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7 May 1985

## LATIN AMERICA REPORT

## CONTENTS

## INTER-AMERICAN AFFAIRS

- Central American Center for Management Training Opened  
(German Navarrete; EL TIEMPO, 5 Mar 85)..... 1

## ARGENTINA

- Storani on Beginning of New Oil Policy  
(Conrado Storani Interview; MERCADO, 7 Mar 85)..... 2
- Justicialist Deputy on Party Disunity, Armed Forces Crisis  
(Antonio Guido Cavallaro Interview; LA NUEVA PROVINCIA,  
24 Mar 85)..... 11
- Briefs  
CEMIDA Supports Military Trials 18  
Side Investigates 'Special Operations 18

## BOLIVIA

- Additional 2 Billion Pesos Monthly To Meet New Wage Increase  
(HOY, 1 Apr 85)..... 19
- Briefs  
Budget Distribution Data 20

## BRAZIL

- Briefs  
Steel Exports to China 21

## COLOMBIA

- Fiscal Measures Not Expected To Improve 1985 Deficit  
(EL ESPECTADOR, 1 Mar 85)..... 22

|                                                                                                              |    |
|--------------------------------------------------------------------------------------------------------------|----|
| FENALCO: Compliance With IMF Would Raise Social Cost<br>(EL TIEMPO, 31 Mar 85).....                          | 24 |
| ECOPETROL Labor Dispute Results in Losses From Sabotage<br>(Jesus Maria Catone E.; EL TIEMPO, 1 Mar 85)..... | 27 |
| Barrancabermeja Disorder Attributed to ANUC, ANAPO<br>(Eduardo Carrillo; EL SIGLO, 6 Mar 85).....            | 28 |
| Oil Industry Commission Created; Energy Policy Under IAN<br>(EL SIGLO, 1 Mar 85).....                        | 29 |
| French Press Analyzes Impact of Recent Oil Discoveries<br>(Jean-Lyon Vandoorne; EL TIEMPO, 1 Apr 85).....    | 31 |
| Briefs                                                                                                       |    |
| Commission Seeks Naval Base                                                                                  | 34 |

## JAMAICA

|                                                                                                             |    |
|-------------------------------------------------------------------------------------------------------------|----|
| Government Rules Out Paraquat Spraying of Ganja Fields<br>(THE DAILY GLEANER, 21 Mar 85).....               | 35 |
| Charles Reacts 'Angrily' to U.S. Fine of Air Jamaica<br>(Lloyd Williams; THE DAILY GLEANER, 28 Mar 85)..... | 37 |
| Carl Stone Finds CBI, U.S. Markets Disappointing<br>(Carl Stone; THE DAILY GLEANER, 1 Apr 85).....          | 40 |
| Economic Developments Cited, Draw Comment, Criticism<br>(THE DAILY GLEANER, various dates).....             | 43 |
| Exports to Puerto Rico                                                                                      | 43 |
| Crop Increases                                                                                              | 44 |
| Export-Crop Comparison                                                                                      | 47 |
| Stone on Policy Anomalies, by Carl Stone                                                                    | 48 |
| JEA Concerns                                                                                                | 50 |
| Groups Voice Objections to New Monetary Measures<br>(THE DAILY GLEANER, 28 Mar 85).....                     | 51 |
| Private Sector Views                                                                                        | 51 |
| JMA Reservations                                                                                            | 52 |
| Bonn Minister Addresses Local Economic Prospects<br>(THE DAILY GLEANER, 29 Mar 85).....                     | 54 |
| Government Responds to PNP Objections to Free Zone<br>(THE DAILY GLEANER, 29 Mar, 1 Apr 85).....            | 57 |
| Vaz Remarks                                                                                                 | 57 |
| Ministers' Response                                                                                         | 58 |

|                                                                                                                               |    |
|-------------------------------------------------------------------------------------------------------------------------------|----|
| Hart Cites Oil Exploration Plans, Energy Situation<br>(THE DAILY GLEANER, 22 Mar 85).....                                     | 61 |
| Stand of PNP Youth Organization on IYC Explained<br>(Audrey Budhai; THE SUNDAY GLEANER, 24 Mar 85).....                       | 64 |
| Carl Stone Polls Assess Public Views on Politics<br>(THE DAILY GLEANER, various dates, THE SUNDAY GLEANER,<br>31 Mar 85)..... | 68 |
| JLP Policies                                                                                                                  | 68 |
| Party Standings                                                                                                               | 69 |
| Views on Elections                                                                                                            | 70 |
| Seaga's Leadership                                                                                                            | 71 |
| New Political Party                                                                                                           | 72 |
| Briefs                                                                                                                        |    |
| Manley's Health                                                                                                               | 73 |
| Charles-Seaga TV Row                                                                                                          | 73 |
| CWP Link to 1980 Shooting                                                                                                     | 73 |

#### NETHERLANDS ANTILLES

|                                                                                              |    |
|----------------------------------------------------------------------------------------------|----|
| Central Bank Report Opposes Separate Status for Aruba<br>(ANP NEWS BULLETIN, 29 Mar 85)..... | 74 |
|----------------------------------------------------------------------------------------------|----|

#### PERU

|                                                                                                                  |    |
|------------------------------------------------------------------------------------------------------------------|----|
| Garcia on Debt, Shining Path, Human Rights, U.S. Policy<br>(Alan Garcia Perez Interview; EL PAIS, 5 Mar 85)..... | 75 |
|------------------------------------------------------------------------------------------------------------------|----|

#### TURKS AND CAICOS

|                                                                                     |    |
|-------------------------------------------------------------------------------------|----|
| New Chief Minister Prepares To Welcome Saunders on Return<br>(CANA, 28 Mar 85)..... | 78 |
|-------------------------------------------------------------------------------------|----|

#### VENEZUELA

|                                                                                                                     |    |
|---------------------------------------------------------------------------------------------------------------------|----|
| Lepage on Cabinet Changes, Destabilization Plans<br>(Octavio Lepage Interview; EL UNIVERSAL, 8 Mar 85).....         | 79 |
| Country Reportedly Suffering From Lack of Leadership<br>(Alfredo Tarre Murzi; EL DIARIO DE CARACAS, 24 Mar 85)..... | 84 |

INTER-AMERICAN AFFAIRS

CENTRAL AMERICAN CENTER FOR MANAGEMENT TRAINING OPENED

Bogota EL TIEMPO in Spanish 5 Mar 85 p 10-A

[Article by German Navarrete]

[Excerpt] This week, Colombia will take a step of transcendental importance in the international development of human resources when President Belisario Betancur opens the Central American Center for Management Training, of the National Apprenticeship Service (SENA), on the Island of San Andres.

In that facility, which was also constructed to provide the 40,000 inhabitants of the archipelago of San Andres and Providencia with permanent professional training services, the new managers of Central America, the Caribbean and the Netherlands Antilles will receive their training.

The establishment of the center, which represented an investment of about 100 million pesos for Colombia, is confirmation of the success attained by SENA at the international level in the training of community leaders, technicians and managers, because of the fact that it will be our country which trains those who will be responsible for creating new sources of employment in the Caribbean.

The first nations to send their future managers to the center for training in accordance with SENA techniques will be Barbados, Antigua, Trinidad, Santa Lucia, San Vicente, Monserrat, Jamaica, Haiti, the Dominican Republic, Panama, Costa Rica, Honduras, Guatemala, El Salvador, Nicaragua, Mexico, Venezuela, Surinam and the Netherlands Antilles.

Classes for the participants will be given in Spanish, English and Dutch.

The Caribbean management training program emerged from the last meeting of the Ministers of Labor and Social Security of the continent, as a method of making use of the capabilities acquired by SENA in the horizontal transmission of technology between developing countries. SENA has already demonstrated its ability in matters related to the positive transfer of human resources training in several South American countries.

ARGENTINA

STORANI ON BEGINNING OF NEW OIL POLICY

Buenos Aires MERCADO in Spanish 7 Mar 85 pp I-VIII

[Interview with Conrado Storani, minister of energy; date and place not given]

[Text] The concern of the authorities at the Secretariat of Energy is to achieve greater oil activity based on an expansion of the tasks of prospecting and exploitation of a kind which will not clash with the ideology of the Radical Party. The solution involves adopting the contracting scheme practiced with success by Colombia. Another goal is to increase the capacity for supplying natural gas through the construction of new gas pipelines from Loma de la Lata to Bahia Blanca, as well as laying others linking the current network with Brazil, Paraguay, Chile and Uruguay. Similarly, progress will be made in the electoral hookups with Brazil in order to supply the northeastern part of the country. Another important aspect is the decision to intensify activities to ensure that energy products contribute \$2 billion to Argentine exports. In view of the imminent trip planned by President Alfonsin and the meeting scheduled with oil officials in the city of Houston in the United States, MERCADO undertook to interview the secretary of energy, Dr Conrado Storani, whose responses are carried below.

MERCADO: A new type of contract for the prospecting for and exploitation of oil called the "Colombian system" will soon be introduced. What can you say about this?

Storani: We will establish a variation of the so-called Colombian system, which is an effective method and one compatible with our political doctrine. There will not be any contracts of the old style, nor is there any relation with concessions. These contracts will call for prospecting solely at the risk of the contractor. Once oil is discovered, exploitation is undertaken by the state enterprise in association with the private contractor--this is the Colombian method. It will not be thus here. I am proposing the establishment of mixed enterprises to begin with. In other words the YPF [Government Oil Deposits] will associate with private Argentine and foreign enterprises in various areas which we will submit for the consideration of the enterprise. The YPF will control the majority of the capital in this mixed company, which will give it a majority on the board of directors and in the political administration of the enterprise. The operative function will be carried out by the contractor, who will have to make the operational capital and technology available. In other words, exploitation will be at the sole risk of the

associate of the YPF. I have explained this mechanism to many domestic and foreign enterprises and all are very interested. BRASPETRO [Petrobras International, Inc.], which is a subsidiary of Petrobras [Brazilian Petroleum Company], is interested in investing in Argentina. We have a vast basin to explore, apart from those already known, in which there are also many more exploratory wells to be drilled. These include the deposits in Norte, Mendoza, Neuquen, Comodoro Rivadavia, Santa Cruz and Tierra del Fuego, which are the zones currently being exploited.

MERCADO: What is the vast basin to which you refer?

Storani: There is a vast basin called Chaco Paranaense, which includes the provinces of Chaco, Formosa, Misiones, Corrientes, Entre Rios, Santiago del Estero, a part of Cordoba and the northern part of Santa Fe, where it extends almost to Pergamino. This basin has not been prospected intensively, since in 50 years only 28 wells have been drilled, using old technology. The geologists have informed me that earlier they did not have today's modern equipment. In this basin there is a very thick stratum of basalt, as a result of which the earlier efforts were futile. With modern seismic and other prospecting methods, much more thorough exploration could be done and, according to the geologists, should yield very good results. In other words, according to the geologists, there must be oil in this basin.

MERCADO: Returning to the establishment of mixed enterprises, will there be much integration? Will there not be a risk of letting the YPF get too big?

Storani: I believe that there may be at least 20 contracts. With regard to the establishment of mixed companies, there is no other way. We are not prepared to risk putting oil sovereignty in the hands of any private enterprise of any kind, either domestic or foreign. The only operational method of exploring it is "in the Colombian fashion," and within the Colombian model, the variation we will introduce is the mixed enterprise. President Alfonsín has been very pleased with the procedure, and we are certain that this is an undertaking which will develop very well. In fact, 20 associations or more may develop, depending on the interest displayed. There is great interest in working in Argentina, as is indicated by the Fertinosa fertilizer plant in northeastern Argentina, on which we awarded a bid last month for construction in Salta, in the Duran field, in the gas deposits in which the YPF, State Gas and the province of Salta are associated. There were 17 bids from various countries. I have no doubt that there will be very great interest in prospecting for and the exploitation of oil in Argentine territory.

MERCADO: How will an enterprise which finds oil and has a Colombian type contract be paid?

Storani: The only thing I cannot tell you now is how payment will be made. Exploitation will be done on its own account by the enterprise associated with the YPF. The YPF will pay nothing in that connection. If oil has been recently found, then payment for the oil taken out will begin. And if oil is not found, the YPF will lose nothing. It will be the enterprise associated with the YPF which invested technology and capital which will lose. If oil is found, which is what we hope, we cannot as yet say how we will pay for it,

because this will have to be decided by the board of directors of the YPF. I do not want to improvise in this connection, because there are various procedures which may be worthwhile, and the only one I could mention now would be my personal idea. I would be inclined to make payment in pesos at a price per cubic meter linked on a percentage basis with the price of international oil.

MERCADO: But can this mean that there are various types of contracts?

Storani: No, there will be only one, equal for all. The thing is that the YPF will have to establish how it will pay.

MERCADO: Can the enterprise which finds oil export it?

Storani: No, absolutely not. The oil will go exclusively to the YPF. The monopoly on the disposition of the oil extracted by the mixed company falls to the YPF, which will distribute it to the distilleries. Finally, it is the Secretariat of Energy which will decide who exports and who does not. To date, the YPF, and no one else, has exported.

MERCADO: What is being done or what will be done with regard to natural gas?

Storani: The main problem we encountered in 1983 was a very limited capacity to transport gas. We have only one gas pipeline in the south, one in the north and the center-west gas pipeline, but consumption has increased a very great deal. We are encouraging an increase in consumption so as to substitute natural gas for liquid oil products, and to make ever greater use of this fluid in petrochemistry. Thus the problem in Argentina in 1985 is building pipelines. When we have built the pipelines we will have triumphed in our administration.

MERCADO: What is the volume of reserves of oil and natural gas?

Storani: Argentina has 389 million cubic meters of oil reserves, but it has definitely located 2.2 trillion cubic meters of gas, which converted to oil represents 2.2 billion cubic meters of oil in gas. If the 389 million cubic meters of crude oil are added to this 2.2 billion cubic meters of gas in oil equivalent, Argentina has some 2.6 billion meters of cubic meters of reserves. This gives us absolute tranquillity for the next 100 years, at least in gas, for Argentina's annual consumption of 28 million cubic meters of oil, plus gas consumption. With regard to oil, more must be found, because even if we are consuming ever less in percentage terms, we will always need oil. But I would like to point out one thing. If you assess the value of a cubic meter of oil at \$200, and multiply 2.6 billion cubic meters by \$200, the total is \$520 billion. This is the value of the gas and oil reserves in Argentina. If this is compared with the foreign debt, which is what is weighing us down, frightening us and causing us grief, the reserve comes to 12 times the foreign debt. In other words, Argentina is a country which can look to the future with absolute calm.

MERCADO: In order for this wealth to be usable, we need gas pipelines. Is there an overall plan for gas pipelines?

Storani: The national energy plan currently calls for the expansion of the gas pipeline which is already operating in the north. It carries some 10 million cubic meters and will carry 7 million cubic meters more. This is being done thanks to a BID [Inter-American Development Bank] loan which has already been put to use. The expansion of the center-west gas pipeline, with the installation of gas compressor stations, will increase the volume from the 10 million cubic meters daily it is currently carrying to 18 million. This also is under way. There will be a new gas pipeline on which we will accept a bid or contract for directly, as the case may be, between Loma de la Lata in Neuquen and Bahia Blanca. The cost of this gas pipeline will fall between \$240 and \$250 million. I have no doubt that we will build it very rapidly, because there is great international interest in contributing to the financing of this gas pipeline. In the past 2 months I have received offers for total financing of it from a half dozen foreign and Argentine enterprises and groups of enterprises. In other words, all that remains is for us to make the policy decision as to how we will undertake this. This decision will be established within the next 60 to 70 days. All of this means that the gas pipelines will not be ready in 1985, but they will in 1986. It means that the increase in the transportation and consumption of gas in Argentina by the end of 1986 will be really substantial, which will lead to a notable decline in the consumption of liquid fuels derived from oil, leaving us a very sizable balance for export.

MERCADO: What daily volume will the new gas pipeline from Loma de la Lata to Bahia Blanca carry?

Storani: I cannot give you an exact figure, but it will not be less than 10 million cubic meters per day, perhaps closer to 20 million than to 10. It must be a large volume because we must expect that the industrial growth and consumption will be fantastic. For example, SEGBA [Greater Buenos Aires Electrical Services] has commissioned a turbogenerator which burns gas, and this year will save \$120 million in fuel oil.

MERCADO: If financing is obtained, will it not be necessary to solicit bids for the purchase of the gas pipeline?

Storani: We are studying the procedures which are most compatible with Argentine legislation and which best suit State Gas. We have asked that the various enterprises which have come forward make integral offers. Naturally if competitive bidding is the method chosen, there will be no public solicitations.

MERCADO: There is a very ambitious project involving the building of the New Delhi gas complex in India. This is a long-term undertaking which would be Argentina's greatest venture abroad.

Storani: We will pay a visit to India, because the trip made by President Alfonsin was very profitable, opening up very extensive trade prospects with India. We will go with the president of State Gas to complete the talks already initiated, because it is possible that Argentina, which has the latest technology in this sector, may be the builder of the New Delhi gas network.

This would be a vast operation involving around \$5 million, but for now it remains just a possibility.

MERCADO: Are there other possibilities in other Latin American countries?

Storani: There are, because, to speak the truth, we are the leaders in America in the gas sector. First, because Argentina is a gas-producing country which has for many years been working in this sector and has developed technicians and technology, and secondly, we have already signed technological aid agreements with many South American businesses. We are planning to work in certain countries, and it would not be surprising if we were to go to Venezuela or Colombia.

MERCADO: Will gas pipelines be built to link us with such other countries as Brazil, Chile, Paraguay and Uruguay?

Storani: Yes. We have various Latin American integration plans, and in terms of the size of the project, the most important is the gas pipeline leading to Brazil. The fact is we have a vast deposit of captive gas in Salta. I say captive because the zone lacks the potential for industrial and domestic use to utilize it fully. We have then alternatives, for example exploiting the gas but for purposes of export. One possibility calls for laying a gas pipeline to Chile, leading to the city of Antofagasta. But another variation, which seems to have greater weight, is to build a gas pipeline to Brazil, and there are four commissions made up of representatives of the YPF and State Gas of Argentina and PETROBRAS technicians from Brazil studying all the details. The network would begin in Salta, following a route parallel to the Chaco frontier with Formosa and reaching to Paraguay. It must be decided whether the gas pipeline should cross Paraguayan territory, with a branch extending to Asuncion, or whether it should extend through Argentine territory to the Brazilian frontier, without passing through Paraguay. This means that we would be providing gas to various northern provinces, such as Chaco, Formosa, Santiago del Estero, Santa Fe and Misiones. In Misiones, near the Brazilian boundary, a nitrogenated fertilizer plant would be built to supply the southern part of Brazil and the northern part of Argentina.

MERCADO: What would the characteristics of this petrochemical plant be?

Storani: It would have an annual capacity of 600,000 tons and would utilize the volume of gas needed for the petrochemical plant. This means that we would export methane to Brazil. The gas pipeline could pass through Porto Alegre or could be built in the direction of Sao Paulo. In a first approach, we are thinking that it will be necessary to inject some 25 million cubic meters of gas per day. There are already many enterprises interested, including companies which currently have oil and gas exploitation contracts in Salta. There are two very large deposits there, one called Ramos and the other Cambuco, containing more than 500 billion cubic meters of gas. The Argentine enterprises are Techint, Bidas and Pluspetrol, but others may come in. Another gas project involving international integration is now ready for construction--the gas pipeline to Santiago de Chile. It will lead through the Maipo Pass into Chile, to Santiago, for the time being, but there is also interest in Valparaiso. The price of the gas is under discussion. They have

accumulated resources, for their part. The Chilean enterprise, which is a private one, has capital, and the technology will be Argentine. The next step we will take in the gas sector is an effort to cross Argentine Mesopotamia in the area of the province of Entre Rios to link up with Uruguay. We will see if Uruguay, with its new government, decides to advance in gas projects. It is not a very large market but an important one for Argentine gas.

