the struggling members of the PDPA, this savior of the toiling people of the country, join other dependents of the revolution. So much so that until now 148 members of the cooperatives of the various villages of Kabul's Province have membership in the PDPA, another 60 have membership in the democratic youth organization, 920 farmers are members of defending groups of the revolution, and 280 farmers are enrolled in 19 literacy courses. Besides, during the first half of the current year 60 farmers became members of the PDPA, 20 farmers joined the youth organization, 300 farmers united with the defending groups of the revolution and 95 more farmers were enrolled in the literacy courses. These farmers carry a shovel in one hand and most assiduously and devotedly try to increase their farm products and in another hand they carry arms and most valiantly, in order to fulfill the ideals of the party and the revolutionary government, they are fighting against the savage and destructive counterrevolutionaries and are making an effort to realize the very wishes and ideals of their popular and favorite party toward a brighter future.

12719

CSO: 4665/24

AFGHANISTAN

BRIEFS

MUJAHEDIN LAUNCH SURPRISE ATTACK--London, January 29, IRNA--The Afghan freedom fighters conducted a raid on a security post in Qandahar City resulting in the killing of over 30 Soviet Karmal troops and injuries to many others. According to the information received by the agency Afghan Press sources, the Mujahideen launched a surprise attack on the security post established in Bismillah Maktab School in Eidgah Bazaar of the city with rocket launchers and hand grenades. The sudden attack caught the Soviet Karmal troops by surprise and they were unable to fetch their arms and panic prevailed in the premises. The school rooms where the troops were staying, caught fire and were gutted and the troops stationed in the post fled. According to an estimate over 30 troops were killed in the attack and several others were injured. The Mujahideen managed to escape after carrying the operation. [Text] [Tehran IRNA in English 1727 GMT 29 Jan 86 LD] /12913

AID TO MUJAHIDIN--Abu Dhabi, January 23 (WAKH)--Leader of the Afghani Jihad group and Chairman of the Muslim Afghani Union Sheykh 'Abdorrah al-Rasul praised UAE president Shaykh Zayid ibn Sultan al-Nuhayyan's support to the Afghani cause. In an interview with UAE AL-ITTIHAD newspaper, Al-Rasul described the aid extended by the UAE as "varied and continuous." He also noted that other Arab Gulf Cooperation Council members were extending aid to the Afghani Mujahidin. He also said that the situation in Afghanistan was in favour of the Mujahidin who had achieved diverse victories on the battlefield. The leader of the Afghani Jihad group said Afghani Mujahidin have downed 630 Soviet planes, destroyed hundreds of tanks and armoured vehicles and killed several hundred Soviet soldiers so far in battles with the invading Soviet troops. [Text] [Manama WAKH in English 1630 GMT 23 Jan 86 GF] /12913

SOVIET HELICOPTERS DOWNED--Islamabad, 23 January (SPA)--The Afghan Mujahidin shot down a Soviet MIG fighter while raiding the Hasan Kheyl region in Paktia Province in eastern Afghanistan on 10 January. The AFGHAN NEWS AGENCY, mouthpiece of the Mujahidin, reported today that the Mujahidin shot down a Soviet helicopter and hit another helicopter in Qandahar Province on 3 January. The agency also reported that the Mujahidin killed 15 of the invading Soviet and Afghan troops and destroyed two tanks and an armored troop carrier during clashes that took place between the Mujahidin and these forces in the area of (DOB) in Nimroz Province on 9 January. The agency indicated that 73 Afghan troops joined the ranks of the Mujahidin. [Text] [Riyadh SPA in Arabic 1500 GMT 23 Jan 86 GF] /12913

SOVIET COOPERATION IN MEDICINE--Specialists in various fields of medicine from the USSR will cooperate for another two years with Kabul State Medical Institute. An agreement concerning the duration of work of these specialists at Kabul State Medical Institute was signed today in Kabul between the relevant Afghan and Soviet authorities. The agreement was signed by Nabi Kamyar, the minister of public health, from the Afghan side, and by [words indistinct], deputy head of the economic section of the Soviet Embassy in Kabul. BAKHTAR correspondent reports that under the agreement 36 Soviet specialists in various medical fields will continue their cooperation with Kabul State Medical Institute from 1986 to 1988. [Text] [Kabul Domestic in Pashto 1530 GMT 22 Jan 86 LD] /12913

LAND DEEDS DISTRIBUTION - The People's Democratic Party of Afghanistan, which from the very beginning of its inception has had a fundamental and progressive policy toward a more prosperous and happier life and emancipation of the toiling masses from the clutches of injustice and adversity, after the victory of the Sawr revolution, particularly its new and evolutionary stage has taken long and effective strides in ever buttressing the realization of the ideals of the PDPA. For instance, the issue of providing for a happier and prosperous life for our farmers comprised one of the projects of the second stage of the implementation of a just land and water reform which took effect after December 27 in a correct and scientific fashion while paying close attention to all the favorite and popular customs and traditions of the most remote village inhabitants of the country. The DEHQAN correspondent, quoting the director of Agriculture and Land Reform Office, went on to write: Presently, five operation groups are active in the Balkh Province to implement the second operational plan of the democratic land and water reform in five districts. During the first half of the current year they have been able to settle land dispute of 1,442 farmers' families which comprise a total area of 16,161 acres. Furthermore, they have distributed 1,184 acres of land among other farmers gratis. Moreover, during the same period 126 poor farmers' families received new plots of land. [Text] [Kabul DEHQAN in Dari 3 Nov 85 pp 1, 2] 12719

CSOL 4695/1

INDIA

BIOGRAPHICAL INFORMATION ON NEW ASSAM CHIEF MINISTER

Bombay THE TIMES OF INDIA in English 23 Dec 85 p 9

[Text] Guwahati, December 22 (PTI): The son of a village school teacher, the Assam's chief minister-designate, Mr. Prafulla Kumar Mahanta today became the first student to hold such an office.

Mr. Mahanta, who hails from Uluoni village in Nagaon district, is well-known for his softspokenness and cool thinking--two qualities which have endeared him to the people of Assam.

Mr. Mahanta, who became the president of the powerful All-Assam Students' Union (AASU) in 1973 remained in that post till 1985 guiding the six-year old agitation on the foreigners' issue which culminated in the signing of the Assam accord on August 15 last.

Apart from his mother tongue Assamese, Mr. Mahanta is also fluent in English, Hindi, Bengali and French.

Agitation Leader

The bearded Mr. Mahanta, who has been described as the most eligible bachelor of Assam, is a science graduate, besides doing a course in journalism and holding a degree in law.