MERCADO: The integration of the great world market represented by the European Common Market came about through the energy sector, beginning with coal. In a way Argentina would be doing something similar, but with another fuel, gas.

Storani: We will do this with electrical energy too. Currently we are completing the planned electrical linkage between Mendoza and Santiago de Chile by means of a line carrying 500 kilovolts to connect the Argentine system with Santiago de Chile. It will be possible to send the electrical energy produced by Atucha, Salto Grande, Chocon or the interlinked Argentine system to Santiago de Chile. We are also effecting a hookup with a BID loan in Santo Tome, Corrientes, and Sao Boa in Brazil. Two hookups will be completed this year with an investment of \$40 million. In other words, Argentina will be interlinked with Brazil in the Northeast in the electrical energy sector. We will resolve the problem of expensive electrical energy we had in Misiones, due to the cost of transporting fuel to the plants, rather satisfactorily. The construction of the hydroelectric dam on which we have begun, the Uruguay-I dam, which will have an installed capacity of 160,000 kilowatts, will serve to cover more than half of the consumption demand in the province of Misiones.

MERCADO: Thanks to these hookups, will we be exporting or importing electrical energy?

Storani: Well, we will be using Brazilian energy, more of theirs than they use of ours. The hookup links the nations and the peoples in peaceful fashion. While there were some who talked of war, we were working on the gas pipelines and on the electrical hookup with Chile. While some are still resisting the signing of a peace treaty, we now have ready the plans and the maps for the building of other complex projects, and the people of Santiago de Chile will benefit substantially with cheaper gas coming from Argentina. The gas pipeline to Chile may cost more than \$200 million. I cannot tell you the cost of the other, as it is still being calculated. The other gas pipeline is much longer: it will extend for 2,500 kilometers to Sao Paulo.

MERCADO: With regard to the contracts which were canceled and later renegotiated, how do they fit into this picture?

Storani: They are different--these are 18 exploitation contracts, according to which the oil is taken out and payment is made in pesos per cubic meter. Each contract has a price and a form of payment and an investment commitment. The investment covers the next 3 years, and every 3 years, the investment is revised. In Argentina in 1984, everyone was awaiting investments, for the country had received none in the past 7 years, and the Argentine gross domestic product showed zero growth. The investments in oil are genuine, and now there will be a contribution of \$286 million from private enterprises.

Shell will make an investment of \$290 million, resulting from the contract for exploitation in the area of the mouth of the Strait of Magellan. Under two YPF headings, there is an investment of almost \$600 million.

MERCADO: In your view would energy be a factor which could multiply Argentine industrial activity?

Storani: I do not want to exaggerate, but the development plan for the next 5 years the president has approved really bases all of the growth of the country on the farm sector, basically, and energy. These two sectors are the pillars of the plan, first because we have ceased to be importers of energy, while in addition, we are exporting. In 1984 we were able to close the year with fuel oil exports totaling \$354 million. For the world as a whole, this is a small figure, but it is a sizable one for Argentina, which has always been an oil importer. We have imported only \$30 million worth of kerosene from Brazil for commercial aircraft fuel and the Argentine balance for oil and its byproducts was \$324 million. This is a fact to be announced with pride. In a country which has been an importer forever, the YPF has gradually moved toward self-sufficiency, and in 1984 this was entirely achieved. The private enterprises contributed to this to the extent of 30 percent, including 15 percent thanks to Argentine private enterprises and 15 percent to foreign private enterprises. The YPF accounted for 70 percent.

MERCADO: Does this percentage seem satisfactory to you? Will it be the level to pursue in the future?

Storani: It seems to me an excellent level for the future, insofar as it means that absolute values are rising. I told President Alfonsín that Argentina may have a positive trade balance by 1988 of between \$2 and 2.5 billion dollars from the export of energy products. There is an industrial activity related to energy pursuits, in the form of General Mosconi Petrochemical, which is a state company in which Military Manufacturing and the YPF share equally. Its production plant is in Ensenada, and last year we began design work on a new ethylene hydrocarbons plant which will mean that by 1987, we can cease to import products worth some \$45 million, while exporting products worth \$25 or \$30 million. This is an enterprise which is investing \$110 million.

MERCADO: As secretary of energy and a politician, what is your overall view of the energy situation in Argentina?

Storani: It is no exaggeration to say that this country, in terms of its population of 30 million, is the world leader, because no other country has a foodstuffs-energy ratio like that of Argentina. We produce a harvest of 45 million tons, and we export more than 25 million tons of grains and oleaginous products. This year is likely to set an export record. We export grains, fruit and vegetable crops, dairy products, meat of all kinds and animal products such as wool and hides. While we have achieved self-sufficiency in food with supplies guaranteed for 100 years, we have now achieved self-sufficiency in energy. The Soviet Union exports energy, gas and oil to its allies and satellites, but imports food. The other colossus, the United States, exports food but imports oil. With the oil reserves it has and

despite the energy savings it is effecting, it cannot be expected that it will cease to import oil. The only country which can be compared to Argentina is Canada, which has the same productive structure, almost the same reserves and the same characteristics. We are the leading country in the world, in terms of our population volume. Naturally, I am not overlooking our brothers in Latin America, but in terms of their population volume, the proportions are quite different. But what I have just said is not the result of manipulation by the people in Argentina. It is resistant to manipulation, and it is the truth---therein lies Argentina's strength. If you tell me to look at the foreign debt, I will answer that I do not care about the foreign debt. What I care about in this connection is the injustice of our having contracted it. It was not for development, because there was no investment here. Let me give you comparative figures for Brazil. Between 1976 and 1983, Brazil's foreign debt quadrupled, reaching \$100 billion, but the gross domestic product only increased during that same period by 40 percent. The Mexican debt also quadrupled, reaching \$85 billion, while the gross domestic product increased by 60 percent. And in Argentina, the foreign debt was multiplied by 7 between the time the government of Mrs. Peron fell and the inauguration of the constitutional government, while the gross domestic product did not increase at all. There was no investment. Therefore the debt grieves me, but no American country is in a better position to face its debts than ours, because no one has \$520 billion in reserves, between gas and oil alone, while also exporting foodstuffs.

MERCADO: After the construction of Piedra del Aguila, will the HIDRONOR [North Patagonia Hydroelectric Company] suspend the building of hydraulic power plants for a time?

Storani: No. Plans call for the construction of another power plant, called Pichin Picu Leufu, beginning within a few months. This will be a small plant, but in addition to Piedra del Aguila, there is another, called Angostura II, which will be large. We have begun studies of the Santa Cruz River, which had not been studied in depth, and we have obtained a loan of \$50 million from the Inter-American Development Bank. The water and energy departments are doing this. As you can see, the energy sector is doing well. It is worth mentioning the Government Coal Deposits, which is still a deficit enterprise because it only produces 500,000 tons per year. We are working on a final solution, involving an increase in its production to 2 or 3 million tons, which we are not in a position to do now. I am looking for someone to bring technology and capital and to associate with the YPF. This will bring us 2 million tons of coal per year and we will make payment in coal.

#### The Real Energy Situation

Oil production in 1984 came to 27.85 million cubic meters, down 2.2 percent from the 28.47 million in 1983.

Energy sector imports in 1984 came to 426.58 million dollars, an increase of 1.7 percent over the 419.54 million dollars in 1983. Imports in 1984 included the following products: kerosene and JP worth 30.51 million dollars, lubricants worth 12.12 million dollars, natural gas worth \$376 million and coal worth 38.54 million dollars.

Energy sector exports in 1984 totaled 296.74 million dollars, an increase of 0.6 percent over the 294.88 million dollars in 1983. The main products exported were fuel oil worth 192.5 million dollars, gas oil worth 41.81 million dollars, solvents worth 30.16 million dollars, liquified gas worth 10.7 million dollars, residual coal worth 5.17 million dollars, and ordinary and special naphthas valued at 8.5 million dollars.

A total of 27.11 million cubic meters of oil was produced in 1984, down 3 percent from the 27.98 million cubic meters in 1983.

Sales of liquid fuels obtained from petroleum declined in 1984, while consumption of natural gas and liquified gas increased. Consumption totaled 14.49 million cubic meters of natural gas (up 7.1 percent over 1983) and 1,021,000 tons of liquified gas (up 3 percent). Sales came to 2.83 million cubic meters of ordinary naphtha (10.8 percent decline), 3.7 million cubic meters of special naphtha (0.9 percent decline), 6.94 million cubic meters of gas oil (up 1 percent), and 3.48 million cubic meters of fuel oil (down 10.6 percent).

In 1984, 40,797,000,000 kilowatt hours of electrical energy were produced, showing an increase of 4.9 percent over the 38,899,000,000 kilowatt hours produced in 1983. While the SEGBA produced 11 percent less than in 1983, the HIDRONOR produced 43 percent more.

5157

CS0: 3348/552

7 May 1985

## ARGENTINA

## JUSTICIALIST DEPUTY ON PARTY DISUNITY, ARMED FORCES CRISIS

Bahia Blanca LA NUEVA PROVINCIA in Spanish 24 Mar 85 pp 1, 4

[Interview with Deputy Antonio Guido Cavallaro, by Hector Ruben Simeoni; date and place not given]

[Text] Special attention should be paid to the following interview. National deputy Antonio Guido Cavallaro (Entre Rios) is secretary of the Justicialist bloc and one of the most active members of the Chamber's National Defense Committee. Although his name is not often in the news, those familiar with parliamentary activity view him as one of the driving forces of his political sector. What is exceptional about his remarks is the unusual frankness with which he faces the topic of terrorism, the radical crisis and his direct evaluation of his protagonists. Furthermore, many of his phrases suggest a Justicialist revision of his relations with specific military sectors. Finally, it is already quite clear that Peronism has "discovered" the relevance of the Malvinas topic and plans to use it politically in the near future.

[Question] It would be interesting to see how a Justicialist legislator views a military crisis, concerning which many say it is now over.

[Answer] That crisis is the continuation of the episode that ousted General Arguindeguy in July as the result of pressure from certain generals motivated by ideological criterion. Action was thus taken against certain internal sectors of the armed forces. This is once again coming to the forefront.

[Question] Why do you not explain what is happening behind the scenes?

[Answer] The problem of General Arguindeguy results from the pressure brought to bear by the chief of the Joint Staff, Gen Fernandez Torres, backed by certain generals representing the liberal wing of the military institution. They brought pressure on Minister Borrás. The latter gave way to an ill-considered decision, thus forcing one of the most prestigious generals at the time into retirement.

On that occasion, I publicly stated that the crisis was only beginning. What is happening now confirms the fact that we are only now entering the eye of the storm.

[Question] Why did Pianta have to leave?

[Answer] They accused him of a lack of command. But the real cause was that he had to be replaced so that the armed forces would be led by a general from the liberal wing. Fernandez Torres, acting through General Pino, brought pressure to achieve that objective. Borrás realized that they were threatening Pianta and ordered the retirement of Fernandez Torres.

[Question] According to official remarks, that decision had already been made since December.

[Answer] Indeed. On 11 December, Fernandez Torres, for the first time, reflected the demands of the army rank-and-file, of young and intermediate-level officers, and put before the government something that is an obvious fact. The Radical Government only wants to hear the celestial music of praise, but when faced with reality....

[Question] What did Fernandez Torres tell them?

[Answer] That which you all know: the budget cut, the low wages, the problem of terrorism.

[Question] Are you among those who believe that the guerrillas have returned?

[Answer] Look, if there was censorship in the military government, today one can say that the information block is double. The Argentine people know nothing about the attacks being perpetrated. Between January 1984 and March 1985, there were over 500.

[Question] Of what nature?

[Answer] Outright terrorist attacks. Or do you believe that the case of Lanusse and all the kidnappings for ransom are not for the purpose of collecting money to buy arms? I can tell you that weapons are coming into the country over all the borders. The Sendero Luminoso made contact with a sector of mountain insurgents in Tucuman. They got away from the provincial police by minutes.

[Question] Did Fernandez Torres speak about these things?

[Answer] He surveyed the general feelings in the armed forces and put the problem to the government. That determined his fate. They removed him at once. They only postponed his departure. But now, in March, the crisis grew when Fernandez Torres and his devoted generals tried to pressure Pianta to put the matter of his continuation in the military command directly. Borrás did him in. It was not a retirement request. That is why he issued another communique along with his resignation, confirming what he had said on 11 December. That is the best proof that it was not the meek acceptance of a retirement, but an ouster.

## Liberals VS Nationalists

[Question] From your standpoint, it clearly emerges that in the army, the struggle is between liberals and nationalists.

[Answer] Indeed. Specifically speaking, yes. Some try to hide it as a rivalry between the different branches: the infantry trying to take precedence over the cavalry or the artillery. Alternating leadership of this nature resulted in the different commands of the army. Until 1955, it was the infantry. Until 1973, it was the turn of the cavalry. During the Process, there was a parenthesis with Galtieri, who is an engineer, but these things always come down to a rivalry between the infantry and the cavalry.

But the real confrontation is between one sector that is liberal with another that I would not call nationalist so much as national, that wants to subordinate the army to civilian power and integrate it with the rest of the social groups.

[Question] Democratize it?

[Answer] I do not want to use the word. In the armed forces, there can be no democracy when there is discipline. They are entities that must not deliberate, but only accept orders without argument. At the present time, they are in the midst of deliberations which the government, with the maneuvering that has occurred, is increasing day after day.

[Question] And, according to you, the government trusts the liberal wing more?

[Answer] General Rios Erenu may be a radical, but I do not know, if he had to choose between nationals and liberals, which side he would take.

[Question] Where is the problem?

[Answer] Among these 11 generals, because Pino has to retire.

[Question] Has General Pino not requested his retirement yet?

[Answer] No, but he has to because he has no place. He is without a military post. He is the second in terms of seniority and he should have been deputy chief of staff, a post already covered. He has only one alternative: retirement. And he is not requesting it. Draw your own conclusions. He is playing his last cards.

[Question] Practically in rebellion.

[Answer] I do not mean that he is in a conspiracy. He is trying to keep some power that will enable him to remain active.

[Question] You spoke of the generals who did retire.

[Answer] Among those who went into retirement, there is a large number of generals enrolled in the national doctrine. That is suggestive. It is playing with fire and having a can of gas in one hand. I hope you can interpret what I mean.

[Question] There is talk of another division: young officers vs the military command.

[Answer] There is in fact a state of discussion occurring among young and intermediate-level officers. There is a split between the top command and the officers, who do not feel understood. In order to retain one's post, one cannot speak clearly. We cannot continue with this "fondling" of the military. We cannot pay them on the 20th of every month. I do not want you to think that I am speaking as a general in power or a frustrated colonel. I am merely a man who understands the great needs of all sectors. We cannot play around with "punishing" a sector. If that happened with government workers professional people, the workers, you can imagine what would happen (because there is a law requiring payment to be made between the 1st and 5th days). What would happen? That is a form of punishment, revenge, that the Argentine people do not understand. The Argentine can distinguish between a high command (which in the process committed atrocious crimes) of the institution, which he respects and continues to admire.

[Question] What is your opinion of the situation in the other two branches of the armed forces?

[Answer] The air force is the most cohesive and solid. It has a good leader in Brigadier Crespo, a man of great prestige. There is no problem of unrest. Furthermore, the air force is head of the joint staff. This is a historic fact that we have to attribute to that ideological conformation characterizing it. Perhaps it achieved it via the glory it received in the war in the Malvinas.

In the navy, problems are not so great.

[Question] Greater attention must therefore be paid to the army.

[Answer] It is a very extensive branch, of the people. This has its impact. What is happening is that when we Argentines see such a thing, we think we already have a coup. So many generals have not been removed since 1955. When the coup of 13 November 1955 occurred, with the nationalist group of General Lonardi being taken over by the liberal group of Aramburu and Rojas, 20 generals were ousted in a single night. Now they have removed 11. They even went further than Galtieri, who removed 7 in 1981.

The government has to understand that when someone in the armed forces describes the situation in that sector or the country, he does not want to destabilize. He is not planning a coup. We are telling the government to open its eyes and see the facts, because reality does not lie in the siren's song.

Here the crisis extends to all sectors. It has gone very deeply into the armed forces. And the government cannot handle it. That is the conclusion.

#### Peronist Dilemma

[Question] That crisis of which you speak has also affected Peronism. You, the deputies, have split into three blocs.

[Answer] The question has nuances and complications. Following the congresses (Odeon and Rio Hondo), we tried in the bloc (in a most utopian manner) to establish a "zone of exclusion" in order to maintain unity. The blows came in a very unexpected manner), with a dispute between Ibanez and Manzano, a domestic fight that caused both to resign. That unleashed the crisis.

Some 70 or 75 deputies remained with Rio Hondo and the rest of them are with Odeon. Both are Peronists because not all the good ones stayed on one side and the bad ones on the other.

The Justicialist bloc now has 64 members. There are about 30 "Miguelistas" and the Peronist bloc that now has 5 would finally come to 17. We are now clashing with the interests of three sectors that appear to be irreconcilable, but we are fighting to achieve unity. We are in the midst of discussions. I am definitely optimistic because nothing separates us. This will be solved.

[Question] Would the solution of which they speak in the bloc come before or after that of Peronism in general?

[Answer] Talks are well underway between the two groups in order to hold a unifying congress. Rio Hondo was a triumph in order to put an end to a methodology that cannot be accepted. But Rio Hondo is not irreversible. We must achieve unity; that is the mandate Peron gave us.

[Question] But Brios says that Rio Hondo is irreversible.

[Answer] I do not believe in ghosts, but they exist. There may be Britos on both sides. I just saw Britos on television and I got the impression, reading between the lines, that the senator is recapacitating. But if they oppose unity, what Peron said would happen will happen: The leaders will march ahead of the people or the people ahead of the leaders. If Britos opposes it, he cannot stand in the way of unity.

[Question] One would suppose that the price of that unity may be Herminio Iglesias' head.

[Answer] I don't think so. Herminio is a great Peronist, a good Peronist. He is a Peronist. We shall achieve unity of everyone or of no one. He will have to expend his strength -- and this is something else -- in Buenos Aires Province. I have my personal intuition. If he wins, I will be the first to go congratulate him and recognize him as president of the provincial council. He will have an extremely important role. I same the same for Britos, Grosso, Lorenzo Miguel, Cafiero, for all of Peronism.

[Question] For Menem also?

[Answer] I reserve my opinion for myself. But it would appear that he has recognized some mistake of the past and at least was big enough to leave his brother, the senator, free to act. The latter abided by Rio Hondo and voted against the peace treaty with Chile.

"General Belgrano"

[Question] In the legislative corridors, the most diverse comments are heard about your proposed investigation of the sinking of the cruiser "General Belgrano."

[Answer] It responds to a widespread feeling and need that the Argentine people have expressed. It would seem that we have forgotten that there are 368 of our boys at the bottom of the sea. Have we forgotten that act of genocide? We Argentines have stood idly by. The Rattenbach report and that of the CAERCA [expansion unknown] came to conclusions unknown to the Argentine people. As it turns out, those who have sought the truth are the members of the English Labor opposition, which has caused Margaret Thatcher great harm and struck at their arrogance. The great powers keep their official documents secret for 20 or 25 years. In the case of the "Belgrano," Great Britain has filed away proof of that slaughter for 90 years.

[Question] Do you not think that we know enough?

[Answer] I have my own assumptions. That is why I presented the proposal. When it arrived in the Malvinas on 1 May, the English fleet suffered a devastating attack from the Argentine Air Force. That raid sank a great British ship. At that time, with the consent of the United States, Belaunde Terry advanced a peace formula and Argentina had accepted the proposal. England gave its approval.

But the Task Force could not go home empty-handed. That is why the "General Belgrano" was sunk.

[Question] If you refer to the "Sheffield," I would remind you that it was sunk after the "Belgrano."

[Answer] I do not think so. We sank it on 1 May and they falsified the dates and presented it as a reprisal, thereby breaking the peace treaty. That is my hypothesis. With that basis, I presented the proposal of setting up an investigative commission, which would be made up of 10 members (four from the defense commission, three from foreign relations and three from the rest of the corps).

[Question] But they would also have to obtain information from English sources.

[Answer] We are going to use international connections. The English Labor Party has promised to support us and give us all the proof in their power.

[Question] What other sources can you use?

[Answer] The Executive Branch has to give the commission all the necessary resources and the cooperation of the centralized and decentralized organs of the administration, even of the armed forces and the intelligence services, which I know perfectly well have a great deal of proof. And furthermore, I believe that the logbook of the ship exists. It did not go down.

[Question] We are again approaching 2 April and one has the impression that, at least officially, the date will go by unnoticed.

[Answer] The government already demonstrated that last year, eliminating the holiday. I believe that things will not change much now, but I have faith in the armed forces and also in the people, in the Argentine national feeling and the country's good memory, faith that they will remember as heroes (like those who fought for independence) those men who fought to recover a portion of unredeemed Argentine soil.

We are not going to stop fighting for this. We shall continue the struggle.

[Question] It would appear that Peronism is giving great value to the events in the Malvinas. Do you consider them as a point of departure suited to great future national accomplishments?

[Answer] The date of 2 April 1982 stood out clearly and the entire nation experienced it in that fashion. When Argentines are summoned to participate in great causes, they call forth great inner strength to defend the nation and its sovereignty. They stand as a single man behind the great national causes.

We must not forget that on 30 March 1982, the process brutally castigated and put down a great workers demonstration. There were even two deaths. And yet, on 2 April, when we awakened with the fine news that we had recovered the Malvinas, we all joined together in vibrant unison. We overcame all ideological barriers. There was a national cause at stake. The Malvinas are a point of departure for many things. When the Argentine people set a goal and go after it, they achieve national unity, so vital, especially at these times.

11,464

CSO: 3348/554

7 May 1985

## ARGENTINA

## BRIEFS

CEMIDA SUPPORTS MILITARY TRIALS--The Military Center for Argentine Democracy (CEMIDA) has released a communique in which it states that it is absolutely imperative to try those "allegedly responsible for committing or allowing the commission of repudiable acts against the Argentine people in general and the armed institutions in particular." It also speaks out in favor of judicial harshness for those responsible for economic crimes. The document states that the existence of acts of violence, intimidation and terror with outside support should not be a pretext to "encourage other aims, also antinational in nature, unleashing state terrorism and attacks on human rights." It criticizes "legal artifices" used by former members of the military juntas, who transfer "to the military structure the state of suspicion." Finally, the Center pays homage "to the men of the armed forces, security and police officers and officials who fell defending the vital institutions of the nation and all innocent victims who suffered aggression from both types of terrorism." The communique is signed by Gen Jorge Leal, Col Jose Luis Garcia, Col Horacio Ballester and Col Gustavo Caceres; Capt Pedro Fernandez Sanjurjo; Commo Jorge Segat, the principal prefect, Hermes Marin, Comdr Eduardo Garay and Petty Officer Hector Rodriguez. [Text] [Buenos Aires LA NACION in Spanish 31 Mar 85 p 7] 11,464

SIDE INVESTIGATES 'SPECIAL OPERATIONS'--Despite the tight secrecy surrounding the matter, it has been learned that the new authorities in the Secretariat for State Intelligence (SIDE) have begun an exhaustive investigation for the purpose of determining the destination of important funds whose use has remained vague. Based on our sources, the matter is being followed with noteworthy concern, even in the Casa Rosada [Executive Mansion], where the political connotations the case could have are not being ignored. The sum involved is part of the total funds that were transferred administratively within the organization and was apparently earmarked for special operations, without discounting certain trips abroad (the Federal Republic of Germany and France, for example). Among these "special operations" are those whose main protagonists, representing the SIDE, were young men recently recruited and backed by the Franja Morada faction of radicalism. It will be recalled that this issue roused great talk at the time, but it is now a matter of knowing the fate of \$3 million, for which there are no vouchers or receipts. The investigation also includes other additional "operatives" of phone tapping actively engaged in all last year. [Text] [Bahia Blanca LA NUEVA PROVINCIA in Spanish 25 Mar 85 p 1] 11,464

CSO: 3348/554

BOLIVIA

ADDITIONAL 2 BILLION PESOS MONTHLY TO MEET NEW WAGE INCREASE

La Paz HOY in Spanish 1 Apr 85 p 5

[Text] The steep decline in revenues coming into the General Treasury of the Nation could force the government to resort to borrowing up to 1.2 billion Bolivian pesos per month.

This information was revealed by official sources, who expressed their concern that this situation could become a major inflationary factor.

They recalled that during normal times, the General Treasury of the Nation needs between 300 and 500 million Bolivian pesos.

The need for funds, which could reach 1.2 billion pesos per week, stems primarily from the decline in revenues from taxes and customs duties, and the consequent increase in expenditures for the Treasury.

Among the outlays the Treasury must make are wages for approximately 200,000 active officials and pensions for 110,000 retirees.

In addition, the Treasury has expenses such as those involved in some top-priority projects throughout the nation, and must meet the budgets of all national institutions.

At the end of 1984, a total of about 3 billion pesos was in circulation; with these new requirements, this figure could climb considerably, which would fuel inflation.

According to unofficial reports, the latest wage commitments will require additional outlays of over 2 billion Bolivian pesos per month from the General Treasury of the Nation.

8926  
CSO: 3348/564

BOLIVIA

BRIEFS

BUDGET DISTRIBUTION DATA--The Ministries of Education, Defense and Finance together account for just over 80 percent of the General Budget of the Nation, reported sources at the Finance Ministry. The official report indicates that the Ministry of Education spends 37.60 percent of the general budget; the Ministry of National Defense spends 22.80 percent; and the Finance Ministry spends 20.66 percent. The sources explained that these high percentages for the three ministries are due primarily to wage expenditures for teachers and military personnel, and pensions. At the opposite extreme is the Ministry of Energy and Hydrocarbons, to which only 0.03 percent of the budget is allocated. Other ministries' shares are as follows: Interior, 4.38 percent; Aeronautics, 7.07 percent; Health, 3.62 percent; Foreign Relations, 0.64 percent; Planning, 0.16 percent; Transportation, 0.52 percent; Industry, 1.93 percent; Labor, 0.34 percent; Mining, 0.15 percent; Peasant Affairs, 0.54 percent; Urban Development, 0.17 percent; and Information, 0.11 percent. [Text] [La Paz HOY in Spanish 2 Apr 85 p 7] 8926

CSO: 3348/564

BRAZIL

BRIEFS

STEEL EXPORTS TO CHINA -- The Brazilian steel industry with an annual production of about 19 million tons is seeking new markets in Asia and in China, in particular, in response to protectionist measures by the U.S. which led to an almost 50 percent reduction in export to the latter country. According to the information from Brazilian industry circles, four large firms of the industry could already export a substantial amount of segregated steel to China. The steel group, Acesita, has currently received \$5.5 million contracts for 1985 for the delivery of 20,000 tons of special steel. Usiminas, the state entity which has already sold 116,000 tons of steel products to China in 1984, soon will deliver 150,000 tons of steel to Beijing. The Brazilian branch of the German firm Mannesmann received a contract from China for over 140,000 tons of steel pipes; the steel group Mendes Junior received one for over 30,000 tons of steel wire. [Text]  
[Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German  
7 Mar 85 p 2] 12348

CSO: 3620/315

COLOMBIA

FISCAL MEASURES NOT EXPECTED TO IMPROVE 1985 DEFICIT

Bogota EL ESPECTADOR in Spanish 1 Mar 85 p 12-A

[Text] In spite of all the fiscal adjustment measures adopted by the government at the end of December 1984, such as the succession of new taxes, and the decisions which will be taken in the upcoming extraordinary sessions in 1985, the country will have to confront a budget deficit of \$47 billion, according to estimates prepared by the Office of the Comptroller General of the Republic.

In his last financial report covering January 1985, Comptroller General Rodolfo Gonzalez Garcia also revealed that the government's initial budget estimate for this was year was underfinanced in the amount of \$150 billion.

If the estimated 1985 budget deficit of \$46.9 billion is added to last year's budget deficit of \$37.2 billion, the government's accumulated deficit for this year will be about \$84.1 billion.

The report issued by the Office of the Comptroller General reveals that the government has been unable to make the very corrections it has attempted, in spite of passage of Law 49 in 1984, which covers the initial budget, complemented by Law 50, dated 26 December 1984.

"No sooner had the fiscal year begun when signs of a deficit, characteristic of the past few years, started to show up in the national financial picture," the comptroller's report stated.

It was noted that in spite of the important corrective actions taken in the tax sector, the nation's 1984 fiscal year closed preliminarily with a fiscal deficit of \$37 billion and a Treasury deficit of \$44 billion. "With accounts payable of such magnitude, that is the way the 1985 fiscal year began," the comptroller notes.

January Results

What is more, with respect to the performance of the financial sector in the month of January, it was noted that the effective deficit, that is, the deficit resulting from the difference between the government's expenditures and the treasury's ordinary revenues, was \$15.83 billion,

which in any event is lower than the deficit for the same month in 1984, namely \$20.267 billion.

However, the Treasury's situation worsened between December 1984 and January 1985 because during the first 30 days of the year expenditures made at the end of last year became effectively payable.

Therefore, the Treasury's deficit, which is the difference between available funds and accounts payable increased from \$19 billion in December 1984 to \$28 billion in January 1985.

In fact, the \$28 billion figure results from comparing available funds of \$12 billion with effective payments or accounts payable of \$40 billion.

The budget deficit of about 47 billion estimated by the Office of the Comptroller General for this year results from the underestimation of \$150 billion between the government's budget of \$457 billion for this year and the deficit estimated by the Office of the Comptroller General of \$607 billion. That is, the budget is underfinanced in the amount of \$150 billion.

8143

CSO: 3348/475

COLOMBIA

FENALCO: COMPLIANCE WITH IMF WOULD RAISE SOCIAL COST

Bogota EL TIEMPO in Spanish 31 Mar 85 p 11-A

[Text] The most recent report of the International Monetary Fund calls for a 180-degree shift in the management of Colombia's economy, the National Federation of Businessmen (FEDALCO) states in a study released today.

The federation asserts that the IMF recommendation on gasoline pricing would boost the cost to at least 160 pesos a gallon by August 1986, when the term of the present administration ends.

It indicated that the government must explain the new economic guidelines, described the faster pace of devaluation as "a dubious blessing," and felt that the social costs of applying the IMF recommendations could be quite high.

According to FENALCO, the IMF's controversial prescriptions stem from the lack of foresight and the economic contradictions of recent years. Thus, the government must reach some sort of understanding with private business in connection with the adverse impact that it will feel from tighter demand, higher interest rates and a faster devaluation.

The federation also contended that the IMF's recommendations jeopardize the economic recovery and a lowering of unemployment.

"President Betancur must take advantage of the bargaining power that he has gained from his prestige, the Contadora Group, the war on drug trafficking and his continent-wide leadership, to hammer out better agreements with the IMF," the federation's document indicated.

It adds that the country must work out an anti-inflation policy as soon as possible and that FENALCO and business are willing to help put one together.

"The country must pass historic judgment on the total lack of foresight that marked Gutierrez Castro's term of office," the document says, referring to the former minister.

The chairman and other members of the FENALCO National Board analyzed and signed the statement last Thursday. It focuses on the document drafted by an IMF mission that was in Colombia recently, the text of which was published in EL TIEMPO. Although the FENALCO document was an internal memorandum, the board felt that it ought to be made public.

## Conclusions

FENALCO underscored the following points in its conclusions:

1. The contents of the memorandum drafted by the IMF staff that visited us recently are typical of the "prescriptions" that the fund has suggested for other countries: steps to end trade restrictions, letting market forces allocate financial resources, tight monetary and fiscal policies, a reduction of aggregate demand, depressed wages, rapid devaluations, etc.
2. Several points in the memorandum offer prescriptions that are clearly at variance with the economic policies that the government has been pursuing, and if such prescriptions were to be followed, there would be drastically different guidelines in areas such as foreign trade. For example, the current administration had no plans to loosen restrictions on imports quickly, nor to do away with export subsidies. The IMF memorandum, however, addresses these questions as if the country's economic authorities and the team of IMF officials were of the same mind in this regard. We should point out, in this connection, that the memorandum states time and again that the authorities were in agreement with the recommended policy adjustments, which would come as a major surprise to anyone reasonably well informed about how the economy has been handled since 1982. Phrases such as "the authorities also agreed with the staff on the need to...", "the authorities also intend to...", "the Colombian authorities showed their determination to..." The official agenda definitely did not include the elimination of export subsidies and of import restrictions, tariff adjustments and other austerity measures mentioned in the memorandum. Does all of this reflect the administration's tacit acceptance of the fund's suggestions? Why such marked shifts in approach?
3. Colombia might, in practice, be on the way to reaching a formal agreement with the IMF, but without receiving the benefit of the loans that the fund could grant it. The fact that our country might yield to the dictates and the monitoring of the IMF without obtaining, in exchange, loans to shore up its balance of payments, is unquestionably a matter for analysis and debate, because Colombia would seemingly "get the stick but not the carrot." Is there actually a formal agreement with the IMF? Won't the government do its duty and tell the country what the truth of the matter is?

4. The nation's economic problems have gone beyond the technical level and have become thoroughly political. Therefore, the government must take a political approach to a situation and to problems that are political. The current crises in our foreign sector, in government finances and in the economy at large are beyond the province of the Finance Ministry. Thus, it is up to the president of the republic to request special consideration for Colombia.

The president's visit to the United States is a valuable opportunity to speak directly with President Reagan, with the Federal Reserve Board and with high-level officials of the World Bank, the IMF and the IDB. Dr Betancur must take advantage of his well-earned prestige and authority to achieve pressing national economic goals, especially a favorable accord with the IMF and private international banks.

5. We cannot fail to mention that the current state of affairs that triggered the IMF's "fearsome list of recommendations" is largely the result of 2 years of contradictory and short-sighted economic policies. A foreign sector crisis that should have been resolutely tackled from its outset grew worse as the months passed and eventually become unmanageable. The country continues to demand clear-cut economic policies. In fact, the main reasons why it is now turning in dire straits to the IMF are the lack of a consistent, comprehensive economic strategy from the outset, the administration's failure to commit itself to real economic planning and the inconsistencies and reversals of many of the measures taken on various economic fronts.

8743

CSO: 3348/569

COLOMBIA

ECOPETROL LABOR DISPUTE RESULTS IN LOSSES FROM SABOTAGE

Bogota EL TIEMPO in Spanish 1 Mar 85 pp 1-A, 8-A

[Article Jesus Maria Catone E.]

[Text] Barrancabermeja--Losses of about \$62 million over the past 7 days have been reported by the production district of ECOPETROL [Colombian Petroleum Enterprise] as the result of continuing sabotage of the enterprise's installations, vehicles and equipment by unscrupulous elements which have infiltrated the rank-and-file workers' group at a time when negotiations are being conducted on their list of demands.

This report was prepared by engineer Francisco Chona, district manager, with headquarters in the El Centro district, who issued a new appeal to the workers to become guardians of the nation's wealth represented by ECOPETROL.

According to this official, the greatest losses are attributable to damage to the electricity network servicing Horca and Norte. That is because this damage has made it impossible to recover 13,800 barrels of crude oil worth \$48 million. Similarly, at the Lisama field it has been impossible to recover 2,200 barrels worth \$8 million for lack of mechanical repairs to internal combustion engines.

The executive added that a compressed [text reads "combustible"] air hose on one of the drilling rigs was destroyed. The rig is worth \$3.5 million. About 1,000 tires have been punctured with sharp instruments, leaving 400 vehicles immobilized.

8143

CSO: 3348/475

COLOMBIA

BARRANCABERMEJA DISORDER ATTRIBUTED TO ANUC, ANAPO

Bogota EL SIGLO in Spanish 6 Mar 85 p 1

[Article by Eduardo Carrillo]

[Excerpt] The police forces and the national army have reported that the seizure of the Municipal Council of Barrancabermeja was orchestrated and is being directed by the National Association of Rural Land Users (ANUC) and the Popular National Alliance (ANAPO) to support a lifting of the control and surveillance measures of the armed forces and the giving of greater attention to the sectors of health, education and long-term credits.

In the meantime, the commanders of the 2d Army Division and the 14th Brigade, Gens Ernesto Lopez Ramirez and Faruk Yannini Diaz, rejected the charges made by the peasants with the explanation that routine control activities are being performed but that at no time has the movement of citizens through Puerto Galan been impeded and much less has there been seizures of food and drugs. The commander of the 2nd Operational Division of the army revealed that in recent days a man dressed as a peasant was captured. He was transporting a large amount of military material apparently destined for armed movements in violation of the clearly stated provisions of the National Constitution.

The man is said to be in the hands of military criminal justice authorities for appropriate investigation.

It has been learned from sources close to the general command of the National Army that the 105 peasants, including men, women and children, are being led by Manuel Menco and Jose Alirio Translavina, acknowledged leaders of ANUC and ANAPO, respectively.

8143

CSO: 3348/475

COLOMBIA

OIL INDUSTRY COMMISSION CREATED; ENERGY POLICY UNDER IAN

Bogota EL SIGLO in Spanish 1 Mar 85 p 10

[Text] The national government has created a commission for the protection of national industry, engineering and labor in the sector of hydrocarbons and their derivatives. This commission will provide advisory, coordinative and consultative services to the president; it will be attached to the Ministry of Mines and Energy.

By means of Decree 566 dated 26 February 1985, President Belisario Betancur and the minister of mines and energy, Alvaro Leyva Duran, ordered the creation of this organization which will have the following membership: the vice minister of mines and energy, who will be its chairman; a representative from ECOPETROL [Colombian Petroleum Enterprise]; the head of the hydrocarbons legal division of the Directorate General for Legal Affairs of the Ministry or the person serving in his absence; and the head of the Exploration and Costs Division of this ministry.

This commission will receive advice from the private sector through the following professional associations: the Colombian Society of Engineers; National Association of Industrialists; National Federation of Metallurgical Industries; and the Association of Colombian Construction Engineers.

The commission will be basically responsible for the following activities:

- Formulation of the procedures to be followed so that every exploration, exploitation, transport, refining, manufacturing, development, processing and distribution of hydrocarbons activity will give preference to national industrial production, engineering, labor and services.
- Development of the procedures to be followed so that in foreign investment programs there will be no pooling of technology and so that in every offer of foreign goods the national sector will be given at least minimal consideration.
- Surveillance over and assurance that analyses, research, processing, the obtaining and interpreting of data produced by the technical activities and studies inherent in the hydrocarbons industry are performed as far as possible within national territory.

The commission will issue its own regulations and will determine the form and frequency of meetings.

To exercise strict control over these activities, the decree provides that in order to carry out contracts related to the oil industry priority consideration should be given to criteria and concepts issued by the commission.

Representatives of enterprises executing hydrocarbon projects should attend the commission's meetings.

## Energy

The government has defined the various categories of nonconventional energy and has given the Nuclear Affairs Institute (IAN) specific responsibilities for the development of future policies in this vast field.

The minister of mines and energy, Alvaro Leyva Duran, promulgated a special resolution pursuant to the authorities conferred upon him by Law 1 of 1984, according to which the following categories are to be kept in mind with respect to the future development of nonconventional types of energy: solar, geothermal, wind, oceanic, biomass, peat, tars and vegetable carbon.