At present is he doing his L.L.M. from the Gauhati University. Mr Mahanta, who was arrested several times during the agitation steered the movement against foreigners during critical times together with the AASU general secretary, Mr Bhrigu Kumar Phukan.

The dissolution of the Assam assembly constituted in 1983 and holding of fresh elections was part of an unwritten understanding reached between the Centre and the agitation leaders at the time of signing the Assam accord.

The leadership qualities shown by Mr. Mahanta as president of AASU since 1979 made him the natural choice for the AGP president-in-chief when the party came into existence on October 14 this year.

He is also the first chief minister to have won from two assembly constituency in the just-concluded election.

/9274

CSO: 4600/1333

INDIA

ASSAM POLICE CONCERNED OVER RISE IN POLITICAL CLASHES

Calcutta THE TELEGRAPH in English 24 Dec 85 p 1

[Text]

Guwahati, Dec. 23: The Assam police is worried over the statewide rise in the number of clashes between political parties. It was learnt from police sources today that at least 40 cases of post-election rioting have taken place, with two serious incidents where more than 40 people are reported to be injured and one CPI(M) supporter shot dead.

(According to UNI, violence claimed two lives yesterday and resulted in injury to 11 others in two separate incidents. Official reports said one of them was killed in a clash at Dakhin Hengga weekly market in Golaghat subdivision when groups belonging to two different communities clashed. A 36-year-old man was found murdered at Gawalpara in Dhekiajuli police area, 46 km from Tezpur, last night.)

Senior police officers apprehend that the situation might go out of control if the various political parties do not exercise restraint. Already they feel that many incidents of harassment are not being reported.

According to sources, the ma-

for clashes are between the Congress(I) and the AGP with the CPI also filing complaints that its workers are being harassed. The UMF too filed similar complaints.

At Khumtai in the South Hangara area of Jorhat district, 40 persons were injured when a group of tea-garden workers, mainly Muslims and Biharis, attacked AGP supporters. According to reports, the attackers were armed with bows and arrows and other weapons.

District officials alleged that the situation was being engineered to give it communal colour. One CPI(M) supporter was also killed at the Sorbhog constituency yesterday in an armed clash between Congress(I) and CPI(M) supporters. This constituency has returned a CPI(M) nominee, Mr Hemen Das.

There were also some reports from the Boko constituency in Kamrup district regarding harassment of UMF supporters by the AGP. Boko has returned a UMF candidate. Reports of insults, humiliation and some times assaults have also been received from different areas of Guwahati like Maligaon, Zoo Road and Fancybazar.

/9317

CSO: 4600/1314

INDIA

FURTHER LIBERALIZATION OF LICENSING POLICY REPORTED

Calcutta THE STATESMAN in English 28 Dec 85 p 9

[Text] New Delhi, Dec 27--The Government has further liberalized its licensing policy to allow MRTP and FERA companies to invest in 22 industries provided they locate them in centrally declared backward district.

In sum, the Government has delicensed 22 out of 27 industries hitherto prohibited from the MRTP and FERA companies. The five industries to which the delicensing scheme will not apply are: inorganic fertilizers, drugs and drug intermediates, newsprint, portland cement and motorised four-wheelers.

In a major announcement made yesterday the Government, to give a further boost to the industrialization of backward areas, decided to reduce the level of export obligations by MRTP and FERA companies from 50 percent to 25 percent in category 'B' and 'C' districts and dispense with this requirement in regard to category 'A' backward districts.

New industries which have been opened to MRTP and FERA companies on the basis of prescribed level of export obligation are: pig iron, optic fibre, energy efficient lamps, midget carbon electrodes, shock absorbers for railway equipment, synthetic diamond, brake system for railway stock and locomotives, engineering and industrial plastics products.

Industrial undertakings with investment below Rs 5 crores are not at present required to obtain an industrial licence. However, one of the conditions of the exemption from licensing is that the foreign exchange required for import of raw materials or components in such units should not exceed 15 percent of the ex-factory value of annual production or Rs 40 lakhs, "whichever is less."

On account of rise in cost of raw materials, the Government has decided to raise the limits to Rs 75 lakhs subject to a ceiling of 15 percent of the cost of ex-factory value of the annual production. However, these limits would not apply in case of industries in respect of which specific phased manufacturing programmes are approved by the Government.

The Government also decided to reintroduce a modified and more liberalized scheme of re-endorsement of capacities which came to an end in March this year. (This scheme was available to units which had utilized the licensed capacity to the extent of 94 percent and 358 industrial units had taken advantage of it).

All licensed units which have achieved 80 percent of their licensed capacity during any of the five years preceding March 31, 1985 will be eligible under the new scheme. The capacity will be re-endorsed to the extent of the highest production achieved during any of the previous five years plus one-third thereof.

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CSO: 4600/1327

INDIA

COMMISSIONING OF INDIGENOUS WARSHIP REPORTED

Specifications Noted

Bombay THE TIMES OF INDIA in English 27 Dec 85 p 12

[Text]

BOMBAY, December 26.

THE Prime Minister, Mr. Rajiv Gandhi, will commission "INS Ganga" into the Indian Navy on Monday. The ship, designed entirely by the Navy, will join the western naval command headed by Vice-Admiral Subimal Mookerjee, flag officer commanding-in-chief.

"INS Ganga" represents a quantum jump in Indian warship design expertise, VASM Mookerjee told newsmen on board the newly-constructed ship today.

The Indian Navy's capability in designing, constructing and equipping a large-general purpose frigate capable of providing a command and control platform for extended blue-water operations had earned for it a healthy respect from the navies of littoral nations, VASM Mookerjee said.

SEAKING COPTERS

The ship will carry and operate two large Seaking helicopters capable of providing air and sub-surface support to the vessel. When the improved version of Seaking joins the ship by the middle of next year, "INS Ganga" will be the best "weight for weight".

VADM Mookerjee said that the navy's achievement lay in making a design that provided scope for growth. "There is still a lot of space that can be utilised for matching the needs of contemporary weapon system."

He described the deterrent striking power of the warship as "enviable".

The navy has been able to interface diverse systems—radar, sonar, action information—in its operations control room that represents hardware and software of eight countries exquisitely harmonised. Electronic warfare systems and the entirely indigenous sonar monitor as also the missile launch constitute the frigate's main features.

The ship has considerable capability for anti-missile defence to combat the threat of low-flying anti-ship missiles in the arsenal of the navies operating in the Indian Ocean. This includes anti-missile gunnery and missile systems as also electronic seduction devices to provide defence in depth.

INDIGENOUS COMPONENT

The ship which displaces, 4,000 tonnes, has been built at Mazagon Docks Ltd., Bombay, and has a crew complement of 330, including 30 officers. The overall indigenous component is 72 per cent, 12 per cent more than her own class predecessor.