The use and application of nonconventional or alternative energy sources have the principal objective of efficiently developing the country's renewable energy resources.

The resolution gives the IAN the following responsibilities, among others, in the nonconventional energy sector: evaluation of the possibilities of utilizing existing technologies, as well as the requirements for their development; using studies conducted to plan the utilization of such new and renewable energy resources and to project their utilization for the benefit of the community; execution of contracts and national and international agreements to obtain information about these forms of energy and their utilization; orientation, coordination, inspection and surveillance of activities and programs.

As regards geothermal energy, the Colombian Electrical Power Institute (ICEL) and the Electric Corporation of the Atlantic Coast (CORELCA), will have the same responsibilities as those assigned to IAN in relation to the other alternative or nonconventional energy sources.

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CSO: 3348/475

COLOMBIA

FRENCH PRESS ANALYZES IMPACT OF RECENT OIL DISCOVERIES

Bogota EL TIEMPO in Spanish 1 Apr 85 pp 1-C, 2-C

[Article by Jean-Lyon Vandoorne, special AFP correspondent]

[Text] AFP has sent one of its special staff writers to Colombia to look into the magnitude of the recent oil discoveries in the country and the prospects they offer. The following is the AFP special correspondent's dispatch, which reveals some new information on French involvement in Colombia's "oil fever."

Araguaney, Colombia (AFP)--A new frontier is taking shape in the petroleum world. Over the next 2 years the Andes will be traversed by two oil pipelines (across the north in 1986 and across the central region in 1987) that will make Colombia a member of the club of oil-exporting countries.

Conquered in the 16th century for its gold and thriving today because of its coffee (and the cocaine business), Colombia hopes to assure its future with its oil and coal deposits. The country is investing billions of dollars in spite of its current financial difficulties, the uneasiness that guerrilla bands have caused and the growing number of kidnappings.

Colombia discovered its first new oil frontier since the late 1970's in 1984: the Cano Limon deposit in the province of Arauca, south of the Venezuelan border and to the east of the Andes.

The field contains recoverable reserves of 1 billion barrels of oil (150 million tons), according to the estimates of the U.S. company Occidental Petroleum, which is a 50-percent partner with Colombia's state-run company ECOPETROL [Colombian Petroleum Enterprise].

"We would rather be conservative and estimate the reserves at 600 million barrels," the minister of mines and energy, Ivan Duque, and the minister of public works, Rodolfo Segovia, who just stepped down as ECOPETROL president, told a group of foreign newsmen.

The deposit should be producing 60,000 barrels a day by late 1985 and close to 200,000 by mid-1986, according to Segovia. With production costs of \$3 a barrel and transportation costs of \$5 a barrel, he feels that the deposit will be profitable, even taking into account a likely drop in the world oil price from \$28 at present to "\$20 or \$25."

Within 2 years Colombia will not only be able to meet its own consumption needs (230,000 barrels a day by 1987) but will also be in a position to export between 100,000 and 170,000 barrels daily, according to various estimates. By then its output will easily surpass that of Ecuador, a Latin American member of OPEC, and of Gabon, another "small" member of the oil-producers' group.

There is more oil 150 kilometers south of Cano Limon in Casanare Province. French, American and Colombian partners (Elf-Aquitaine, Houston Oil, Louisiana Land and ECOPETROL) are discovering deposit after deposit, which are beginning to look like the old ones in the Magdalena Valley west of the mountain range.

Proven reserves in the new area total some 100 million barrels, according to the director of Elf-Aquitaine in Colombia, Yves Philardeau.

The French firm is working hard in this mountainous region, where exploratory seismic studies indicate "average" deposits of 50 to 150 million barrels. In light of these prospects, the firm decided to triple its prospecting budget; with the assistance of its partners, it will invest \$40 million a year from 1985 to 1987.

The oil partnership's output is limited to 300,000 tons, but this will be doubled or tripled, even if there are no further discoveries, when the Araguaney-Magdalena Valley pipeline is completed.

The pipeline, which will cost at least \$150 million, is scheduled to go on stream in early 1987, but there might be some slight delays owing to financial difficulties in ECOPETROL and in the country at large.

Under Colombian law, ECOPETROL has a 50 percent share of in any deposit discovered by foreign oil companies. Although its profits were "unbelievable" in 1984, according to Segovia, its finances are very tight because of the simultaneous development of Casanare, Cano Limon (\$1.7 billion including the pipeline) and the gigantic El Cerrejon coal mine in the northern part of the country (an investment of \$3.4 billion). ECOPETROL is an indirect shareholder in all of these projects.

Bogota is trying to avoid the humiliation of turning to the IMF and is seeking some \$500 million in loans from international banks for El Cerrejon and ECOPETROL.

Although Colombia's \$11 billion foreign debt is relatively modest in comparison to those of its Latin American neighbors, the international financial community is casting a worried glance at certain economic indicators, such as the mounting budget deficit and the country's shrinking foreign reserves.

The country's leaders feel, however, that with its coffee and its oil, to mention just the "presentable" products, Colombia will move ahead.

8743

CSO: 3348/569

COLOMBIA

BRIEFS

COMMISSION SEEKS NAVAL BASE--The Association for the Comprehensive Development of the Pacific Coast has asked President Belisario Betancur to undertake certain projects along Colombia's Pacific coast and has submitted a series of such projects, including the establishment of a university in Buenaventura and the construction of the [letters illegible] ...trato-Truando canal. In our judgment, the following could be the launching pad for this comprehensive policy: a) The establishment of a navy base at Tumaco on the Pacific, not at Malaga, which would make the navy just as much of a factor on the Pacific as it has been for years on the Atlantic, inasmuch as Colombia has two oceans. This is an even more urgent need today, now that like the overwhelming majority of developing countries we have proclaimed sovereignty over the 200-mile zone and, fortunately, joined the Standing Commission of the Eastern South Pacific in 1979. It is thus obvious that these new developments impose new obligations on us. [Excerpts] [Bogota EL TIEMPO in Spanish 21 Mar 85 p 12-D] 8743

CSO: 3348/569

JAMAICA

GOVERNMENT RULES OUT PARAQUAT SPRAYING OF GANJA FIELDS

Kingston THE DAILY GLEANER in English 21 Mar 85 pp 1, 3

[Text] Jamaica will not be using the herbicide paraquat to spray its ganja fields because of the toxic nature of the compound and the dangers to domestic food production. Other methods of eradication will be considered.

This was stated by Senator Oswald Harding, Chairman of the National Council on Drug Abuse, at a meeting of the Council held at the Ministry of Foreign Affairs on Tuesday. A report on the use of paraquat will shortly be presented to the Council by the Scientific Sub-Committee.

Commenting on the recent publication of a series of articles on the report by the Staff Study Mission from the United States on anti-narcotics programmes, Mr. Harding said it was unfortunate that the publication only extracted parts of the report dealing with Jamaica instead of looking at it in its entirety. He said that the report recognised that the Jamaican Government had begun a modest drug education programme but had very limited resources. In another section of the report it was stated that the United States should consider providing appropriate assistance to the present drug education programme.

The Drug Council Chairman said there was a difference of opinion between Jamaica and the United States on the question of the eradication programme here. The policy of the Government was that it would not use paraquat as a herbicide to spray the ganja fields in Jamaica. He said advice received was that paraquat was a very highly toxic compound and that death had so far occurred with a lethal dose of 4 milligrams per kilogram in humans. Mr. Harding said it had now been "firmly established" that there was no effective treatment for paraquat poisoning--"there is no antidote for this poison."

He pointed to the recommendation in the report that an environmental impact statement be filed before United States-supplied herbicides could be sprayed on illicit narcotics overseas. This, he said, indicated that in the United States there was a requirement for an environmental impact statement and Jamaica proposed to do the same thing.

The position taken on its use, he said, was not an irrational or irresponsible one, pointing to the dangers to smokers and to domestic food production.

"It is also very difficult for us because all of us know the habits of our farmers when they undercrop these plants--so the spraying of the herbicide, apart from those who would smoke the marijuana being sprayed and the dangers there, the question is the domestic food production."

A scientific report on the herbicide would be done so that people could look at the evidence. When marijuana was sprayed in Mexico with paraquat, high concentrations of paraquat were found in the marijuana cigarettes, Senator Harding said. He added that there was a report that it had caused lung damage. He said he wanted to assure those concerned that Jamaica could not and would not use paraquat to spray ganja fields. The government would consider other methods of eradiction.

Mr. Harding said he wanted to adopt the words of the report that the United States should better demonstrate its own commitment to the fight against narcotics including spraying domestically with the herbicides it urged other countries to use on their illicit drugs.

Dr. Henry Lowe, Executive Director of the Council, said the prospects for a vibrant drug abuse programme were very good but they should get the private sector and international agencies to give support. He disclosed that last year Blue Cross of Jamaica contributed \$35,000 towards staff support and other operations of the Council and had indicated its willingness to contribute another \$35,000 this year. Some international agencies had also indicated their willingness to give support. The budget approved for the Council in the supplementary estimates was \$300,000.

Co-ordinator of the Drug Abuse Secretariat, Veronica McCrobie, in speaking of some of the programmes implemented said there was a problem with schools participating in the drug abuse symposium. Some rural school administrations, she said, had adopted the attitude that a drug problem did not exist in their schools so they would not attend. Activities such as the symposium were organised to make the schools aware that there was a problem so they could stop it before it got started in their institutions, she said.

Some of the programmes implemented included lectures on the subject, the publication of a drug abuse booklet by Blue Cross of Jamaica, the compiling of literature at the Medical Library of the University and the launching of a literary and poster competition.

CSO: 3298/547

JAMAICA

CHARLES REACTS 'ANGRILY' TO U.S. FINE OF AIR JAMAICA

Kingston THE DAILY GLEANER in English 28 Mar 85 pp 1, 3

[Article by Lloyd Williams: "Air Jamaica Fined J\$13 Million; Penalty for Ganja Found on Airbus"]

[Text] Air Jamaica has been fined J\$13 million by the United States Customs Service for taking into the United States the 5,940 lb. of compressed ganja which was found aboard one of its aircraft last month at the Miami International Airport.

The national airline was advised of the US\$2.376 million fine yesterday in a notice-of-penalty and demand-for-payment notice from the U.S. Customs, a branch of the Department of the Treasury. U.S. Customs agents found the unmanifested cargo in unsealed U.S. mail sacks in two containers aboard an Air Jamaica A-300 Airbus, Flight 029, from the Norman Manley International Airport on February 18.

The pilot of the Airbus is said to have radioed the Air Traffic Control Tower at the Norman Manley International Airport on take-off and the Control Tower in Miami prior to landing, to report that the (more than 2 1/2 tons of unmanifested extra) weight in its cargo bay was posing a safety problem for the flight.

Yesterday, the Hon. Pearnel Charles, who as Minister of Public Utilities and Transport has responsibility for Air Jamaica, on being told about the J\$13 million penalty, immediately asked that Mr. Tony Hylton, President of Air Jamaica, and Dr. Kenneth Rattray, Jamaica's Solicitor-General, and Ambassador Extraordinary and Plenipotentiary, proceed to the United States to have talks with the authorities there to try to mitigate the fine. They are expected to argue Air Jamaica's case in the USA tomorrow.

"Jamaica cannot afford to pay these fines and we cannot afford to have our ships and our planes confiscated by foreign governments because of drug trafficking," an angry Mr. Charles said.

"I call on anyone with information about how we can track down and apprehend those engaged in the nefarious trafficking in narcotic drugs to come forward and give the information either to the Jamaican or U.S. law enforcement

authorities whom we have requested to use every means at their command to help track down these dastardly persons using our airline and our ships for drug trafficking," Mr Charles said.

Jamaica, he said, was signing certain measures of co-operation with the United States Customs "to make sure that our planes and our ships are free from the exploitation of the selfish few whose only aim is to get rich regardless of what damage they do to our children, our people and our country."

He again underscored the grave danger that traffickers in ganja are posing to Air Jamaica and Jamaica's national shipping company, Jamaica Merchant Marine.

Between January and December 1984, a total of 18.8 tons of ganja was found at docks or aboard ships about to leave Jamaica for the United States.

(Speaking in the House of Representatives in February 1984, Mr. Charles said that almost every day between December 1983 and early January 1984, some 40 lbs. of ganja had been removed from Air Jamaica's A-300 aircraft. He said that between June 1983 and January 1984, a total of 22,000 lbs. of ganja had been taken from ships plying between Jamaica and the United States.)

There is no way of knowing what quantity of the drug the smugglers were successful in getting out.

Several fines have been imposed on Air Jamaica in the past for taking ganja into the United States. Several others are being discussed in the hope that the U.S. Customs Service will reduce them and several were settled in 1984.

The U.S. Customs Service imposes on a carrier, a fine of US\$25 for every ounce of ganja that is found aboard any aircraft or ship going into the United States.

The J\$13 million fine does not cover the 40 lbs. of ganja found in mailbags aboard an Air Jamaica 727 jet on February 23 at the Kennedy International Airport, New York. When this ganja was discovered, U.S. Customs agents seized the aircraft and held it for 40 minutes.

"Both the United States and Jamaican law-enforcement agencies," Mr. Charles said yesterday, "have been requested to use every means to curtail the smuggling of ganja through our national airline and our ships."

The danger was real, he said, that "if the criminal elements exploiting our national transportation services" did not desist from smuggling ganja aboard Air Jamaica and the Jamaica Merchant Marine, the airline and the shipping service could be denied access to the United States, Canada and "other countries around us."

He said that from time to time he had advised the country that "there were selfish people among us--some foreigners and some Jamaicans--who do not care about damaging the good name of our country, and the good relations Jamaica

has with other countries, causing Jamaica serious embarrassment in view of the many international conventions we have signed and are committed to."

To stop the smuggling of ganja, Mr. Charles said, security at the Sangster International and the Norman Manley International Airports had been tightened. Sniffer dogs were being used to check on luggage and on aircraft, and other measures which, for security reasons cannot be disclosed, had been instituted.

In addition, Mr. Charles, said, several persons suspected of being narcotics traffickers were being watched.

"I am determined," he said, "that those who are using Jamaica's national transportation systems for their greed will be brought to justice and made to feel the full extent of the law."

CSO: 3298/547

JAMAICA

CARL STONE FINDS CBI, U.S. MARKETS DISAPPOINTING

Kingston THE DAILY GLEANER in English 1 Apr 85 p 8

[Article by Carl Stone: "Expanding American Trade"]

[Text] According to recently released trade figures on the 1984 Caribbean-U.S. trade and total Caribbean sales to the U.S. increased by just 6 percent. This level of increase is considerably lower than the big expectations for larger Caribbean trade and export earnings built up by the promotion surrounding the CBI trade policies.

When oil exports (which account for about 50 percent of these U.S. purchase from the region) are excluded, the increase in Caribbean exports amounts to a larger 19 percent.

Sales Increase

This non-oil export sales increase for the region looks considerably more encouraging but is really nothing to shout about. Indeed, it gives a very false picture of the impact of CBI on Caribbean exports to the U.S.

The strength of the U.S. dollar in 1984 and the consequent increased U.S. demand for imported goods, especially luxury goods have been the basis of a sharp rise in U.S. imports in 1984. As a result the U.S. trade deficit climbed to a record \$124 billion for the 12-month period ending in March 1985.

American Imports

Compared to the 19 percent increase in non-oil Caribbean exports, similar exports for the Latin American area as a whole (which includes a majority of countries which are not CBI beneficiaries) was 17 percent or only two percent behind the CBI beneficiaries.

As we have pointed out in this column before, U.S. purchases from the Far East in 1984 show a level of increase that considerably exceeds the level of Caribbean sales increases to the U.S. in the same year.

The evidence would suggest that much of the increase in Caribbean sales to the U.S. relates more to the overall upward trend in U.S. imports than to the impact of CBI trade policies.

One should, therefore, treat with caution the various efforts to quote unanalysed statistics to paint a false picture of CBI impact on the region.

The evidence of relative success in moving specific agricultural items into the U.S. market and the problems this has encountered provides an interesting commentary on strong obstacles that are going to be encountered once. Caribbean export sales to the U.S. begin to take on larger dimensions.

According to the December 1984 Statistical Review of our Statistical Institute, we sold some US\$4.7 million worth of citrus products in 1984 compared to US\$1.9 million in 1983 over the April to December periods. That amounted to a 143 percent increase in exports sales.

That fact and the reaction of U.S. interests who wish to keep our high quality testing citrus out of the U.S. market seems to account for the false claims about Jamaican fruit being infected with fungus. The only fungus these fruit had was the threat they posed U.S. competitors whose citrus products are cosmetically attractive but lack the taste quality of the Jamaican fruit.

The same thing has happened to at least one other successful as agricultural export item much to the distress of the farmers involved in pumpkin exports.

#### Ganja in Cargo

We should also not be surprised if it is discovered that the ganja-in-cargo issue is being highlighted and manipulated by covert U.S. interests who wish to see our promising beginnings at non-traditional agricultural exports to the U.S. dismantled to protect U.S. vested interests.

After all, much as the opposite is pretended in dealing with Third World countries, the U.S. has never been short on extensive networks of corruption in business which protect themselves from adverse competition by such means.

But our biggest problem in breaking into the U.S. market on a big scale is not going to be such trade obstacle but whether our private sector interests are geared to make the fullest use of the available trading opportunities.

The feedback one gets from the U.S. end is that some of our export interests which have great potential are not going to make it because of complacency, mediocre product quality and an absence of alertness in dealing with exports.

Frequent complaints are coming in about our private sector interests not answering telephone calls and telex messages on which import prospects for increase exports sales hinge. One also hears about shoddy finish and quality to items exported in areas where the country has the capacity to produce top quality goods.

Somehow, some of our exporters seem not to appreciate how much depends on the success of the current efforts to increase non-traditional export earnings in hard currency markets.

Yet so many of the smaller enterprising business interests in the country lack the financial and other resources necessary to get on the export track and when they sometimes make it into exports they are often ripped off by unscrupulous middle men.

#### Export Bonanza

CBI has so far not proved to be the great export bonanza it was claimed to be by U.S. officialdom. Indeed, it is doubtful if the trade measure has had any real impact at all on Caribbean-U.S. trade when all other factors are taken into account.

Yet the effort toward increasing exports has to be maintained and increased if the country is to have any prospect of a future. The limited successes in export sales to the U.S. from Jamaica reflects partly our failure to develop an adequate industrial policy enabling us to shift local manufacturing capacity more into viable export activity.

It is also partly a failure to harness the creative energies of the many smaller enterprising businesses across the country which have great potential to match in export efforts the gains being recorded in non-traditional agriculture.

One wonders whether the government ought not to be calling on the services of someone of the calibre and experience of Mr. Lightbourne in helping to develop an adequate industrial development policy appropriate to the needs of export expansion. Such a policy would need to take into account the present state of our manufacturing sector and what it needs to transform in into export dynamism.

Clearly, the government's narrow perspective that exchange rate adjustments is the medicine manufacturing needs to sprout export wings has been a non-starter.

#### Industrial Policy

The gloating over impressive growth of 807 exports while genuine local capacity for manufacturing exports rots for the lack of a serious industrial policy is a sure sign that this government is admitting its failure to lead local manufacturers into the U.S. market. Tinkering with incentives is not enough. What the country needs is an industrial development policy to charter the creative energies of local producers.

Unless the potential for increasing agricultural exports is matched by similar gains in the area of industry, the Jamaican economy is not going to bounce back adequately from the gaps left by the ailing bauxite industry.

The government's thinking about local industry has apparently come up against a dead end and there is need for some fresh thinking and new ideas.