The ship, the second in the Godavari class, was launched in mid-1980. The third ship in the same class, Gomti is being fitted and is likely to be commissioned in 18 months.

Meanwhile, VADM Mookerjee said that "INS Godavari" was being retro-fitted to receive the improved version of Seaking.

"INS Ganga" is bigger than a conventional frigate and is somewhat similar to a cruiser.

Gandhi at Launching

Calcutta THE TELEGRAPH in English 31 Dec 85 p 4

[Text]

Bombay, Dec. 30: The Prime Minister, Mr Rajiv Gandhi, commissioned the multipurpose, guided missile frigate, INS Gangga, at the naval dockyard here early this morning.

A short ceremony to the accompaniment of the naval band heralded the frigate's entry into the western naval fleet. Mr Gandhi lauded the range of modern weaponry aboard the ship and congratulated the navy for its capability in designing and constructing of the vessel—built at the Mazagaon dock with 72 per cent indigenous components. He said indigenisation was not enough, and five to six years for construction of a ship was too long. Ship-building activity had to be speeded up, he said.

Mr Gandhi praised the ship's highly sophisticated, completely computerised action information system, which computes and presents data required for strategic decisions and targeting weapons and its new sonar system built by Indian defence scientists.

"We must not just make ships that are as good as others. We must make ships which are better than those everywhere else. We should take quantum leaps in technology and look ahead," he said. While saying that the Navy should extend its blue water operations taking advantage

of the country's exclusive economic zone, Mr Gandhi suggested that ships should also be so equipped that they do not affect the environment.

Mr Gandhi said the ships "must be sophisticated, indigenous and have a capability for anti-missile defence." The Navy should be equipped with modern aircraft-carriers and submarines to effectively carry out its role, he added.

The most sophisticated electronics equipment in the world would be of no use if the personnel operating them were not fit to do so. "Training must be the key to the optimum utilisation of equipment," he said, stressing the importance of discipline and loyalty.

The chief of naval staff, Admiral R.H. Tahliyani, hoped the ship would fly the Indian tricolour for more than three decades.

Vice-Admiral L.R. Mehta, chairman and managing director of the Mazagaon dock, said six Leander Class frigates had been built by the dockyard since the commissioning of INS Nilgiri by Mrs Gandhi in 1972. He added that work had started on the design of the next generation of frigates. These would be larger and more powerful than the Godavari Class. Their construction is scheduled to commence in 1987, he said.

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CSG: 4600/1328

INDIA

SPACE AGENCY UNIT FOR LIQUID PROPULSION SYSTEMS

Madras THE HINDU in English 14 Dec 85 p 9

[Text]

TRIVANDRUM, Dec. 13.

The Indian Space Research Organisation (ISRO) is setting up a new 'liquid propulsion systems unit (LPSU)', to consolidate expertise in the field, by amalgamating the existing auxiliary propulsion systems unit (APSU) and the liquid propulsion project. It will have—as did APSU—one branch in Trivandrum and the other in Bangalore.

Talking to THE HINDU, Dr. S. C. Gupta, Director of the Vikram Sarabhai Space Centre here, said this was part of the organisational changes being made to facilitate greater interaction and coordination, and for better technical management. The LPSU would be able to meet more effectively the technological challenges of developing liquid-fuelled engines for the polar satellite launch vehicle (PSLV) planned for 1989 and for the far more powerful fourth-generation geostationary satellite launch vehicle, scheduled for the early 1990s.

Attempt to coordinate work: Hitherto, the liquid propulsion project was part of VSSC, while the APSU did not come under any of the four ISRO units, but reported directly to the ISRO chairman. This could give rise to situations like the PSLV's second stage liquid engine being entrusted to the liquid propulsion project and its fourth stage liquid-fuelled engine to the APSU.

Since the APSU's branch here did not have adequate space for its work at VSSC, it would operate out of the Vallamala complex along with other groups involved in the development of the PSLV. The Vallamala complex itself will remain part of the VSSC. The Mahendragiri facility, concerned with liquid engine testing, would obviously come under the LPSU. The new unit, as APSU before it, will depend on the VSSC for a variety of things, including materials development, structural analysis, large-scale computing, and control electronics.

Dr. A. E. Muthunayagam, who headed both the APSU and the liquid propulsion project, will head also the newly-created LPSU. The VSSC would continue to have overall responsibility for the development of all launch vehicles, Dr. Gupta affirmed.

The existing eight groups or so in the VSSC would increase to 12, both by upgradation of what were only divisions and through the creation of altogether new groups. Many of these with continuous interests, would be clubbed to form entities or areas, each headed by a Deputy Director.—Our Staff Reporter.

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CSO: 4600/1313

INDIA

FINANCE MINISTER URGES HIGH-TECH IMPORT FROM USSR

Calcutta THE TELEGRAPH in English 3 Jan 86 p 8

[Text]

New Delhi, Jan. 2 (UNI, PTI): The Union finance minister, Mr V.P. Singh, today underscored the need for striking a balance in the rupee trade framework for providing stability and meeting the country's essential requirements during the crucial Seventh Plan period.

Inaugurating a seminar here on "Indo-USSR trade and economic relations", Mr Singh said this was necessary to avoid strain on the delicate balance of payments situation.

The minister said the new five-year trade and payments agreement, concluded with the Soviet Union envisaging a one-and-a-half times growth in the two-way trade, should be viewed in the perspective of the world economy.

He cautioned that the prognosis of continued stagnation, coupled with protectionist tendencies of some industrialised nations in the same sectors in which India had export potentials, was going to "make our task of exports difficult."

Mr Singh pointed out that in order to sustain the eight per cent projected growth of industrial production during the Seventh Plan, the country would require inputs of capital goods, raw materials and technology.

"In this situation, the framework of rupee trade on a balanced basis would provide a factor of stability and a mechanism

for meeting many of our essential requirements during this every important period," he observed.

Commending Indo-Soviet cooperation in various fields, he said the trade between the two countries was expected to amount to Rs 4200 crores last year as compared to Rs 1.3 crores in 1953.

Mr Singh said the Soviet Union has high technology in a number of areas. "It may be fruitful to discuss as to how the potentials in this area can be fully utilised and, if there are any difficulties, how they might be overcome," he felt.

He said through such imports India could generate the rupee which could be utilised by the Soviet Union to pay for India's exports to that country.

He also called for strengthening the supply base especially in textiles and garments, electronics goods, chemicals, leather and engineering sectors to fully realise the projected flow of trade in these spheres.