CSO: 3298/548

JAMAICA

ECONOMIC DEVELOPMENTS CITED, DRAW COMMENT, CRITICISM

Exports to Puerto Rico

Kingston THE DAILY GLEANER in English 21 Mar 85 p 3

[Quotation marks as published]

[Text] New moves to boost Jamaican exports to Puerto Rico are being undertaken by the Ministries of Industry and Commerce and Foreign Trade, the Hon. Douglas Vaz announced yesterday.

He was reacting to the report on the Puerto Rican US\$700 million industrial development fund to provide a financial base for joint ventures between Puerto Rico and CBI-designated countries.

In statement yesterday Mr. Vaz, who is Minister of Industry and Commerce, said:

"The reaffirmation by Puerto Rican Governor Hernandez Colon, of his country's commitment to the development of joint ventures through the "Twin-Plant" manufacturing concept is most welcome and timely. His offer to create a US\$700 million Industrial Assistance Fund for Puerto Rico's Caribbean neighbours, through use of Section 936 funds, reinforces that commitment, and can be immensely beneficial to Caribbean development.

The "twin-plant" concept between Jamaica and Puerto Rico was pursued in 1982, during an official visit by me to Puerto Rico, at the invitation of the Government. Discussions continued in Jamaica of 1983, during an official Ministerial exchange visit by Secretary of State Quiros, and culminated during official exchange visits to Puerto Rico by Prime Minister Seaga, and to Jamaica by the then Governor Barcelo of Puerto Rico, when wider Puerto Rico/Jamaica Economic Co-operation matters were discussed. I have also led two trade missions to Puerto Rico.

The importance of active support for use of 936 funds to seed the financing of "twin-plant" manufacturing, and the enormous value of "twin-plant" production can be seen from a summary of trade between Puerto Rico and the Caribbean Region between 1980-1984.

## Twin Plants

Even more important is the "twin-plant" activity which has developed in the past few years, as well as the territories in which this has taken place. In this regard I have recently held discussions here with Mr. John Collins, Puerto Rican Economic Development Administration (EDA) Co-ordinator for CBI who will report on his return to Puerto Rico to the new Head of the EDA, Mr. Antonio Colrado, and to Secretary of Commerce Atilano Badillo, both of whom have indicated their desire to meet with me in Puerto Rico in the near future. Some 51 "twin-plants" have been implemented by Puerto Rico--22 in Haiti (19 of which are in electronics); 22 in the Dominican Republic (varied areas); 2 in Barbados (apparel and electronics); and 1 each in Antigua, St. Kitts, Trinidad, Venezuela and Colombia.

By highlighting the spectacular performance of Barbados in particular, whose exports to Puerto Rico in 1980 stood at US\$9 million, but which rose to US\$111.781 million in 1984, I hope all Jamaican exporters would be challenged to dramatically increase their exports to that market. Our performance was US\$3.4 million in 1984, falling more than 50 percent from the "record" of \$7.2 million in 1983.

Other countries have performed exceedingly well in exporting to Puerto Rico--Dominican Republic and Haiti consistently growing, from \$80.4 million in 1980 to \$83.3 million in 1984 and from \$13.8 million to \$30.4 million respectively. Costa Rica's exports have moved from \$18.3 million in 1980 to \$30.2 million in 1984.

Jamaican manufacturers must seek to find out what strategies were used by these countries; and emulate them, as well as to utilize the "twin-plant" strategy which has helped immensely in recent times. Of interest is Puerto Rico's total foreign trade, which in 1984 consisted of imports of US\$9.5 billion versus exports of US\$9.145 billion--a most attractive market!

The Ministries of Industry and Commerce and Foreign Trade are examining the details of the products which are involved in Puerto Rico's trade with the region, and will be liaising with Jamaican exporters, with a view of leading a Trade Mission to Puerto Rico, consisting of targetted producers and entrepreneurs who will be committed to dramatically increasing Jamaica's exports to Puerto Rico--both of Jamaican products, as well as by way of joint-venture "twin-plant" production."

## Crop Increases

Kingston THE DAILY GLEANER in English 23 Mar 85 p 12

[Text] **T**HE PRODUCTION OF 31 DOMESTIC AND EXPORT CROPS increased by 23% and 37% respectively, over 1983's production, according to information released by the Data Collection and Statistics Branch, and the Data Bank and Collection Division of the Ministry of Agriculture.

A spokesman for the Ministry said this week that the trend was continuing.

Domestic Crop Production moved from 419,166 short tons in 1983 to 514,656 short tons in 1984, an increase of 23%. Please see Table 1 below. All crop groups increased in production with significant increases of 56%, 37% and 53% for condiments, fruits and potatoes respectively.

Production in most parishes showed an increase with the exception of Kingston and St. Andrew which decreased by two percent. Exceptional increases occurred in the parishes of St. James, St. Elizabeth and Manchester, 58%, 53% and 35% respectively.

### CONTRIBUTION

Factors contributing to the increase in domestic crop production were: good weather conditions, an available export market and the establishment of new acres — either to replace basic starch supplements or for the expansion of special projects or to replace lands taken out of traditional export crops.

Domestic crop production in the 4th Quarter was 123,826 short tons in 1984, an increase of 13 percent as compared to 109,781 short tons in 1983. Most crop groups showed increases in production, with the exception of cereals which can be attributed to a shortage of planting material in corn.

Production in most parishes increased — with the exceptions of Westmoreland, and Kingston and St. Andrew — by four and three percent respectively. The

yam production in Westmoreland was affected because of early harvesting in the previous Quarter, and expected late harvesting out of the Quarter. Production in Kingston and St. Andrew was affected, as farmers had gone into coffee production, in addition to the unavailability of planting materials and the high cost of inputs.

### EXPORT CROPS

Exports for 31 domestic crops for 1984 was 14,995 short tons as compared to 10,904 short tons in 1983, which was an increase of 37 percent. Significant increases in tons exported occurred in pumpkins, tomatoes, sweet peppers, watermelons, plantains, sweet potatoes and yams. For the 4th Quarter 1984 as compared to 1983 increased by 30 percent with significant increases in tons exported occurring for sweet potatoes and yams. (Please see Table on page 13).

Exports for these thirty-one domestic crops made up three percent of the total production in 1984.

### CONFIDENCE ...

Commenting on these developments Agriculture Minister, Hon. Dr. Percival Broderick, said yesterday: "These achievements reflect the confidence of the farmers of Jamaica, at all levels, and their determination to move forward in their effort to make agriculture the corner-stone of the country's economic life.

"I have every confidence that we shall succeed," the Minister declared.

# Comparative estimates of domestic crop production

Table 1:

Unit: Short ton.

| CROP GROUP  | 1983    | 1984    | PERCENTAGE<br>CHANGE |
|-------------|---------|---------|----------------------|
| Legume      | 10,564  | 11,445  | 8                    |
| Vegetable   | 123,788 | 150,790 | 22                   |
| Condiment   | 10,673  | 16,600  | 56                   |
| Fruit       | 12,642  | 17,251  | 36                   |
| Cereal      | 7,761   | 9,969   | 28                   |
| Plantain    | 27,669  | 33,698  | 22                   |
| Potato      | 34,935  | 53,139  | 52                   |
| Yam         | 143,999 | 164,311 | 14                   |
| Other Tuber | 46,493  | 55,894  | 20                   |
| Sorrel      | 640     | 774     | 21                   |
| TOTAL       | 419,166 | 514,656 | 23                   |

# Export-Crop Comparison

Kingston THE DAILY GLEANER in English 23 Mar 85 p 13

[Text]

Comparison of 31 non-traditional export crops  
for the 4th Quarters of 1984, 1983. — Source: Ministry of Agriculture

| CROP                | 4th Quarter |       | Percentage Change | Year Total |        | Percentage Change |
|---------------------|-------------|-------|-------------------|------------|--------|-------------------|
|                     | 1984        | 1983  |                   | 1984       | 1983   |                   |
| Gungo Pea           | 1           | -     | -                 | 2          | -      | -                 |
| <u>Vegetable</u>    |             |       |                   |            |        |                   |
| Cabbage             | 0           | -     | -                 | 8          | -      | -                 |
| Calaloo             | 9           | 7     | 29                | 32         | 29     | 10                |
| Carrot              | -           | -     | -                 | 0.06       | -      | -                 |
| Cho-Cho             | 2           | 6     | -67               | 14         | 23     | -39               |
| Cucumber            | 171         | 0     | -                 | 282        | 161    | 75                |
| Okra                | 7           | 4     | 75                | 65         | 17     | 282               |
| Pumpkin             | 277         | 312   | -11               | 2,309      | 1,636  | 41                |
| String Bean         | -           | -     | -                 | 38         | -      | -                 |
| Tomato              | -           | -     | -                 | 991        | 719    | 38                |
| SUB-TOTAL           | 466         | 329   | 42                | 3,739.06   | 2,585  | 45                |
| <u>Condiment</u>    |             |       |                   |            |        |                   |
| Escallion           | 6           | 4     | 50                | 34         | 17     | 100               |
| Hot Pepper          | 52          | 44    | 18                | 208        | 177    | 18                |
| Sweet Pepper        | 1           | 1     | 0                 | 483        | 188    | 157               |
| Thyme               | 7           | 4     | 75                | 30         | 18     | 67                |
| SUB-TOTAL           | 66          | 53    | 25                | 755        | 400    | 39                |
| <u>Fruit</u>        |             |       |                   |            |        |                   |
| Paw-Paw             | -           | 2     | -100              | 39         | 6      | 550               |
| Pineapple           | -           | -     | -                 | 17         | 3      | 467               |
| Watermelon          | -           | -     | -                 | 367        | 163    | 125               |
| SUB-TOTAL           | -           | 2     | -100              | 423        | 172    | 146               |
| Plantain            | 35          | 12    | 192               | 145        | 109    | 33                |
| Sweet Potato        | 235         | 137   | 72                | 1,261      | 601    | 110               |
| <u>Yam</u>          |             |       |                   |            |        |                   |
| Lucea               | 11          | 14    | -21               | 40         | 41     | -2                |
| Negro               | 492         | 348   | 41                | 1,181      | 1,113  | 6                 |
| Renta               | -           | 8     | -100              | 40         | 18     | 122               |
| St. Vincent         | 5           | -     | -                 | 11         | 3      | 267               |
| Sweet               | 344         | 263   | 31                | 596        | 444    | 34                |
| Tau                 | -           | 3     | -100              | 9          | 4      | 125               |
| Yellow              | 1,016       | 794   | 28                | 4,676      | 3,687  | 27                |
| Other               | 8           | 5     | 60                | 38         | 37     | 3                 |
| SUB-TOTAL           | 1,876       | 1,435 | 31                | 6,591      | 5,347  | 23                |
| <u>Other Tubers</u> |             |       |                   |            |        |                   |
| Sweet Cassava       | 2           | 4     | -50               | 16         | 11     | 45                |
| Coco                | 170         | 136   | 25                | 675        | 490    | 38                |
| Dasheen             | 261         | 290   | -1                | 1,324      | 1,173  | 13                |
| SUB-TOTAL           | 433         | 430   | 1                 | 2,015      | 1,674  | 20                |
| Sorrel              | 24          | 15    | 49                | 24         | 16     | 50                |
| TOTAL               | 3,136       | 2,414 | 30                | 14,955.06  | 10,904 | 37                |

Kingston THE DAILY GLEANER in English 25 Mar 85 p 8

[Article by Carl Stone: "Artificial Growth"]

[Text] Since early 1984 the Government has had to impose some rather harsh austerity measures to cope with imbalances in the economy. The measures have come with such suddenness, severity and rapid succession as to cause grave doubts in many quarters as regard the sanity and soundness of these policy measures.

The declining trend in bauxite earnings does not entirely account for the suddenness and seeming desperation with which the Government has had to hastily impose these measures over the last 15 months.

### **Economic storms**

The fact is that between 1980 and 1983 the Government promoted policies that were diametrically opposed to the austerity measures it is now hastily putting together. Those policies induced both consumers and entrepreneurs to believe that the country had passed the worst economic storms and that an easier passage was about to be experienced.

Massive borrowing was used to disguise the country's yet unsolved earnings crisis. Cheap and easy foreign exchange was made available to a complacent private sector based on a low and undervalued rate of exchange.

### **Foreign exchange**

Much of the foreign exchange was frittered away or directed toward purposes which had no bearing on what had to be done to adjust the

economy toward a greater hard currency earning capability.

Cheap imports sustained a level of imports that was out of line with the failure of the economy to record substantial increases in export earnings. Growth was sustained mainly through big borrowing and a level of economic momentum was maintained far beyond what would have been possible if we were not seeking to borrow away our difficulties.

As a result, a false sense of complacency developed and it was increased even further by the constant, unrealistic, positive and glossy projections about the immediate economic future that came from our Prime Minister.

The delay in making harsh and unpopular adjustment policies and the unexpected rapid deterioration of bauxite earnings have forced the Government to come down heavily on the brakes after constantly assuring us that the economic vehicle was about to accelerate into fourth gear.

### **Similar crises**

A comparison of our economic track record over the 1980 to 1983 period as it matches up with other similar economies in the region reveals a great deal.

If we include eight other countries in our comparison (Barbados, Costa Rica, Dominican Republic, Guyana, Panama, Honduras, Suriname and Chile) all of which have had to face earnings and balance-of-payments problems operating from relatively small economies, we can get a better picture of what we had been doing over that 1980-to-1983 period.

Of the nine countries, Jamaica was among the three that had consistent positive growth over those years. We were also among the countries with low levels of price increases. Yet we were among the three countries, (Jamaica, Dominican Republic and Guyana) which experienced 30% and over declines in export earnings. Although our earnings were rapidly falling, we were among the three

countries with low levels of decline in import levels (Jamaica 11%, Dominican Republic 14%, and Panama 14%).

## **Drastic fall**

Like the Dominican Republic which had positive economic growth out of line with its drastic fall in export earnings and its modest adjustment of import levels, we have had to impose harsh, sudden and unexpected austerity measures with serious credibility problems for those who are governing and making these decisions that seem so out of step with the glossy projections of the 1980-to-1983 period.

Among the nine countries, Chile and Costa Rica carried out major devaluations with drastic cost-of-living increases over the period. But Chile chopped its import level by 57% and Costa Rica maintained a level of decline in imports that by 1983 was greater than the fall off in export earnings.

Of the nine, only Barbados experienced an increase in export earnings over the period. That increase in earnings far exceeded the modest increase in imports.

Among the nine countries, four had declines in import levels that were on par with or slightly greater than the decline in export earnings (Suriname, Panama, Guyana, Costa Rica). Chile and Barbados stand out as two cases where major import reductions occurred (Chile) or significant increases in exports developed (Barbados) to reduce the dimensions of the balance-of-trade and payments problems.

Two cases (Jamaica and the Dominican Republic) are equally outstanding in showing a large decrease in export earnings combined with only a small downward adjustment in import levels.

## **Austerity policy**

The austerity policy and political crises of both countries have a common basis and it should now be clear that what both countries were doing between 1980 and 1983 to sustain artificial growth levels out of line with export earnings is partly to blame for the severity of the adjustments measures they have had to adopt since last year as their earnings crises have deepened.

Steps necessary to pressure the private sector to make optimal use of foreign exchange and to shift produc-

tion efforts toward exports were too late in coming as economist Mark Ricketts has constantly argued.

Now that these measures have come rather late but with great severity (currency devaluation, tight money, price increases etc.), there is a great weeping and wailing and gnashing of teeth as all of this is out of step with the easy passage promised in 1980 to 1983.

## **Bauxite crisis**

But even with the evident signs of the gaping hole that is being left in the economy due to the bauxite crisis, Mr. Seaga is, quite incredibly, still promising an easy passage. Should he really be surprised when many people stop listening to that message?

As a small Third World economy, Jamaica has distinguished itself over the last four years in one area, namely, excessive borrowing. Next to Israel, we get the largest outlay of U.S. aid calculated in terms of per capita aid receipts. We are easily among the top five Third World borrowers if we compute borrowing levels in per capita terms.

Instead of helping, the borrowing has compounded our difficulties. It induced our Government to promote artificial growth when harsh austerity adjustment policies should have long ago been administered. Our private sector has had a free ride from generous handouts of borrowed money which the state has to repay at high interest rates and high rates of exchange of J\$ for U.S.\$.

## **Complacency**

Both the Government and the private sector were lulled in a false complacency of believing that the worst had passed. The unfolding new dimensions of the bauxite crisis has jolted them back to reality but neither seems willing to admit how deep a hole the economy has fallen into and how difficult it is going to be to get out.

Mr. Seaga continues to project a glossy fairy tale scenario of what is to come while the private sector leadership pretends that some minor policy adjustments can solve the crisis.

Both are suffering from the lingering effects of the artificial growth and the accompanying false optimism that inspired it between 1980 and 1983 when big borrowing was used to disguise the economic realities of our earnings crisis.

## JEA Concerns

Kingston THE DAILY GLEANER in English 30 Mar 85 p 18

[Text]

The productive and exporting sectors stand to collapse first under the present credit restrictions and unless counter measures are introduced soon, serious contraction will take place in the Jamaican economy.

This observation was made by the president of the Jamaica Exporters Association, Mr. Claude Clarke, as he addressed the monthly luncheon of the Institute of Management at the Courtleigh Hotel, New Kingston, on Wednesday.

Mr. Clarke, the managing director of Highgate Food Products Ltd., exporters to Caricom, British and U.S. markets, said that the export market was in a peculiar position which made it more vulnerable.

Exporters, he said, had to finance up to seven months of inventories and receivables, unlike in some other areas of business where the level of finance needed was one month.

Additionally, the non-traditional export sector was relatively young, with a collateral base which had not grown to the size that could command the levels and cost of credit the sector was being asked to bear, according to Mr. Clarke.

"Equity financing institutions are not in place and so the global nature of the credit restrictions guarantees that the productive and exporting sector could be the first to collapse unless certain other measures are introduced now.... These new measures will seriously

contract the entire economy even further than it has already contracted."

There was also the related problem that companies had to double their working capital. "And now we find that with the increase in interest rates from just over 15 per cent a year ago to nearly 30 per cent now, the cost of financing that additional working capital has almost doubled."

Mr. Clarke continued: "The contracted economy will mean less demand and therefore a contraction of local production. The contracted local market together with excessively high interest rates will mean less competitive pricing and reduced exports."

"Reduced production must cause massive layoffs and redundancies, in turn causing lower consumer demand intensifying the downward pull into the spiral of depression and stagflation."

On the question of dialogue, Mr. Clarke said that the export organization was working with Deputy Prime Minister Hugh Shearer to formulate a plan for export development.

He said: "If more of us were brought into the decision-making process, consensus and continuity of policies and programmes could be achieved in the vital areas of the economy."

"We therefore appeal to the government to let us come together, bankers, exporters, farmers, manufacturers, trade unions, traders, professional managers in a great national effort to resolve this crippling crisis."

JAMAICA

GROUPS VOICE OBJECTIONS TO NEW MONETARY MEASURES

Private Sector Views

Kingston THE DAILY GLEANER in English 28 Mar 85 p 1

[Text] The Private Sector Organisation of Jamaica (PSOJ) has called on the Government not to implement the new credit and monetary measures which have generated much controversy. Instead, the Government should hold consultations and dialogue with the PSOJ to develop possible alternatives.

At a press conference held at the Pegasus Hotel yesterday, PSOJ President Mr. Sam Mahfood, said that the new measures would result in commercial banks only being able to make new loans and advances to their customers from repayments made on existing loans or from resources through the Agricultural Credit Bank or the National Development Bank.

However, these funds were limited in their use as they were "project specific" and so the flexibility of commercial banks to fund commercial activity would be "severely curtailed," Mr. Mahfood said.

The new measures, he said, could lead to closures and lay-offs, and the Government by adopting such measures, could shift whatever possibilities there are for growth and increased performance from the legal economy and legitimate business activity to the underground and illegal economy.

Mr. Mahfood called on the Minister of Finance to publicly explain the reasons for the new measures and what they were expected to achieve.