Mr Singh said India and the Soviet Union shared the common objective of peace and friendship. "Science harnessed in the service of man and peace can open new vistas of positive human endeavour and lead to a quantum jump in the growth of economic and trading cooperation among the various countries in the world," he added.

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CSO: 4600/1338

INDIA

FOREIGN HELP SOUGHT IN EXPLOITATION OF COAL RESOURCES

Calcutta THE TELEGRAPH in English 3 Jan 86 p 9

[Text]

New Delhi, Jan. 2: India produced 89.49 million tonnes of coal during the period April-November, 1985 compared to 87.5 million tonnes in the corresponding period in 1984.

Coal despatches to various consuming sectors amounted to 95.9 million tonnes in April-November 1985 against 86.74 million tonnes in the same period in 1984, according to an official statement here.

As a result of the stocking policy, a sizeable demand has been met by draw down of pithead stocks which stood at 19.71 million tonnes as on December 21, 1985 compared to 28.31 million tonnes as on March 31, 1985. The stocking policy has been introduced since April 1985 to reduce the pithead stocks. Under this policy, the maximum coal stock that a subsidiary company as a whole can maintain, is restricted to one month's production. In respect of individual collieries, this limit is three months' production. The collieries have been directed to maintain stocks sufficient to ensure loading of all the wagons that become available for loading.

It has been recognised that the increase in the scale of operation and the use of sophisticated machinery in the coal mining sector will require special emphasis on the use of electronics in mines. Electronics and compu-

ters will be introduced in some coalmines in the next few years. Efforts are being made to induct specialised technology and sophisticated equipment, where required, to enable the Indian coal industry to tackle specific geo-mining problems.

A coal gasification programme is also being taken up with Soviet assistance.

Keeping in view the ambitious production targets to be achieved in the Seventh and subsequent plans, active cooperation is being pursued in the coal sector with advanced coal countries like the USSR, UK, France, Poland, the FRG, the GDR and Australia.

Particular attention has been given to ensure that the consumers received the quality and quantity of coal that is mentioned in their contracts.

A joint sampling and inspection system has been introduced in the coal industry for this purpose. Coal consumers have been advised to have their representatives at the coalmines for the purpose of carrying out joint sampling.

Reduced complaints: The colliery managers have been given specific instructions to ensure that stones and shales are not weighed with the coal. The percentage of coal despatched through coal handling plants had reached 80 per cent as on September 30, 1985. As a result of these measures, the number of complaints from consumers

has come down considerably.

During 1985, 16 new coalmine projects were sanctioned with a total coal production capacity of 17.42 million tonnes at a sanctioned cost of Rs 1,008.81 crores.

In order to ensure the completion of projects according to their implementation schedule, the progress of projects is reviewed at various levels. In case of major projects costing Rs 100 crores and above, the coal companies are submitting flash reports. In the department of coal, quarterly monitoring reports received from the coal companies are examined and on the basis of analysis review, notes are prepared for discussion at the performance review meetings conducted by the coal secretary. The senior officials of the department of coal also visit the major projects for an on-the-spot review.

During the year, the Union government approved the formation of two new subsidiaries of Coal India Limited, namely, Northern Coalfields Limited (NCL) with headquarters at Singrauli and Southeastern Coalfields Limited (SECL) with headquarters at Bilaspur. The NCL covers the Singrauli division of the Central Coalfields and the areas of operation of SECL include the Bilaspur division of Western Coalfields and Orissa (Talcher area) of the Central Coalfields.

/9317

CSO: 4600/1338

INDIA

BRIEFS

SOVIET BATTERY PURCHASE--New Delhi, January 4--The Soviet Union has shown interest in buying submarine batteries from a Bombay-based company which has been supplying these to the Indian Navy. India and Japan are the only Asian countries that manufacture the sophisticated high-technology storage batteries for submarines. The batteries manufactured in Bombay were tested by the Soviets who supplied eight FOXTROT submarines and they found these to be superior in performance to those fitted in the original equipment. The Standard Batteries which already export a range of batteries to several countries including the USSR also meet the requirements of the nuclear power stations and other special users. [Excerpt] [Bombay THE TIMES OF INDIA in English 5 Jan 86 p 13] /9317

RADAR FROM NETHERLANDS--New Delhi, December 31 (PTI)--The government has placed orders for the Dutch "Flycatcher" air defence radar system which has been found to be the most suitable after evaluation and trials by the army. The "Flycatcher" will replace the old fire control system for the L-70 anti-aircraft guns and will be produced indigenously later. The artillery unit had also evaluated the Swiss "Skyguard" system but found the Flycatcher to be more suitable, army authorities told PTI. The authorities said there was no truth in a report that the government had gone in for the "Flycatcher" overruling the recommendation of the army. [Text] [Bombay THE TIMES OF INDIA in English 1 Jan 86 p 23] /9317

BEARINGS FROM USSR--Bombay, December 30--An agreement was signed between Parrys (eastern) Pvt Ltd, and Stankoimports of the USSR for the import of antifriction bearings to India on the closing day of the exhibition of Soviet machinery and equipment in Bombay on Saturday. Mr S.D. Parkash, Parry's director said that the contract with the USSR was worth Rs 4.2 million only, but negotiations were on for raising it to Rs 20 million within the next two months. He said that India started importing Soviet ball bearings in 1954 with an initial order of half million rupees and touched the 70 million-rupee mark in 1983. As India was now producing few of the kind which it was importing earlier from the USSR, both countries were exploring the possibilities of buying different types of antifriction bearings from the USSR, Mr Parkash added. [Text] [Bombay THE TIMES OF INDIA in English 31 Dec 85 p 13] /9317

INDO-SOVIET POWER COOPERATION--New Delhi, December 27--India signed with the Soviet Union a protocol on cooperation in the power sector today at the close of five days of discussions. The working programme of cooperation for 1986-90 is directed towards increasing power generation and reliability. The programme is to be carried out by way of joint execution of power, projects, both thermal and hydel, and modernisation of existing ones. The Soviet Union is assisting India in the construction of the first phase of the Vindhyachal super thermal power station in Madhya Pradesh consisting of six units of 210 MW each. The first unit is scheduled to be commissioned in June 1987, and the progress of work is satisfactory. Soviet assistance is also available in the construction of the Kahalgaon super thermal power station in Bihar consisting of four units of 210 MW each. The first unit is scheduled to be commissioned by July 1980, followed by subsequent units at six month intervals each. [Text] [Bombay THE TIMES OF INDIA in English 28 Dec 85 p 9] /9317

SOVIET FIREFIGHTING EXPERTS--Ahmedabad, December 20 (PTI)--Fire-fighting experts from Russia and special equipment from Bombay have reached Kadi in north Gujarat where a major operation to tame the six-day-old oil well fire is to be launched in a day or two. The chief Soviet advisor to the ONGC, Mr C.I. Creanev, who visited the fire site with the ONGC chairman, Col S.P. Wahi expressed his satisfaction with the measures taken by Indian officers to control the fire and eventually extinguish it, an ONGC press release said here today. [Text] [Bombay THE TIMES OF INDIA in English 21 Dec 85 p 1] /9317

CHIEF ELECTION COMMISSIONER--Mr R.V.S. Peri Sastri has been appointed as the new Chief Election Commissioner of India with effect from 1 January, reports PTI. Mr Sastri will become the country's eighth Chief Election Commissioner succeeding Mr R.K. Trivedi who retires from office on Monday. Until now, Mr Sastri was the Secretary (Legislative Affairs) in the Ministry of Law and Justice. He is an expert in constitutional laws and election matters. The decision to appoint Mr Sastri was taken at the meeting of the Cabinet Committee on Political Affairs (CCPA) in the morning. The meeting was held in the plane when Prime Minister Rajiv Gandhi was going to Jaipur from Bombay. Home Minister S.B. Chavan and Minister for Human Resources Development P.V. Narasimha Rao attended the meeting. The CCPA meeting in the air was a proper one with an agenda, according to official sources. It is probably the first time that a CCPA meeting has been held in the air, necessitated by time constraints and Mr Gandhi's hectic schedule. [Text] [New Delhi PATRIOT in English 31 Dec 85 p 1] /9317

PACT WITH ROMANIA--A long-term trade and payments agreement between India and Romania for the years 1986 to 1990 was signed in Bucharest on 20 December last, reports PTI. The agreement was signed by Minister of State for Home P.A. Sangma and Romanian Minister for Foreign Trade and International Economic Cooperation Vasile Pungan. The agreement envisages a total turnover of Rs 6 billion in 1990 and provides that both sides will export commodities and manufactures on a balanced basis. Wide ranging talks were earlier held between Mr P.A. Sangma and Mr Vasile Pungan, the

leaders of the two delegations. The two sides agreed that necessary conditions exist for further strengthening and diversifying the trade and economic cooperation between the two countries. The scope for cooperation in the third country projects was also underlined. The Indo-Romanian trade is presently around Rs 2 billion and is expected to grow three times during the next five years. India exports a variety of items including iron ore, manganese, bauxite, soya extractions, cotton, machine tools, tea and coffee etc. The oil field equipment steel, chemicals and fertilisers etc are the major imports. A special feature of the agreement is the long-term trade plan under which both have agreed on long-term contracts for selected commodities. [Text] [New Delhi PATRIOT in English 26 Dec 85 p 2] /9317

FIRST INDIUM DISCOVERY--Nagpur, Dec 24 (UNI)--Petrological studies on core specimens from the Tosham Tin project in the Bhiwani district of Haryana have revealed presence of a number of minerals, including the rare copper indium sulphide. This is the first reported find of indium in India. The rare indium mineral requisite from the Tosham assemblage was identified by Dr Seetharam, MEC petrologist with the help of a laser micro-analyser procured by the Corporation. Mineral Exploration Corporation (MEC), Nagpur is carrying out detailed exploration for tin in the Tosham area based on preliminary work done by the Geological Survey of India (GSI). Indium is finding increasing applications in the electronics industry, the manufacture of semi-conducting devices like transistors, photo-voltaic cells and rectifiers and also in liquid crystal display units. The copper-indium-selenide film in a photovoltaic cell is said to be cheaper and more efficient than germanium or silicon wafers, indium is also used in the manufacture of special lubricants, corrosion inhibitors, decoration plating and special sleeve bearings, special alloys for aircraft pistons engines, high performance sports cars, dental casts, jewellery, fusible plugs, links and soldiers. Indium is said to be a 21st century metal and its incidence and recovery is being followed with keen interest in the developed countries. [Text] [New Delhi PATRIOT in English 25 Dec 85 p 5] /9317

INDIAN-CANADIAN PROTOCOLS--New Delhi, Dec 19--India and Canada yesterday signed two protocols under which a credit of Canadian \$198 millions (approximately Rs 200 crores) for purchase of equipment for the oil and gas sector and a grant of Canadian \$5 millions (approximately Rs 5 crores) for Indian training requirements in Canada have been provided. Under the terms of the first protocol, the Canadian International Development Agency (CIDA) and Export Development Corporation (EDC) of Canada have agreed to provide a loan of Canadian (198 millions to finance the import of Canadian capital goods and services in the oil and gas sector. The EDC share of this credit is Canadian \$123 millions and that of CIDA is Canadian \$75 millions. The loan extended by CIDA will carry a 9.85 percent interest and is repayable over 10 years in 10 equal instalments. The EDC loan is repayable over a period of 50 years. Under the second protocol, CIDA will grant Canadian \$5 millions for funding the training of selected Indian personnel in Canada and in India. [Text] [Calcutta THE TELEGRAPH in English 20 Dec 85 p 9] /9317

GAS OFF ANDAMANS--Dehra Dun, Dec 17 (PTI)--Scientists at the Keshav Deva Malviya Institute of Petroleum Exploration here have discovered what they believe to be a huge deposit of gas hydrate under the seabed off the coast of little Andamans island. Gas hydrate is natural gas trapped in ice crystals. If the find is confirmed, it will be the first record of gas hydrate in India's offshore, an institute scientists, Mr Chopra told PTI. The size of the gas hydrate deposit off Andamans is yet to be determined. No country has so far exploited the gas hydrates because of the potential hazards in recovering them and lack of technology, Mr Chopra said. A huge potential for natural gas has also been found in a 2,500 sq km area in Abera of the Vindya basin in Madhya Pradesh, Mr V. Ratan of the institute told a science conference here today. Some 200 scientists are attending the conference on the development of methods for direct detection of hydrocarbons (oil and gas). Dr P.S. Naidu of the Indian Institute of Science, Bangalore, said it may soon be possible to use sound waves of the right frequency to actually "see" oil and gas reservoirs in three dimensions in the same way as doctors see inside organs using x-ray and ultrasound tomography. The conference has been organised by the Keshav Deva Malviya institute, a research organisation of the oil and natural gas commission, to highlight the need for new detection techniques. Another oil pool in western offshore of India has been predicted by seismic studies carried out by the exploration and development directorate of the ONGC, the conference was told. Studies at the institute of drilling technology here have also shown that presence of oil could be predicted by the presence of heavy metals such as titanium in sub-soil. Mr Sumesh Sinha of the institute told the conference that heavy metal survey "can work as an exploration tool for the detection and prediction of the extension of an oil pool avoiding wasteful expenditure in drilling dry holes." Scientists of the Indian School of Mines, Dhanbad, have succeeded in detecting oil field on the basis of the presence of certain bacteria in the soil above. These bacteria thrive on the gaseous hydrocarbons that seep from reservoirs. On the basis of geo-microbiological techniques the scientists have predicted "great prospects" for oil or gas in the exploratory areas of Marsapur and Razole in the Godavari basin in Cauvery basin and Pakhajan in Cambay basin. [Text] [Calcutta THE TELEGRAPH in English 18 Dec 85 p 5] /9317