"We seek dialogue; we seek consultations; we do not wish to have edicts handed down to us that have been generated by technocrats with whom we don't agree. We will continue to speak out. We have no alternative. We are not the government; we do not set rules; we do not set policy; we just try and influence it."

The PSOJ president urged the private sector "not to throw up their hands in the air" but to make use of existing credit facilities and export trading houses.

He called for a revamping of the Customs Department in terms of tariffs and collections and repeated his call for a review of the tax regime.

#### JMA Reservations

Kingston THE DAILY GLEANER in English 28 Mar 85 p 3

[Text] The Jamaica Manufacturers' Association (JMA) has called on the Government to rescind the new monetary policies which it says are "castrating the productive and in particular the manufacturing sector."

As a consequence, the sector finds itself unable to generate growth to implement export development programmes, and this, it said, "will lead to massive worker lay-offs."

In a resolution passed at a special meeting of the JMA held at its Duke Street offices yesterday, the Association said that the manufacturing sector was unable to perform within the context of these "Draconian restraints and will not allow the sector to be used as a scape-goat for any economic failure."

On the issue of equity financing, the Association said that Government spokesmen should desist from misleading the public that the lack of equity in Jamaican companies was the principal reason for their inability to perform.

"The reality is that the present myopia of monetary policies is solely tailored for political expediency to maintain an exchange rate below which economic failure is perceived."

The resolution stated that the present measures contradicted and hampered any such equity formation. "Government's spokesmen seem to infer that the increased liquidity and high interest measures are designed to encourage the use of equity in business.... It is an internationally known fact that when interest rates are high, investors prefer instruments of saving and certificates of deposit over stock and equity purchase."

This, the resolution said, was compounded by Government's policies which provided tax-free incentives for investors to place deposits in banks while dividends from equity investments were subject to punitive corporate profit tax. Furthermore, it should be recognised that companies classically defined as 'blue chip' investment rarely make a profit before tax in excess of 17 percent to 18 percent and after tax, this profit becomes 8 1/2 percent to 9 percent.

With current interest rate for saving deposit at 18 percent, an investor would rather opt for the guaranteed tax-free return on a fixed deposit.

The JMA said that it wished the public to realise that equity investments in the Jamaican companies, based on Government's performance to date, has to be seen as the equivalent of a 'long shot' bet in the 9th race at Caymanas Park, as the structural adjustments without the promised and committed import tariff

review, would render many companies which were sound and profitable enterprises today, bankrupt tomorrow.

The Association called on the Government to remedy the constraints to production by providing additional bankers re-discount facilities for the manufacturing sector and to cease further de-regulation of imported items without the imposition of corresponding and simultaneous tariffs.

CSO: 3298/549

JAMAICA

BONN MINISTER ADDRESSES LOCAL ECONOMIC PROSPECTS

Kingston THE DAILY GLEANER in English 29 Mar 85 p 2

[Text] Jamaica's was the number one priority in the Caribbean in terms of developmental assistance in various forms from the Federal Republic of Germany (West Germany), that country's Minister of Economic Co-operation, Dr. Juergen Warnke, told a luncheon in his honour in Kingston, on Wednesday.

Mr. Warnke was speaking at the function hosted by the Deputy Prime Minister and Minister of Foreign Affairs and Foreign Trade, the Rt. Hon. Hugh Shearer at the Wyndham Hotel, New Kingston.

He also announced that his Government would be making available to the Government of Jamaica some \$1/2 million Deutsche Marks (J\$800,000) to assist the programme under which free text books are provided for primary school children.

Both Ministers had private discussions at Mr. Shearer's Ministry prior to the luncheon.

Mr. Shearer told the luncheon that the talks were "friendly and useful and productive to the extent of the programme of aid from the Federal Republic of Germany to Jamaica to be increased."

Mr. Warnke said: "With the 200 million Deutsche Marks that is the accumulated sum of our developmental assistance programme, be it direct financial co-operation, technical co-operation or be it those kinds of assistance that we give via political foundations or via the church or other institutions, however our state budget funds are directed, (in terms of) these 200 million Deutsche Marks we have placed Jamaica in place one in the Caribbean.

"We feel that this country indeed, has set upon the way of future development in a very useful way. You have mentioned the grave problems that are weighing upon you; the fact that certain commodities that constitute the bulk of Jamaica's exports are in surplus and have caused important corporations to close down their Jamaica branches.

"We feel that however difficult is the course that Prime Minister Seaga has set; the course of giving leeway to individual creative employment instead of

state bureaucracy weighing heavily on the creative forces; the way of being open to foreign private investors and bravely telling the population the news even if it is very unpleasant news and not shying from the consequences that are necessary for structural adaptation.

"This is the way that shows strength of purpose and the confidence that people are being given some scope for tackling the task. It will react the right way and it shows that there are political forces at work that have the courage to go such a way, where courage certainly is needed.

"We in Germany wish you well and what we can do in co-operating, not only in terms of Government co-operation, but also in encouraging German corporations to invest in this country, will be done with great interest and satisfaction."

He said that he looked forward to the conclusion of an investment protection agreement between both countries which was already within reach.

Germany had been in the forefront in urging the European Community to pay more attention to the Caribbean and Central American Region, he said.

"And, so I thought that, as someone who had never before been to the Caribbean, it was about time to go there myself and I couldn't find a more appropriate way to start than to come to Jamaica: a country that in this region, in our opinion, occupies the most important place especially in terms of stability; stability which is the prime concern of the Government of the Federal Republic of Germany in its Third World policy."

He said that there were times when at the head of the non-aligned movement there were powers which were not truly non-aligned, but were part of the promulgation of the East-West contradiction.

He praised Jamaica's stand within the Non-aligned Movement for genuine non-alignment as well as the country's stand against what he called "the imperialist subduing of Afghanistan."

He also praised Jamaica's role in "putting an end to developments in Grenada which could have been detrimental to the freedom of the region."

"We have a long standing tradition not only of friendship, but of economic co-operation between our countries," he said.

He said that he was impressed with the programme for free textbooks for primary school children, and noted that although Germany was grateful for the financial assistance given through the Marshall Plan after the devastation of World War II, the basic infrastructure which allowed them to develop to a level which even surpassed those who defeated them in the war was their level of education, mainly vocational training.

Also speaking at the function was the Minister of Education, the Hon. Mavis Gilmour, who thanked the German Minister for his interest in local education.

Guests included: the Hon. Hugh Hart, Minister of Mining, Energy and Tourism; the Hon. Brascoe Lee, Minister of State for Agriculture; the Hon. Ossie Harding, Minister without Portfolio; the Hon. Horace Barber, Governor of the Bank of Jamaica; Mr. Don Brice, Permanent Secretary in the Office of the Prime Minister; Mr. Frank Francis, Permanent Secretary in the Ministry of Foreign Affairs and Foreign Trade; Mr. Derrick Dyer, Permanent Secretary in the Ministry of Agriculture; Mr. Peter King, Executive Director of the JNEC; Mrs. Corinne McLarty, Executive Director of the JNIP; and, Mr. R. Anthony Williams, President of the Jamaica Manufacturers Association.

CSO: 3298/549

JAMAICA

## GOVERNMENT RESPONDS TO PNP OBJECTIONS TO FREE ZONE

### Vaz Remarks

Kingston THE DAILY GLEANER in English 29 Mar 85 p 3

[Text] A complaint by the People's National Party that "scores of workers" have been recruited from the Far East and are employed in the Kingston Free Zone has been answered by the Minister of Industry and Commerce, the Hon. Douglas Vaz, who said the complaint was baseless.

A statement issued by the chairman of the PNP, Mr. P.J. Patterson, and a letter sent to Mr. Vaz as well as to the Minister of Public Utilities and Transport, the Hon. Pearnel Charles, by the Hon. Alfred Rattray, O.J., the PNP spokesman on Industry, Commerce and Foreign Trade, made the allegations.

Mr. Patterson's statement said that the PNP has evidence that 68 workers from the Philippines and 10 Chinese are currently employed at East Ocean Textiles, a garment company operating in the Free Zone.

These workers, according to the statement, were employed "ostensibly as trainers and supervisors but in fact work as sewing-machine operator"--a fact which the PNP said it found "shocking and unacceptable" because of the availability of these skills in the local job market.

Reference was also made in Mr. Patterson's statement, as well as in Mr. Rattray's letter, to an allegation that the foreign workers, as well as some locally-recruited workers, were being asked to work at what were described as "sweated labour" hours of between 12 to 14 hours daily.

Responding to the allegations, Mr. Vaz said none of the foreign workers were displacing Jamaicans or depriving them of employment.

"What has happened is that that East Ocean Textiles, in an effort to upgrade the skills of their Jamaican workers, asked for and received permission to bring in a number of skilled operators to train the local staff and to improve their productivity, so as to increase the output of the factory," he said.

Mr. Vaz pointed out that, under the terms of the agreement, firms operating in the Free Zone were employing some 3,000 Jamaican workers and planned to step up that number to about 4,000, as the training programmes took effect.

When the Free Zone was first conceived under the PNP as government, the Minister explained, the concept was for merchandising and warehousing. Since then, however, the concept has changed and instead of warehousing, the emphasis was now on manufacturing.

For this reason, foreign personnel was being brought in to help train local workers with the aim of increasing the output of the plants in the zone. This, in turn, has led to a change in the arrangements for the conduct of the zone which, being outside the Customs area of Jamaica, was exempt for certain Jamaica laws and regulations, including the need for Work Permits.

#### Ministers' Response

Kingston THE DAILY GLEANER in English 1 Apr 85 p 3

[Text] Two other Ministers of Government replied Friday to the charges made by spokesmen for the People's National Party concerning employment policies being practised in the Kingston Export Free Zone.

Following Friday's statement on the issue by the Minister of Industry and Commerce, the Hon. Douglas Vaz, responses came from the Hon. J.A.G. Smith, Minister of Labour, and the Hon. Pearnel Charles, Minister of Public Utilities and Transport.

Mr. Smith clarified the position with respect to the issue of work permits for expatriates employed to companies operating in the Free Zone; stating that in all cases these workers were the holders of valid work permits.

Mr. Charles, who has portfolio responsibility for the Free Zone, made his response through the Chairman of the Free Zone Board, Mr. Peter King, who sent a letter to Mr. Alfred Rattray, of the P.N.P., on the subject of expatriate personnel employed in the Free Zone.

Mr. Smith issued the following statement:

"It has been brought to my attention that in a newscast on Radio Jamaica on Wednesday, 27th March, Mr. P.J. Patterson, Chairman of the People's National Party, was quoted as making certain allegations in respect of non-Jamaican workers employed to East Ocean Textiles, a garment manufacturing company in the Free Zone.

"The statement quotes Mr. Patterson as saying "that his party has clear evidence that 68 Philipinos and 10 Chinese are ostensibly employed as trainees and supervisors but are in fact working as sewing machine operators between 12 to 15 hours per day, 7 days per week."

"The statement also reports that the P.N.P.'s Chairman calls on the Minister of Labour to state publicly on what grounds the work permits were issued for these positions.

"The facts are that East Ocean Textiles Limited has had a total of 162 work permits issued over the period from 15th December, 1983 to 1st February, 1985. Of these 162 work permits, 133 are currently valid, including 38 where the applicants have not yet collected their permits to allow them to assume duty.

"Forty-nine of these work permits are due to expire in 1985 when the first phase of training is expected to be completed.

"The company currently employs just over 1,500 persons, operating on a double shift basis, and this requires a relatively larger number of trainers and supervisors than would be the case if the company was operating a single shift.

"The machines are said to be the latest "state of the art" machines and are computerised.

"Statements have been made which give the impression that some parts of Jamaica are exempt from the provisions of the law governing work permits. It is therefore opportune for me to state categorically that work permits or exemption from work permits are required for all non-nationals who are employed anywhere in Jamaica.

"The Government's policy on work permits remains one in which work permits are granted for skills considered necessary which the country does not at that point in time, possess. Secondly, in cases where Jamaicans can be trained within a relatively short time, work permits are issued to suitably qualified non-nationals to allow them to do on-the-job training, and thirdly, in cases where non-nationals come to Jamaica to perform a necessary non-repetitive short-term programme of work.

"I am surprised that the Chairman of the People's National Party, who once occupied the position of Minister of Foreign Affairs and Foreign Trade, should be so singularly uninformed, and further surprised that he chose to make the enquiry through the medium of the press rather than directly to the Ministry of Labour."

Mr. King, in his letter to Mr. Rattray, said that all companies operating in the Zone are subject to the laws of Jamaica. Some 16 companies are now operating in the Free Zone and together they employ approximately 3,300 Jamaican workers.

"In recent years, the Free Zone has become an attractive incentive to the investor for the manufacture of various items for export," the letter said.

"In order to meet the rigid requirements of a highly-competitive export market, the companies have found it necessary to train the albeit untrained but enthusiastic Jamaican workers in as cost-and-time effective a manner as possible.

"This has made it necessary for the companies to send some of their trainers to Jamaica from their various overseas operations to provide this vital on-the-job training, through demonstration.

"The Board is satisfied that these expatriates are not filling jobs that can be performed by Jamaicans at this time. It is for this reason that since the Zone's inception in 1978 it has been the policy and practice to permit the employment of expatriate personnel at the Kingston Free Zone."

(Mr. Rattray once held the position of Chairman of the Free Zone.)

Mr. King said that a number of expatriate demonstrators, trainers and supervisors have been recruited from the Far East to help in the training and upgrading of the Jamaican work-force.

"They have been employed for a limited period and have been granted work permits in the normal way by the Ministry of Labour."

Regarding the wages and working conditions of the Jamaicans employed by the companies operating in the Free Zone, Mr. King said they are paid in accordance with prevailing wage rates, and working conditions in the Free Zone are comparable to anywhere else in Jamaica.

CSO: 3298/549

JAMAICA

HART CITES OIL EXPLORATION PLANS, ENERGY SITUATION

Kingston THE DAILY GLEANER in English 22 Mar 85 p 3

[Text] Jamaica, in its continued search for oil onshore, is likely to receive help from Petrocanada International Assistance Co-operation for further pre-drilling activities to be undertaken by the Petroleum Corporation of Jamaica.

These pre-drilling activities will be done during this year and a further drilling programme will therefore not be considered before 1986/87. However, the country will proceed with the programme to improve efficiency in energy use and its conservation and to replace imported petroleum with domestic energy sources.

This was stated by the Hon. Hugh Hart, Minister of Mining, Energy and Tourism at the Energy Sector Donor Agencies meeting held at the Courtleigh Tuesday. The one-day meeting is an annual event to review programmes being undertaken and to examine proposals for energy development.

Dealing with the oil exploration, he said Jamaica was still pursuing the search for oil onshore and the Petroleum Corporation of Jamaica was conducting seismic surveys in Negril, Rosehall, Duckenfield and Bamboo--made possible by a grant of US\$1.2 million from the Government of Norway through NORAD, its agency for international development.

"It is likely also, that with the help from Petrocanada International Assistance Co-operation further pre-drilling activities will be undertaken by PCJ. When these surveys and studies are completed, a re-evaluation of all seismic and geological data must be made. These pre-drilling activities will be done during 1985 and a further drilling programme would therefore not be considered before 1986/87," Mr. Hart said.

On alternative sources of energy, Mr. Hart said the Government had been assessing the range of options for the development of the country's indigenous energy resources. He said the electrical sub-sector provided the best opportunities at this time, of all the sectors where the possibility of displacing oil existed. That sector used over three million barrels of petroleum annually to generate 96 percent of the electricity it sold, which was about 40 percent of the petroleum used by all sectors except the bauxite and alumina industry. The order of priority for the development of alternative energy

sources was firstly, the development of indigenous renewable sources, merely indigenous, and then coal, he said.

Hydro-power was the leading candidate with inventory assessments identifying over 80 megawatts of potential power from this source. If this was realised, it would replace over 30 percent of the current peak demand and reduce annual petroleum imports by nearly one million barrels, saving the country US\$25 million at today's price, Mr. Hart said.

The technology had been proven and was comparatively simple with the country having significant potential, he said, and its development would not adversely affect the environment. Linked to the hydropower source was biomass. The assessment of bio-energy, he said, was at a relatively early stage but the applications, of which there were fairly good indications, included bagasse for steam and electricity; wood and charcoal for smaller steam and electricity requirements; fuel alcohol and biogas as a rural cooking and heating fuel.

Bagasse for steam and electricity could allow the sugar industry to revert to being a net energy supplier rather than user, he said, pointing out that a feasibility study for the intensive cultivation of high-fibre, dual-purpose cane to improve both sugar and bagasse production was being undertaken. According to Mr. Hart, the project under study at Monymusk could deliver 25 megawatts of electricity to the national grid out of the sugar crop season and 20 megawatts otherwise. The Monymusk project would save 300,000 barrels of petroleum and US\$7.5 million annually.

The use of charcoal had significant potential for saving petroleum but its utilisation would call for more efficient stoves and boilers. This, the Government was prepared to encourage. The Minister added that alcohol for fuel was one of the priorities because it had been proven that it was technically feasible to mix this with gasoline without the need for energy modification. The country could save US\$6 million annually in foreign exchange or 170,000 barrels of gasoline and another US\$1 million of additive since alcohol was an octane booster.

The development of peat resources was second priority and assessment had shown that there were 60 megawatts of potential at Negril and a conservative 30 megawatts at Black River. The Negril station would replace about 40 percent of current base demand and save nearly 1.1 million barrels of petroleum, totalling US\$27 million in foreign exchange, Mr. Hart said. Between hydro-power and peat, Jamaica had the potential for saving about 50 percent of the petroleum presently used for electric power generation.

Coal was also among the list of priorities and together with some of the biomass-based energy options would narrow the gap for displacing petroleum in the electrical sub-sector. Supplies were available nearby in abundance and it was economical when compared to the current cost of oil, he said. Other areas being looked at were solar energy, wind and small biomass projects. The solar applications which will be given attention are water heating in households and institutions, and crop drying.

Mr. Hart said that photo-voltaic applications had been studied but were not of high priority because the cost per kilowatt hour was too high to be economical. Wind for electricity would appear to be too expensive and therefore impractical at this stage, given the disappointing results of surveys carried out, Mr. Hart said. However, wind for water pumping and irrigation and to supply electricity to small rural farming communities, could be appropriate and cost-effective applications.

Mr. Hart said that the long-term goal in the electricity sub-sector was to completely displace petroleum as base-load fuel and this would mean saving nearly three million barrels of petroleum of US\$75 million annually in foreign exchange.

He paid tribute to the 11 funding agencies involved in the projects of alternative energy development, pointing out that without their assistance, Jamaica would not have been able to accomplish the investigations and studies. He described the assistance received as practical aid designed to move Jamaica out of its imported energy dependency.

CSO: 3298/549

JAMAICA

# STAND OF PNP YOUTH ORGANIZATION ON IYC EXPLAINED

Kingston THE SUNDAY GLEANER in English 24 Mar 85 pp 12A, 15A

[Article by Audrey Budhai, national chairman in a letter to the editor: "Why the PNPYO is Boycotting the Youth Conference"]

[Text] The feature article in the SUNDAY GLEANER of March 10, by Franklyn McKnight headlined "The Soviet Assault on the IYC" seeks to attack the PNP Youth Organisation for boycotting the upcoming International Youth Conference.

The decision of the PNP Y.O. to boycott the Conference is endorsed by the Executive Committee of the Party. Indeed this decision was logical, given the fact that it is the Seaga Government which is organizing this conference--the same Government that in December, 1983 so viciously assaulted the rights of young people in Jamaica and by extension throughout the world.

The PNP with its commitment to democracy and to the integrity of the electoral process, could not but be extremely wary of supporting a youth conference put on by a government which only sixteen months before, had savagely deprived some 150,000 of the youth of our nation of their right to exercise the franchise and which then proceeded to organise and manipulate the conference in a manner which breached every recognized democratic concept.