INDO-NETHERLANDS AVIATION AGREEMENT--New Delhi, Dec 19--India and the Netherlands yesterday signed an agreement on civil aviation which among other things provides for a joint venture between KLM and Air-India. Under the agreement, the existing twice-weekly service of KLM between Amsterdam and New Delhi would be supplemented by a third service on the same route. It is expected that this would increase the tourist traffic coming into India. It was further agreed that the two existing frequencies of KLM as well as the third frequency would be covered by a joint venture between KLM and Air-India, the fruits of which would be shared by the two airlines. So far, on account of the unilateral operations by KLM, no benefits were accruing to Air-India. [Text] [Calcutta THE TELEGRAPH in English 20 Dec 85 p 5] /9317

KERALA-CONGRESS MERGER--Cochin, Dec 23 (UNI)--The Democratic Janata Party (Kamalam group), a constituent of the ruling United Democratic Front in Kerala, formally merged with the Congress(I) here today. The merger resolution was ratified at a special convention of the party workers attended by Mrs M. Kamalam, party nominee in the state Cabinet and lone party MLA. The group opposed to the merger led by the party president, Mr Joseph Mathen, has expelled Mrs Kamalam from the party. [Text] [Calcutta THE TELEGRAPH in English 24 Dec 85 p 6] /9317

CSO: 4600/1346

IRAN

TEHRAN-TEL AVIV ARMS RELATIONSHIP 'REVEALED'

London KEYHAN in Persian 23 Jan 86 pp 1, 14

[London KEYHAN weekly in Persian; founder and publisher Dr Mesbahzadeh]

[Text] Vienna—KEYHAN News Service—Former Austrian Foreign Minister Erwin Lanc unveiled the details of the clandestine export of arms to Iran and announced that Israel played the role of middleman in these events. In a television interview he announced that since the Austrian government and the government company Wust Alpine were prevented from exporting weapons and some spare parts to Iran, this was done through Israel. In reality Israel played the role of middleman in arms dealings between Iran and Austria.

Erwin Lanc, who went to Tehran three years ago as Austrian Foreign Minister and made preparations for Wust Alpine's contract with the Islamic republic. He was accompanied by the city prosecutor of Lentz, which is the headquarters for the government company and Wust Alpine. At 8:30 on Thursday 16 Jan they took part in the Austrian weekly television domestic news program. On this program the city prosecutor announced that the directors of the Wust Alpine Company would be indicted for signing a contract of 40 billion shillings, or around 2.2 billion dollars with the Islamic republic.

It was announced on the Austrian television program that the total value of the contract signed by the government company Wust and its affiliates with the Islamic republic in exchange for oil purchases was more than 40 billion shillings, to be carried out in the form of barter. In exchange for oil purchased from Iran, Austria was to give this country weapons, spare parts, and chemicals. Because of the drop in oil prices, however, the decline in the dollar, and the prohibition on arms shipments to Iran, the Wust company, which was compelled to continue its contract with Iran and to ship what was called for in the contract, decided to conduct its arms bartering secretly through international middlemen, paying extraordinary fees to the middlemen to have them convey export goods to Iran. The largest of these middlemen was Israel, and it was announced that all the executives of the Wust Alpine company and its affiliates were aware of these dealings and their relation with Israel. In order to make up for the losses sustained through this process, Inter-Trading, the commercial branch of the West Alpine company, which signed an oil contract by paying bribes to a group of Islamic republic officials, was forced to build a steel production plant in a Central American Country. The cost of building this plant was more than 5.4 billion shillings, around 300 million dollars, but since its operation brought additional losses, the company was forced to sell these installations at about half the finished price, or 2.8 billion shillings to this country on long-term payments, and this brought enormous losses to the government company Wust Alpine, and, consequently, to the Austrian government.

In addition, the Inter-Trading company signed another contract to sell oil purchased from Iran to South Africa, which brought losses of more than two billion shillings to the Austrian government after the drop in oil prices and the continued decline of the dollar.

According to what was said in the television program in which several Austrian officials and news reporters participated, the total losses taken by the Wust Alpine Company and its affiliates as the result of playing the oil game was more than 5.7 billion shillings; some sources estimate this figure at around 18 billion shillings, or one billion dollars.

The Lentz city prosecutor is currently investigating the files on these transactions. He announced on television that if necessary he will even summon the Minister of Nationalized Industries in connection with this irreparable loss which has brought the Austrian economy to the brink of bankruptcy.

Erwin Lanc, former Austrian Foreign Minister, who traveled to Iran three years ago to sign an economic contract, has been drawn into the question of these losses, and there may be a subsequent furor over this.

The discovery of abuses in transactions with the Islamic republic has caused the socialist government of Austria, which has until now cooperated closely with the regime of the Islamic republic, to revise its policy on Iranians living in Austria and the question of their residency because of having sustained irreparable losses. In the last two weeks alone it has told 200 Iranians whose residency had been approved that they must leave Austria. Furthermore, in recent weeks Austrian police have been keeping suspicious Iranian elements, mostly affiliated with the regime of the Islamic republic, under surveillance. It is an absolute certainty that the arrest of several smugglers in the last few weeks who have been operating in Austria for several years is connected with these events.

9310

CSO: 4640/154

IRAN

LIBYA'S CASE 'REVEALS U.S. STATE TERRORISM'

Tehran JOMHURI-YE ESLAMI in Persian 11 Jan 86 pp. 1,12

[Text] In the name of God, the Merciful, the Compassionate. Ultimately, several days after the American president Reagan's propaganda barrage against the Libyan government, the American Department of Justice, as a tool for heating up the market for this gangster propaganda, aligned itself with Reagan and his cohorts in order to add a so-called legal facet to Reagan's game. Last Wednesday the American Department of Justice announced: Americans who openly ignore Reagan's order to leave Libya will face the penalty of a \$50,000 fine and ten years in prison.

The interesting point in this decision by the American Department of Justice is that a judicial organization in a country such as America, which espouses democracy and human rights, should feel obligated to endorse in the form of legal punishments the very thing the president has chosen to use to warn those who act against his wishes and want to use their recognized legal rights to live and work in a certain part of the world. Yet none of America's laws require the Department of Justice to submit to the president immediately and without question.