Such an action demonstrated not only that there was no commitment to the rights of young people either in Jamaica or elsewhere, but also a cynical determination to exploit the young people of Jamaica and the world for naked ideological political purposes. In the opinion of the Executive of the PNP and of the Youth Organisation, it would represent a total abandonment of principle and a tactic approval of the actions of the government against the youth of our country were we to either support or sit idly by while this exploitation takes place.

The article opens with the seemingly matter of fact assertion that the IYC is "being sponsored as the premier event of the UN-designated Youth Year." It then states in the very next sentence that "The Soviet Union is hosting a similar conference in July."

## Different Countries

To the unwary reader, the distinct impression conveyed by the juxtaposition of these two bits of information is that:

- (a) there is a UN-sponsored youth conference being held in Jamaica this year;
- (b) the Soviet Union has organised a rival conference to undercut Jamaica's.

This creates an impression which is totally contrary to reality.

The reality is that:

- (a) An International Festival of Youth and Students is held every four years in different countries. This year, the Festival happens to be taking place in Moscow; however, it is not a Soviet-sponsored event, anymore than the Olympics can be said to be sponsored by any country or group of countries. The International Festival of Youth and Students originated as a Movement of Youths from all those countries and organisations which shared in the victory over Hitler's international terrorism.

They sprang from the vision of the youth of all political systems who felt that it was essential in saving the world from a repetition of the disaster of national holocaust and World War. Since then the Movement has expanded and has been, up to now, one of the few genuinely international movements to withstand the divisiveness of East West polarization.

- (b) In the past, JLP's Youth Arm has been participant in the International Youth Conference. In 1978, for example, it was a prominent and active member of the preparation Committee which planned for the participation of our youth in the 11th World Festival of Youth and Students held in Havana.

The PNP Y.O. deplores the attempt to incorporate divisiveness and polarization into any youth conference as a valid way of marking International Youth Year. The history of the movement has demonstrated a unity of countries and organisations of varying social, political, cultural and religious persuasions in the common quest for peace.

## 'Unpatriotic' Move

In order to build the foundation for this charge of "an unpatriotic move of the PNP Y.O." which he claims has decided "to support the Moscow Conference and boycott that in its own country," Mr. McKnight conveniently ignores these facts.

The PNP Y.O. takes strong exception to the manner in which the Jamaican Conference and Festival has been organised by the Jamaican Government. It is quite clear that the intent is to divide the youth of the world.

The projection of the Jamaican conference as a conference of youth around the world, subscribing to democratic principles is a hypocritical farce. Given its conduct in the bogus elections of 1983, the Seaga Government is certainly not qualified to speak about democracy or to determine which country or organisation is or is not democratic. Mr. McKnight should be aware of the following facts concerning the Jamaican conference:

- (i) The conference is organised by a committee headed by the Minister of the Public Service. The PNP Y.O. is not a member of the committee and no Jamaican youth organisation is involved in the planning of the conference.
- (ii) Although there are some 20-odd member-organisations on the National Co-ordinating Committee for International Youth Year in Jamaica (the PNP Y.O. being one) only a minority have been invited to participate in the Conference itself.

#### Exclusion

The Jamaican Government has excluded from participation, the following, among other organisations:

- (a) The African National Congress of South Africa--the leading opponent of Apartheid.
- (b) SWAPO of Namibia. This organisation of that country, under illegal South African rule, is recognised by the United Nations as the legitimate government of Namibia. The Son of Sam Nujoma--a leader of SWAPO--has been denied entry into Jamaica to hold discussions on the International Youth Conference and to attend a meeting sponsored by the Jamaica Union of Tertiary Students.

Against all this information, Mr. McKnight seeks to highlight what he sees as the advantages of the conference. He cites:

- (1) the opportunity to hob nob with future leaders;
- (2) the possibility of jobs from greater use of the Conference Centre.

He then goes on: "The PNP Y.O. would turn its back on all that. It argues that it will not take part because of the government's disfranchisement of over 100,000 Jamaican youth by holding elections in 1983."

#### Lofty Concern

His earlier lofty concern for democracy now evaporates into thin air in the face of the prospect of a few jobs at the Conference Centre.

The PNP Y.O. is concerned about jobs for Jamaican Youth, not just at the Conference Centre in Kingston, but in every community in Jamaica; and we are

concerned that only a change of the present Government and its economic systems will lead to the prospect of real job opportunities for the youth. For the Jamaican youth must first be allowed to participate in the selection of our Government, and then in the process of development of our country. The PNP Y.O. will not turn its back on the youth of Jamaica for the dubious privilege of hob nobbing with "future leaders" of other countries.

In its General Strategy and Basic Approach for IYY, the United Nations states that "The Year 1985, which was designated as International Youth Year, will not only be a year of celebration but a step in the process of developing policies and programmes for a better participation of youth in all aspects of the social, economic, cultural and political life of their country."

#### Search for Peace

In Jamaica, not only is participation being denied, but opportunities for real development of the Jamaican youth are being cut back and the search for peace is being undermined. It has become clear that the Jamaican Government is operating cynically to use the conference as a showpiece for its self-glorification and to disguise its bogus credentials. And while proclaiming "Participation, Development and Peace," the government is seeking to manipulate the youth of Jamaica as pawns in an attempt to rekindle a new Cold War in which a divided youth movement would reflect the division of the world into military blocs. Jamaica's youth would then be placed in the frontline of an East-West conflict.

The JLP Government has turned its back on the participatory approach which the previous PNP Government demonstrated in the planning of the Jamaica's involvement in the Eleventh World Festival of Youth and Students in 1978.

#### Planning

Planning for this participation by almost 700 Jamaicans in that Festival in Hanava was done solely by a National Preparatory Committee made up entirely of representatives of these organisations including Young Jamaica, the youth arm of the JLP.

In his article, Mr. McKnight singled out the PNP Y.O. for attack, failing to mention the other youth organisations which have decided not to take part in Mr. Anderson's youth conference.

The PNP Youth Organisation declines to give credibility to the conference and to the clear attempts to exploit the youth of Jamaica and of the world.

The PNP Youth Organisation has not turned its back on Jamaica, it has simply turned its back on the JLP Bogus Government. In this, it is clear we are not alone.

CSO: 3298/550

JAMAICA

## CARL STONE POLLS ASSESS PUBLIC VIEWS ON POLITICS

### JLP Policies

Kingston THE DAILY GLEANER in English 30 Mar 85 p 3

[The February 1985 Stone Poll was carried out by Professor Carl Stone under the sponsorship of the DAILY GLEANER over the period February 22-28. The sample includes 950 persons (18 years and over) and was spread over 52 areas and communities islandwide. The sample error is estimated at plus or minus 5 percent. The last Stone poll done was in September 1984.]

[Text] Fifty-seven percent of the persons interviewed in the February 1985 Stone poll felt that there were many aspects of the JLP's policies which they disliked. This 57 percent majority took a mainly negative view of what the Seaga government has been trying to achieve policy-wise.

Another 27 percent view the policies favourably and with some optimism that time will prove the Prime Minister right in proceeding along the course he is adopting. Sixteen percent confessed that they could not honestly judge what was happening as they had too little information, or had very mixed feelings about these policies.

When asked specifically about JLP policies which they feel should be changed the public spoke out strongly against the auction system and the devaluations of the dollar, the increasing cost of living, the complexion of policies which are seen as oppressing poor people and helping only the big man, IMF borrowing, lay-offs, and declines in the quality of health and educational services.

When asked about the JLP policies that should remain in place if and when a change of government occurs, those identified were the agricultural policy and specifically the Agro 21 policy, the Food Stamps programme, the tourism policy, Heart Trust, close ties to the USA, and support for free enterprise.

#### Question:

#### Answers:

|                            |                           |     |
|----------------------------|---------------------------|-----|
| What do you feel about the | Don't like them.....      | 57% |
| policies being carried out | They are good.....        | 27% |
| by the JLP government?     | Ambivalent, Not sure..... | 16% |
|                            | Uninformed                |     |

Question:

Which policies would you like to see changed?

Answers:

|                                                   |     |
|---------------------------------------------------|-----|
| Oppression of the poor, support for the rich..... | 28% |
| Auction system and dollar devaluations.....       | 27% |
| High cost of living.....                          | 26% |
| Lay-offs.....                                     | 10% |
| IMF borrowing.....                                | 6%  |
| Cut-backs in health/education.....                | 8%  |

Question:

Which policies would you like to see remain unchanged?

Answers:

|                              |     |
|------------------------------|-----|
| Agriculture and Agro 21..... | 19% |
| Food Stamps.....             | 17% |
| Heart Trust.....             | 11% |
| Tourism policy.....          | 9%  |
| Link with USA.....           | 7%  |
| Free enterprise.....         | 5%  |

Party Standings

Kingston THE SUNDAY GLEANER in English 31 Mar 85 p 2

[Text] The February 1985 Stone Poll confirmed that the PNP has retained its commanding lead over the JLP in terms of how many citizens would vote for these parties if an election was called now.

In the September 1984 Stone Poll it was found that the PNP had 38 percent, the JLP 26 percent, the WPJ 2 percent and that 34 percent do not support these parts and were not interested in voting for them.

The uncommitted fell from 34 to 26 percent between September and February. The PNP has increased its support from 38 percent to 42 percent and the JLP has increased its support from 26 percent to 29 percent. The PNP has picked up 4 percent, the JLP 3 percent and the WPJ 1 percent.

The recent rise in the political temperature in the country caused by the PNP demand for elections and intensive national debate about economic hardships, government policy measures and the state of the country's economy and political system have apparently had the effect of reducing the number of uncommitted persons and increasing the number of persons willing to support the main parties.

Forty percent feel confident that a change to the PNP would improve the situation for poor people while 46 percent feel that the PNP cannot improve conditions in any way.

JLP supporters and independents, feel that the PNP have no answers, but PNP supporters feel that PNP will create jobs, reduce prices, spend more money etc.

Question:

If an election were called now, which political party would you vote for?

Answers:

PNP..... 42%  
JLP..... 29%  
None..... 26%  
WPJ..... 3%

Comparison With Earlier Polls

|           |      | <u>PNP</u> | <u>JLP</u> | <u>WPJ</u> | <u>Uncommitted</u> |
|-----------|------|------------|------------|------------|--------------------|
| October   | 1980 | 37%        | 50%        | *          | 13%                |
| February  | 1981 | 29%        | 46%        | *          | 25%                |
| May       | 1981 | 20%        | 48%        | *          | 30%                |
| July      | 1981 | 32%        | 36%        | *          | 31%                |
| November  | 1981 | 30%        | 36%        | 2%         | 31%                |
| May       | 1982 | 34%        | 41%        | .6%        | 24%                |
| October   | 1982 | 43%        | 38%        | .3%        | 19%                |
| March     | 1983 | 41%        | 38%        | 1%         | 20%                |
| October   | 1983 | 38%        | 43%        | .5%        | 19%                |
| December  | 1983 | 39%        | 32%        | .3%        | 29%                |
| September | 1984 | 38%        | 26%        | 2%         | 34%                |
| February  | 1985 | 42%        | 29%        | 3%         | 26%                |

Views on Elections

Kingston THE DAILY GLEANER in English 1 Apr 85 p 3

[Text] In September 1984 the Stone Poll had found that 49 percent supported the PNP's calls for elections while 47 percent disagreed. Those who disagreed consisted mainly of JLP persons who wanted their party to get more time to give its policies a chance to work and independents who feared the violence and disruption that would accompany in election contest.

Opinions on the issue have not changed since September 1984. The February 1985 Stone Poll found that 49 percent still support the PNP's call for elections while 48 percent are opposed to it on grounds similar to those expressed in the September Poll.

Many who support the call for elections now feel the Government has no legitimacy and that the apparent failure of its economic policies and the increasing hardships people are experiencing are enough to justify new elections.

When asked as to whether most Jamaicans had lost confidence in the JLP government, a large 63 percent of the persons interviewed agreed with that view while only 32 percent disagreed. Clearly most citizens now believe that the Seaga government only has minority popular support.

However, opinions divide sharply and almost evenly on whether the PNP represents a viable alternative. Forty-three percent believe that the PNP

represents a viable alternative, while 42 percent disagree. The latter grouping consists of person who still support the JLP and others who say they will not vote for any of the parties (PNP, JLP, or WPJ).

Again these responses sharply pose the deep political divisions in the country and raise doubts about the feasibility of the calls for national unity or the call for elections now.

Question:

The PNP has been demanding that the Government call new elections for parliament now that the new voters lists are ready. The Government insists that there will be no election before 1988. Do you support the call for elections? Why?

Answers:

|                                           |     |
|-------------------------------------------|-----|
| Support call for elections.....           | 49% |
| Disagree with call for elections now..... | 48% |
| No views.....                             | 3%  |

Seaga's Leadership

Kingston THE DAILY GLEANER in English 2 Apr 85 p 3

[Text] The February 1985 Stone Poll found that in the short period between the September 1984 poll and the current poll, the public's rating of Prime Minister Edward Seaga's leadership has become increasingly negative.

In September 1984, 15 percent thought he was doing very well and 45 percent thought that he was trying or not doing badly. Thirty-eight percent felt that he was performing poorly. In other words 60 percent were favourable and 38 percent unfavourable.

These views have shifted dramatically as the value of the dollar has fallen, as price increases have escalated and as many are feeling the pressures due to austerity measures of the government and the country's continuing economic crisis.

The February Stone Poll found that 12 percent think he is doing fine. Twenty-six percent think he is trying or not doing badly. A very large 59 percent think he is doing rather poorly. Favourable ratings have dropped from 60 percent to 38 percent and unfavourable views have grown from 38 percent to 58 percent. The fall in favourable ratings is most pronounced among independent persons without party ties.

Clearly the recent economic measures of the Government since September 1984 have had the effect of a large 20 percent fall in the positive rating of the Prime Minister. Given the economic crisis in the country and the Prime Minister's calls for the country to rally behind him and his policies, serious

questions arise as to whether he now has the public support necessary to elicit a positive response from the Jamaican people.

Question:

Answers:

How would you rate the  
performance of Prime  
Minister Seaga?  
good....not bad or  
trying....poor....?

|              |     |
|--------------|-----|
| Poor.....    | 59% |
| Not bad..... | 26% |
| Good.....    | 12% |

#### New Political Party

Kingston THE DAILY GLEANER in English 3 Apr 85 p 3

[Text] For some time now various political pundits have been speculating that given the rise of large numbers of citizens disenchanted with both the JLP and the PNP, perhaps the time is ripe for the formation of a new political party.

When asked about this issue in the February 1985 Stone Poll, a large 78 percent majority took the view that they saw no need for a new party or that a new party would not appreciably improve the chances for progress in the country.

Three main reasons were advanced supporting this majority position. The persons supporting the JLP and the PNP tended to reject the idea on the grounds that these two parties were doing a good job. Others who were fed up of both JLP and PNP felt that politicians are all the same and that new parties would suffer from ills and weaknesses of the existing parties. Others feel that politics can't solve Jamaica's problems and that the country needs instead a religious rejuvenation through Christianity.

Only 11 percent of those interviewed supported the idea for the formation of a new political party.

Question:

Answers:

Some people have been  
saying that the country  
needs a new political  
party with fresh leaders  
because the existing  
parties have failed us.  
What do you think?

|                                             |     |
|---------------------------------------------|-----|
| No support for new party.....               | 78% |
| Support for the idea of<br>a new party..... | 11% |
| No views. Not sure.                         |     |
| It depends.....                             | 11% |

CSO: 3298/550

JAMAICA

BRIEFS

MANLEY'S HEALTH--Mr. Michael Manley, President of the People's National Party, is to resume political and other activity after the Easter holidays, following medical tests in New York. A statement from party headquarters yesterday said that a series of tests carried out by specialists at the Columbia Presbyterian Hospital confirmed that his recent operation was "entirely successful." The statement said the specialists also examined a problem of diverticulitis which has affected Mr. Manley intermittently since 1972. "The specialists agreed with Mr. Manley's local medical advisers that this problem should be subject to special dietary treatment," the statement said. "Apart from this they have confirmed that Mr. Manley is in excellent physical condition. As a result it was agreed that he can resume his political duties and normal activities after the Easter holidays. Mr. Manley's first major public function will be as main speaker at a party rally in Old Harbour, St. Catherine on Thursday night, April 11. [Text] [Kingston THE DAILY GLEANER in English 30 Mar 85 p 3]

CHARLES--SEAGA TV ROW--The view that Jamaica needs a second television station was expressed by the Minister of Public Utilities and Transport, the Hon. Parnell Charles on Thursday. Mr. Charles was having an informal chat with reporters following the ground-breaking ceremony for a canteen at the Kingston Free Zone. The Jamaica Broadcasting Corporation was not present at the function. "We need another television station or channel," which must be owned by the private sector, Mr. Charles said. He said that it was not his belief that Government ought to own or should own everything. The station would not necessarily have to be owned by the people in tandem with the Government; rather they must own it by themselves, he added. The Minister did not say whether he was expressing his personal view or that of his Government. The Gleaner Company has a long-standing application to the Government for a licence to operate a television station. So far, no official word has come from the Government in respect of the GLEANER's application. [Text] [Kingston THE DAILY GLEANER in English 30 Mar 85 p 2]

CWP LINK TO 1980 SHOOTING--Police in Jamaica say they have linked a 1980 shooting and grenade attack on a U.S. Embassy official's home in Kingston to the Communist Workers' Party [CWP] of Jamaica. According to the police information center, ballistic tests on an M-3 sub-machine gun taken from CWP members killed by police in late February showed the same weapon was used in the July 4th, 1980, attack on the home of U.S. Embassy official Richard (Kingsman). There were no injuries in the attack in which several shots were fired and a grenade was thrown at Mr (Kingsman's) home, but the assault was seen as ushering in heightened political violence which claimed more than 800 lives in Jamaica in 1980. [Text] [Bonaire Trans World Radio in English 1130 GMT 3 Apr 85]

CSO: 3298/551

NETHERLANDS ANTILLES

CENTRAL BANK REPORT OPPOSES SEPARATE STATUS FOR ARUBA

The Hague ANP NEWS BULLETIN in English 29 Mar 85 p 4

[Text]

W i l l e m s t a d, March 29 - The Netherlands Antilles' central bank warned yesterday that secession of Aruba from the six island Caribbean group next January would aggravate the already fragile economic situation of all six islands.

In a 28-page report the bank said analyses by such bodies as the International Monetary Fund had concluded that the economic resilience of the islands would be greater if Aruba did not secede as scheduled.

This argument had become stronger now that the Antilles seemed set to lose its oil refining industry and to diminish in importance as an offshore financial centre, the bank said.

The bank recommended postponement of Aruba's 'separate status' by 15 years but acknowledged that 'political reality' indicated Aruba would secede as scheduled.

Austerity Measures

The bank said all six islands must implement austerity measures including cuts in wages and government spending. Aruba and Curacao should bring government spending back to its 1980 level, it added.

Unless drastic steps are taken the Antilles' balance of payments deficit will rise to 100 million Antilles guilders this year and foreign exchange reserves will be exhausted by 1986, it said.

The bank noted that the Antilles' balance of payments was in surplus in the period 1980 to 1982 but showed a deficit of 70 million Antilles guilders last year.

The Exxon corporation's Lago oil refinery on Aruba is to close at the end of this month and Royal Dutch/Shell has said its loss-making refinery on Curacao could also close.

Solidarity Fund

Changes in United States tax legislation have also made the Antilles less attractive to U.S. companies as an offshore financial centre.

In a separate development, representatives of the six islands meeting with the Antilles central government here on Wednesday overcame a key obstacle to Aruban secession.