The American Department of Justice has thus acted in support of American state terrorism in submitting illegally and without reason to Reagan's personal desires by establishing penalties which have no legal foundation for persons who have committed no crime, and it has helped reveal another part of the American ruling apparatus. How can the American Department of Justice allow itself to establish penalties for people who do not wish to submit to the insane demands of Reagan, who was a movie actor and is now playing the role of a movie gangster as president, and the very penalties established previously by Reagan according to his own desires? This is a question for world public opinion, including the people of America themselves, and no American Justice Department official has a convincing answer.

The message of the American Justice Department is that American citizens have the right to decide freely where to live and work, but only within the framework of Reagan's demands. Of course it is not at all unlikely that someone like Reagan would behave in such a selfish and dictatorial way, but it is not to be expected that a legal and judicial organization, and in a country which tries to portray itself as the cradle of civilization, freedom, and respect for human rights, would make such a huge blunder. This decision is in conflict with the Human Rights Declaration which is loudly espoused by all Western governments, America foremost among them, and there is no justification for it. The American people thus have the right to ask their justice department officials why they make decisions that show that the American president is the one who makes policy for his country's judicial powers. They have the right to ask why these officials have laid the foundation for discrediting the American judicial apparatus.

In the midst of this, what is worthy of the consideration and careful attention of intellectuals and thoughtful people throughout the world is the oppression visited upon humanity in today's world by the American Justice Department's illegal and inhumane decision to establish heavy penalties for people who refuse to violate their own rights to meet Reagan's demands as he himself has stipulated, and the propaganda barrage from the world media concerning this adventurous step by Reagan which has no logical or reasonable basis. When women, children, and old people are being massacred by Zionists in Palestine, the imperialist propaganda horns either remain silent or try to justify these tragic crimes, but when the Palestinian refugees cry out from the oppression they and their nation have suffered, these same horns are used to condemn them. When a few spies are tried and condemned in the Islamic Republic of Iran, all the poisoned pens are put to work and all the imperialist radio stations raise an uproar saying human rights have been violated, but when the false proponents of human rights mobilize an army wherever they wish and violate any rights they wish, not only is there not the slightest protest from these same pens and radio stations, they even look for ways to justify these inhumane acts.

The Libyan episode is also clear in the midst of all this. Just as America could do no wrong in Iran, it can do no wrong in Libya. The upshot of all this propaganda, opinion preparation, terrorism, and threats is that with the American Justice Department's decision the Libyan episode has been able to partly remove the veil of hypocrisy and trickery from America's detestable face, and to make state terrorism, led by Reagan, more evident than before.

9210

CSO: 4640/155

IRAN

PRIME MINISTER INAUGURATES GAMMA RAY CENTER

Tehran KEYHAN in Persian 25 Nov 85 p 2

[Text] The Iran Atomic Energy Organization's gamma ray center was inaugurated yesterday afternoon by Prime Minister Engineer Mir Hoseyn Musavi. When this center goes into operation, medical equipment will be sterilized with gamma rays for the first time.

This project, which is the first of its kind in Iran, is ready to go into operation after two and one-half years. Likewise, with gamma sterilization, single-use medical implements such as syringes, cotton, blood bags, and eyedroppers will be reusable.

According to this report, after opening the center Engineer Musavi gave a talk to reporters. He said: This center, where specialists and committed workers have relied on their own ethics and creativity, shows the country's inclination towards independence and freedom. At the same time, this complex shows a precise research effort in the service of the country's economy. The innovations put to work at this center are a movement towards attaining the high aspirations of the Islamic revolution. Engineer Musavi stressed: The government will decisively support such movements.

The Prime Minister then spoke at a gathering of Atomic Energy Organization employees, discussing the need of a revolutionary society for specialist forces. He said: If specialists perceive the greatness of independence, they will resolve to serve the people. Engineer Musavi also expressed satisfaction with the situation in the Atomic Energy Organization. Noting that the distance between study and application is not great, he called for the continuation of extensive studies by domestic specialists. He said: The dictates of the revolution and the demands of society call for studies that correspond to society's natural needs. In this way, there will be a greater growth of scientific complexes. Concluding his remarks, the Prime Minister recommended that organizations of this type develop their theoretical and scientific foundations by establishing relations with the universities.

9310
CSO: 4640/148

IRAN

PROSECUTOR GENERAL URGES DEALING WITH ENEMIES DECISIVELY

Tehran KEYHAN in Persian 24 Nov 85 p 3

[Text] Hojjat ol-Eslam Musavi Khu'iniha, Prosecutor General, took part in the revolutionary guard morning ceremonies. He gave a talk discussing the necessity for decisive combat with foreign and domestic enemies of the Islamic revolution.

He began by discussing the ongoing fight with world imperialism. He said: In order to strengthen the fronts and continue the military fight against imperialism, we must shut down corrupt imperialist domestic economic footholds, for their survival does harm to the fronts and weakens the values of the revolution.

Continuing his remarks, the Prosecutor General said: Today our nation is the standard bearer in the fight against imperialism. World imperialism is therefore also united to destroy this nation. He noted: The Muslim nations of the world, taking inspiration from your struggles and your Islamic revolution, will arise. They will drive reactionary and dependent governments out of the political and administrative lives of their countries.

Stressing the continuation of the fight on the foreign and domestic fronts, he said: We must mobilize all of our capabilities to fight the foreign enemy in order to cut off the hand reaching through Saddam's sleeve. If in this war we show the world the truth that Islam is fiercely fighting anti-Islamic forces, then nations will come to us and realize that Satanic powers, with all their hellish forces, are weak before Islam.

He added: If we do not achieve our ultimate objectives in this war, if we display weakness, and if the enemy draws us into compromise, all of our revolutionary slogans will be lost in the wind. Today the splendor of all of our revolutionary slogans is manifested at the war fronts against oppression. With regard to strengthening the fronts, he said: Today, with a victory in the war, we must show the world whether or not this revolution has the ability to lead and guide the oppressed people of the world. He noted: We will be successful at the fronts when we cleanse the country of impure and corrupt elements from within, because if there are elements within the country which are all blocking the great movement of the people, it will weaken the fronts.

The Prosecutor General added: At the same time there have been people who have not conformed to the revolution and whose hearts still support the corrupt monarchy. For them, the sacred atmosphere of the Islamic republic has no right to exist. He added: If this group is not dealt with decisively, it will rot the revolution from within. He then cited the idolaters and economic terrorists as America's domestic economic bases. He said: If they remain, they will create

conditions for a compromise between us and world unbelief. They also insinuate that the people have grown weary of war. Despite the economic pressures and the imposed war, this group continues to amass wealth through every means.

He added: This group must be dealt with decisively, because they are plotting, knowing that if Islamic values are established they will not be able to remain. They will use various tricks to assault Islamic values, because someone who accumulates wealth through religiously unlawful means must create a sinful environment in order to spend it. Stressing the dangers arising from the economic footholds of imperialism, he said: In the course of the struggle with the foreign enemy, the various domestic shackles of imperialism must also be broken, and we must be vigilant that they do not find a favorable environment for growth.

He added: As long as the idolaters exist, there is no point in planning to help society's deprived people. Of course their numbers are not large: throughout the country there are no more than a few thousand of them, but they are dangerous because they are powerful. If the rights of thousands of oppressed people are trampled, it is as if nothing has happened, but if one of them injures a hand, it is as if something momentous has occurred. In conclusion he expressed the hope that as this sacred movement advances, when our revolutionary guards return victoriously from the front the domestic enemy's foothold will have also been destroyed.

9310

CSO: 4640/148

IRAN

BRIEFS

HELICOPTER REPAIRS--We have chosen an article from the monthly magazine of the Islamic Republic of Iran Armed Forces. This article, explains the activities of our committed brothers in repairing and reconditioning of RH helicopters, which has been carried out for the first time by the Iranian experts. We draw your attention to this article: The hard working, powerful hands of our country's personnel in the military industries once again opened a new chapter in their trend toward self-sufficiency. The technical personnel of the Iranian industries for logistics and reconditioning of helicopters, affiliated to the defense industries of the Islamic Republic of Iran Defense Ministry, by relying upon divine might and with the objective of freeing us from foreign assistance--which is one of the main slogans of our revolution--have begun major repair works on the first RH-53D helicopters in Islamic Iran. In the Navy, the above-mentioned helicopter model is used in minesweeping, troop movement, carrying cargo and military equipment, reconnaissance, and other missions which might be dictated during military operations. In addition, when the sea is rough, they take over the task of floating units to supply the logistic requirements of the islands and oil platforms. [Text] [Tehran Domestic Service in Persian 0740 GMT 26 Jan 86 LD] /12913

NEW RUNWAY OPENS--The new runway at Kerman Airport was opened in the presence of the acting minister of road and transport and the head of the Civil Aviation Organization. In an interview with correspondents, the Civil Aviation Organization and Islamic Republic Airways, said: The new runway of Kerman Airport is unique since the revolution. It is 3,850 meters long and 60 meters wide. It has been built at a cost of more than 500 million rials. He added: With the opening of this runway the operating capacity of the Kerman Airport and the carriage of passengers will be increased. However, to use larger aircraft with larger passenger carrying capacity we have a plan to expand the Kerman Airport terminal. It is to be completed within the next 18 months. [Text] [Tehran KEYHAN in Persian 15 Jan 86 p 3 GF] /12913

REVOLUTION GUARDS SMUGGLING NARCOTICS--According to nationalist sources a group of revolution guards of the Islamic Republic who were smuggling narcotics and arms were trapped by gendarmerie officials. According to the report, last week officials of the gendarmerie post at Narubad in Bojnurd intercepted a car driven by a revolution guard, Ja'far Dowlatshahi, with two other revolution guards as passengers, Haj Moradi and 'Ali Malekipur, and searched the vehicle. The gendarmerie recovered 88.5 kg of opium and hashish, 600 liters of alcohol, 30 colt .45 handguns with 320 rounds of ammunition. The revolutionary guards with the contraband were transferred to the prosecutor's office at Bojnurd. [Text] [(Clandestine) Radio Iran in Persian 1330 GMT 11 Feb 86] /9604

PAKISTAN

CAUTIOUS OPTIMISM VOICED ON INDO-PAKISTAN RELATIONS

GF261751 Rawalpindi THE PAKISTAN TIMES in English 22 Jan 86 p 4

[Editorial: "Gains in Indo-Pakistan Talks"]

[Text] Those who had hoped for positive decisions on matters of substance in the just concluded talks between the foreign secretaries of Pakistan and India would perhaps be [words indistinct] inappropriate for two reasons: The first and the more important reason is that the foreign secretaries, even if they want to take substantive decisions, cannot do so because that is the prerogative of political leadership, normally represented at the level of the foreign ministers. The second reason is that there are clear indications in the joint statement of progress in the process of normalisation. The Indian foreign secretary, Mr Romesh Bhandari's elucidation of a number of points in the joint statement was an added pointer in that direction. Reflective of this positive approach, for example, was his statement about the Simla Agreement. For the first time in the negotiations between the two countries a high level representative from India has acknowledged the fact that with the passage of time and because of changes in the international climate India is prepared to see beyond the Simla Agreement. There had been a "movement forward to a higher level" and "to a new phase" and therefore the proposed treaty now under negotiation should reflect it, he said. It implies that at least this objection from the Indian side, that of Simla Agreement precluding the need for a no-war pact, is no longer there. Another significant hurdle in the past has been India's pre-occupation with Pakistan's nuclear programme. This too was reportedly discussed by the two foreign secretaries but in a context different from that of the proposed treaty. Still another indication of the spirit of bilateral understanding was that irrespective of any progress or otherwise on the question of the proposed treaty the visit of Mr Rajiv Gandhi to Pakistan would stand. And, lastly, the agreement to sign a cultural agreement and to discuss further the exchange of books, periodicals and newspapers which had not attracted much attention earlier, also shows that the two sides are serious in getting things moving.

But to assume from all this that from now on there is going to be smooth sailing in the talks and all the cobwebs of misunderstanding between the two countries have been removed would not be right. The very fact that no draft of a mutually acceptable text (of the combined proposals of no war and friendship treaty) could be formulated shows that reservations persist. We have had an

occasion to mention in these columns, a few days back, two points on which different perceptions are reportedly held by Pakistan and India--that of bilateralism and foreign bases. Pakistan's view that it cannot compromise its sovereignty by abdicating its right to international abdiction in bilateral disputes or to let a foreign country decide the way Pakistani territory should or should not be used in military matters still needs to be understood and appreciated by India. Anyway, the effort and the willingness--to try to understand each other's point of view is there. That definitely is a positive factor.

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PAKISTAN

BRIEFS

TRADE WITH POLAND, USSR--The validity of barter trade agreements with Poland and the Soviet Union has been extended up to the 30th of June this year. Traders have been asked to complete the shipments in the case of Poland by the 30th of September and in case of the Soviet Union by the end of the year.
[Text] [Karachi Domestic Service in English 1005 GMT 17 Jan 86 BK] /12232

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