Until now Aruba, the five other Antilles islands and the Netherlands had failed to reach agreement on their contributions to a solidarity fund to aid the smaller islands after Aruba receives separate status.

the Netherlands had proposed that it should contribute 20 per cent, Aruba 25 per cent and the other five islands 55 per cent. The six islands have now accepted this.

PERU

GARCIA ON DEBT, SHINING PATH, HUMAN RIGHTS, U.S. POLICY

Madrid EL PAIS in Spanish 5 Mar 85 page unknown

[Interview with APRA presidential candidate Alan Garcia Perez; author, date, time and place not given]

[Text] Lima—With surnames like his, Alan Garcia Perez, 35, has to be described as "pro-Spanish." The candidate for the American Revolutionary Popular Alliance (APRA), who many say is a shoo-in as the next president of Peru, attained his political majority in Spain, where he learned from Enrique Tierno, Manuel Fraga, Federica Montseny, Santiago Carrillo, and finally, Felipe Gonzalez, whose style he has copied. A good orator, tall and strong, the APRA leader has been able to convey credibility and hope to the people of Peru.

[Question] How will your government deal with the foreign debt problem?

[Answer] We feel it is necessary to join forces with other Latin American countries, not as a distant possibility, but as a concrete measure. I think that the solutions that some countries have ended up with in isolation will only aggravate the problem. I fear that soon Argentina will have to default on its agreements with the International Monetary Fund. By the year 2000, either America will be capable of working together, or it will be a land of chaos and misery.

[Question] But do you advocate declaring a moratorium on the payment of the debt?

[Answer] Yes, and if it is negotiated, so much the better. We hope to negotiate an agreement that will give us a long grace period, during which we can try paying the debt by bartering, or by discounting it. Latin American politicians must talk turkey with the United States, explaining that it is creating the worst risk for its own security; its blind policy on interest rates is driving our debt higher and higher, and that will end in a huge social explosion, in which some countries will be the first victims.

Homicidal Violence

[Question] Peru, for example?

[Answer] I think so. Our social conditions are much worse than those of other countries. We must also note that our country borders five other nations.

[Question] Is the violence your country is suffering a reflection of that situation?

[Answer] We repudiate the homicidal violence of Sendero Luminoso [Shining Path], which is a typical case of messianic fundamentalism in the style of the Ayatollah, transferred to Peru. We reject it because violence, as the Pope has said, leads nowhere. It is a bloody violence that executes poor people. It is not the guerrilla warfare waged by Fidel Castro in the Sierra Maestra against the corrupt Batista army.

[Question] How do you plan to eliminate that violence?

[Answer] There are two clear responses. First, by enforcing the law vigorously, by imposing sanctions. No democratic, socialist or revolutionary government can tolerate the violence of Sendero. Secondly, by responding to the age-old problem of poverty. One of the major objectives of the popular state will be to return the status of citizen to the vast human contingent in the rural areas of the Andes.

[Question] Have there been human rights violations in the crack-down on violence?

[Answer] Look, there are excesses all over. They happen in Peru, just as in Spain and in France, as I have seen. I want to clean up Peru's image in this regard, because sometimes events here are distorted. I read the other day in a Spanish newspaper that Peru has one of the most repressive dictatorships in the Third World, and that seems to be journalistic license to me. Now, the ideal is to have no excesses, and the government should accept the criticism that comes from inside the country, or from international organizations.

[Question] But reputable organizations have claimed that there are disappearances, torture and mass arrests.

[Answer] That will have to be investigated at the appropriate time, as is happening now.

#### Role of the Army

[Question] Will the Army withdraw from the emergency zones?

[Answer] That is a matter of instrumental measures that cannot be commented on until we are in office. Naturally, among the possible means of pacification is that of limiting repressive action.

[Question] Do you fear a new intervention by the Army?

[Answer] No. I am convinced that the armed forces have a clear idea of their constitutional functions and a clear perception of Peru's social problems.

[Question] Does your party intend to set up a system that will temper the democracy in any way?

[Answer] We have always spoken in terms of social democracy, which on the other side of the ocean becomes democratic socialism in the European countries.

[Question] What is your opinion of U.S. policy in Latin America?

[Answer] I think that the Reagan administration represents a resurgence of hard-line Republicanism. The increase in interest rates, the second-class treatment of Latin America, viewing Central America as the United States' "backyard," the absurd bipolar approach to Latin America's problems, attributing worldwide implications to all of them and regarding them as Soviet manipulations—all these are serious diplomatic errors, in our view. God forbid they should make the same mistake in Nicaragua that they made in Cuba.

8926

CSO: 5600/2336

7 May 1985

TURKS AND CAICOS

NEW CHIEF MINISTER PREPARES TO WELCOME SAUNDERS ON RETURN

FL282300 Bridgetown CANA in English 1751 GMT 28 Mar 85

[Excerpts] Grand Turk, Turks and Caicos, March 28, CANA--Norman Saunders, who resigned last Friday as Turks and Caicos chief minister, two weeks after being arrested in the United States on narcotics charges, expects to be released today on 1.5 million dollars bail, government sources here said. Veteran politician Nathaniel Francis, who was elected yesterday by the British colony's Legislative Council to succeed Saunders, said he expected the former chief minister would be welcomed home with open arms.

If Mr Saunders comes here tomorrow, he will have a royal welcome, said Francis, 73, hours after he was elected...I think they (U.S. drug enforcement officials) are making a hero out of him.

The new chief minister says he would step down to make way for Saunders if it was demanded by the people. He said the former government leader still had significant public support here.

CSO: 3298/503

VENEZUELA

LEPAGE ON CABINET CHANGES, DESTABILIZATION PLANS

Caracas EL UNIVERSAL in Spanish 8 Mar 85 p I-13

[7 March television interview with Minister of Interior Octavio Lepage, by Edgardo de Castro]

[Text] Dr Octavio Lepage, minister of interior, was the official interviewed yesterday on the program "Lo Que Pasa en el Mundo," broadcast by Venevision at noon.

On that program, the minister talked about the resignation of the Executive Cabinet, violence, an alleged destabilization of the system, coca and marihuana plantations recently discovered in the country, the fight against narcotics trafficking, the COPEI [Social Christian Party] decision on the case of Rodolfo J. Cardenas, government reform and the work being done by the Directorate of Identification and Aliens.

The following is the text of that interview.

Collective Resignation of Cabinet

[Question] You have said that this will be an annual custom, when the president presents his message to the Congress, with the ministers leaving the president free to see whether he is satisfied with their work or not and that consequently, they will no longer work 365 days a year. Is that true?

[Answer] I did not say it; it was suggested by the president in his statement yesterday. Now then, if this does indeed come about, I believe it would be a good practice, at the end of each year and once they have reported to Congress, to leave the president free to reorganize the Cabinet if he deems it necessary.

[Question] The people are now speculating that Dr Lepage will take advantage of this opportunity to leave the Cabinet and begin his election campaign or his move toward the presidential candidacy.

[Answer] No, that is a groundless supposition because a few months ago, the Democratic Action (AD) National Executive Committee (CEN) banned any kind of activity or promotions of aspirations for the presidential candidacy (this decision was later ratified by the National Political Committee) and such

activities cannot be undertaken as long as the CEN does not expressly authorize them, so that if I leave the Cabinet, it could be for anything but that type of activity.

#### Violence

[Question] These crimes that have recently affected us, such as the case of Dr Ibarra Riverol or that of Hemmy Croes..... The people are very upset, very uncomfortable. You have mentioned these things, especially the case of Hemmy Croes, but what solution is there? What is being done? Do you believe that Do you think that this is another blunder or are we about to tell the people: "We are now in a position of having the information to capture the murderers?"

[Answer] It is difficult to answer because one runs the risk of not giving credit to what is being said, but I have to take that risk and say that the current government, from the very beginning, undertook a veritable head-on battle against crime, against the underworld, and that that battle, that sustained effort, has yielded good results. If one looks at the statistics of police agencies, crime has diminished, with the exception of automobile theft, which is on the rise. However, those sensational crimes that scandalize public opinion and that inevitably receive big headlines in the media, create the impression that the situation of insecurity has worsened when in truth, that is not so. Now then, let us turn to those crimes, which happen in all parts of the world, particularly now when violence has spread and increased even in the most advanced and best organized societies. Of course, this cannot be used as an explanation, much less an excuse. The most recent event is the perfidious killing of trade unionist Hemmy Croes. He was going home, to San Agustin del Norte, after 2300 hours, 2320 hours, at night on a lonely street. When he was about to open the door to his house, they shot and killed him. It was someone who acted with great planning because they practically administered a coup de grace. Now, how can the Venezuelan police or any other police be on the alert and protect every centimeter of every city in order to prevent such a happening? That is impossible. The investigation is already underway and that investigation will show the motive of this monstrous killing and who were the authors. The investigation itself is not easy because there were no witnesses and one has to resort to police laboratories in order to have a clue and come to a satisfactory solution.

[Question] There has been a great deal of speculation that there is a death squad, not of Venezuelans, but of hired killers from the outside who perform the deed and then leave the country. It is said that the horrendous killing of Croes was to cover up the Riverol case and, at the same time, that the police are directing their efforts toward various killings, meaning that the solution of one will take a little longer. What have you learned?

[Answer] You have stated quite correctly that that is a supposition. One's attention is attracted by the case of Ibarra and now Croes and there are some grounds for presuming that a death squad is involved. But it is not advisable to proceed on the basis of a hypothesis, of suppositions which, far from helping, complicate the investigation. Consequently, they also unnecessarily alarm the population. To say that there is a death squad working in the streets means

that everyone feels they could be a possible victim of that death squad and a state of collective anguish and confusion is thus generated that is not helpful in any way.

[Question] Then the idea has been totally discarded?

[Answer] I do not believe that there is any serious basis for believing that a death squad is working in Venezuela.

[Question] There has been talk of the destabilization of the system and several articles have been written on the subject. What information do you have? Is it true that they are trying to undermine our system of which we are so proud?

[Answer] The very concrete and very accurate answer was given by President Jaime Lusinchi. Venezuela cannot be destabilized. There is such solidity, so deeply rooted are the democratic institutions in Venezuela that possible destabilizing attempts would lead nowhere. Now then, it is not impossible that some sectors -- a small minority, furthermore -- that find democracy uncomfortable or that do not like democracy or that want some type of dictatorship might harbor the illusion that the conditions now exist for undertaking such activities against institutional stability, but those activities -- if indeed they are taking place -- do not constitute a threat and should not worry anyone.

Whatever the case, it is a basic obligation of the government to be on the alert in order to defend our institutions and safeguard at all times the public order. We are capable of acting decisively and with great quickness if we find evidence that such activities might be going on.

[Question] The press is emphasizing that a marihuana field, a gigantic plantation, has been found in the Perija mountains on the Colombian border. This is part of a plan of Venezuelans and Colombians working together. As you have said, it is impossible to station a police officer or National Guard member on every square foot of ground to prevent these things from filtering through. What can be done here so that an individual about to commit a crime will know that Minister Lepage can tell him: "Look, you are going to prison for 15 years"?

[Answer] First of all, what must be done is what is being done. One cannot prevent such plantations from existing because the borders are long and sparsely populated. This is naturally not the first time that they have discovered vast marihuana plantations on the Colombian border. They have been discovered before and destroyed. What must be done is what is being done and what must continue to be done: ensure vigilance enabling us to detect, discover and destroy these plantations. Furthermore, one should point out why the people have the tendency, especially we Venezuelans, to emphasize the negative, forgetting the government's achievements. Despite the fact that trafficking, narcotics trafficking in Venezuela is a relatively new criminal activity in our country on a large scale and despite the fact that our police agencies have not received or had not received special training to fight narcotics trafficking, we have dealt very heavy blows so far in this term of government and on many occasions, have discovered huge shipments of cocaine and marihuana. We have seized planes and there are individuals known to be drug traffickers who are sought by the police.

In other words, this activity is going forward in a quite satisfactory manner. However, there are naturally problems and one of them is the fact that there still exist (of course in a minority, which must be perfectly clear) judges who can be bribed, who protect narcotics traffickers and sometimes a painstaking police investigation leading to the capture of such drug traffickers is frustrated and wasted because a bribed judge releases them. This has to be faced very seriously, very responsibly, with great civic courage, by the Judicial Council in order to purge the courts of such corrupt judges. They are a minority and they take the majesty and prestige away from the administration of justice in Venezuela.

[Question] What is your opinion of the decision of the COPEI on the case of Rodolfo Jose Cardenas? Even COPEI members have spoken out against the decision of the majority.

[Answer] It is not easy to express an opinion because this is a matter relating to the internal life of the COPEI and it is not advisable for leaders of another party, much less in my case, holding government office, to express opinions on private matters. Nevertheless, I must say -- because one cannot be hypocritical either -- that for me, the decision is highly unusual, inexplicable. I can perfectly well understand the position of those who disagree within the COPEI, but what concerns me most as a government official and a Venezuelan is the trick they use, the means they employ to try to justify that decision: sowing doubt, spreading doubt, not about judges individually considered to be dishonest (I have already said that they exist, but in a minority) and that are a minority, but about the entire administration of justice in Venezuela.

[Question] In these "interim" days, so labeled because of the collective resignation which you have all presented, what is your opinion? What would you reform in government so that it would function better, in order to improve democracy?

[Answer] It is difficult to give you a brief answer. A Government Reform Commission is already at work, headed by the eminent Senator Ramon J. Velasquez, but to answer your question, for me, what is most fundamental is modernizing the administrative machinery of the Venezuelan Government. Here the machinery for making decisions, first of all, and then for carrying them out is extremely slow because there is infinite red tape and rapid, decisive action by the government is impeded and slowed down against the wishes of those of us who bear responsibility for exercising it. One acts slowly because of the bureaucratic obstacles that are often of a legal nature. Consequently, one must act rapidly to simplify these things and I understand that the Government Reform Commission has very judiciously made the decision not to wait for the complete study, but rather, to make modifications and effect reforms as they go, as the work of the Commission proceeds. On the other hand, it is also important, in my opinion, because democracy is basically sustained by the citizen's identification with it. The fact that in Venezuela, the citizen continues to be defenseless, that officials often abuse their authority and do not meet the needs of the public, sometimes forcing citizens into humiliating and totally inconvenient waits, that citizens are unprotected and powerless in the face of this, requires immediate correction. With the advent of President Lusinchí, we are going to set up in the Ministry of Interior a department or special

office to begin to implement mechanisms and procedures enabling the citizen to make his report or complaint whenever he has been ill-treated or poorly served by some public official.

[Question] Supporting what you say, there is one official who has set an excellent example. He is Miguel Espidel, in DIEX [expansion unknown]. The central office is being reformed, but in others, one notes that service is pleasant, the official knows that a person who is going to ask for his services has already paid his taxes and consequently, that he has to serve him. In other words, not all is lost.

[Answer] I am very pleased to hear that. Espidel is indeed doing excellent work, which must be carried further and completed, eliminating from DIEX the corrupt officials still in office and who cheat the citizen. When we have done this, and we are working hard in that direction, I shall be satisfied.

[Question] Mr Minister, everyone says that of all the resigning ministers, the one who is in the most solid position there is Octavio Lepage, that you are the one who will remain there, untouched.

[Answer] The resignation was real, not a trick, not a show. We have resigned and the president is completely free to replace any minister because he deems that it would be proper to do so or that it is necessary to do so. In other words, I do not have that certainty which you attribute to me.

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VENEZUELA

COUNTRY REPORTEDLY SUFFERING FROM LACK OF LEADERSHIP

Caracas EL DIARIO DE CARACAS in Spanish 24 Mar 85 p 20

[Article by Alfredo Tarre Murzi: "Political Labyrinth"]

[Text] History will show that in the 1980's, Venezuela suffered a crisis in its democracy, a crisis in the economy, a crisis in the social strata and a morals crisis. The leadership crisis in the AD [Democratic Action] lies mainly in the threat of a return of Carlos Andres Perez. Godoy denounced three former defense ministers, accusing them of administrative corruption and the trial is now before the military tribunals. Godoy was retired for violating military discipline. It is not a crime to report an irregularity. Godoy did his duty. What would have been serious was if he had covered up the crime.

The predominating feature of the political situation is the lack of leadership in the government and the opposition. There is a very serious crisis in the parties of the democratic system and there are also signs of a crisis in the armed forces, the labor and employers organizations, without excluding the means of social communication. The nation only seems to have one force of support and balance, which is the people themselves, without leaders.

While AD and COPEI [Social Christian Party] leaders fight among themselves, while the left gives no sign of life, while businessmen avoid taxes and do not pay their debts, while the CTV [Confederation of Venezuelan Workers] accepts inpotence vis-a-vis the government, only the people have assumed a dignified, calm, constructive position, without lowering their banners in the face of the social, economic and moral crisis.

History will show that in the 1980's, Venezuela suffered a crisis in its democracy, a crisis in the economy, a crisis in the social strata and a morals crisis. It will also say that the institutions did not succumb because of the ability of the masses to take it, because of the organic resistance of the people and because of their maturity and stoicism in withstanding every manner of difficulty. But the deep crisis of national leadership may lead us to a tragic blow to the system in the midst of the indifference or joy of the lower income classes.

## AD-Government Crisis

With ironic shrewdness, the men in the government and the leaders of the AD try to conceal or dispel their own internal crisis, pointing to and exaggerating the quarrel in the Social Christian Party. There are several crises in the AD: one in its relations with the Lusinchi Administration; another in the ties with the trade union bureau and the CTV; another in the struggles with the youth sector; another in the distrust and conflicts over the presidential candidacy; still another over the distribution and control of bureaucratic positions such as ministries, government offices and national enterprises. The AD leadership is affected because Lusinchi governs haphazardly, without consultations or with exclusive cliques. The leadership is deteriorating because the president alternately leads and then does not lead in a zigzag march showing incoherence, imprecision and a lack of authority. The main trauma of the leadership crisis in the AD resides in the fight for and against Carlos Andres Perez. Lusinchi reveals himself to be powerless to stop it, while being pressured by Barrios, Penalver, Leandro Mora and the six presidential candidates. The AD leadership crisis lies mainly in the threat of the return of Carlos Andres Perez to power, apparently without any sign to date of valid factors and elements to prevent such a candidacy that would be so harmful to the nation, the system and so detrimental to the Democratic Action Party.

## Green Crisis

A party that left power under such dramatic circumstances and with an implacable and shrewd adversary for preventing its recovery cannot waste time on internal quarrels. And when these controversies are so personal and anecdotal, so factionalist and circumstantial, the COPEI leaders reveal that they have lost all sense of reality and of proportion. One also has here a crisis of leadership in the Social Christian movement. It is an unusual crisis revealing the unstaunched wound of the break between Caldera and Herrera. It is a crisis marking a diversion from the prime goals of the opposition, by virtue of the maneuvers and intrigues of the AD and the government. It is an absurd crisis that could only be explained by the tension of the premature and unsuitable presidential candidacies. The Cardenas case is a trap into which Eduardo Fernandez and Alvarez Paz have fallen, to the great delight of AD members and COPEI's enemies. While they fire shots at one another, diminish the leadership of the COPEI and completely ruin possibilities of returning to power, Alvarez Paz seems to be attempting to build a leadership outside the sphere of the Christian Democracy. Caldera remains silent. Herrera smiles and the AD members in the audience applaud and whistle, while the COPEI rank and file and Social Christian independents cannot rouse themselves from their stupor. The green crisis in leadership is a deep vacuum in the sacred principle of alternating power.

## Left and Right

The parties of the left also remain silent, while the parties of the status quo deteriorate in the government and the opposition. The left ceases to be an option, a viable alternative, thanks to its silence, its neutralism, its pragmatism and greed. The left accepts bureaucratic posts. Jose Vicente Rangel continues to hoist the leftist banners, an abandoned soul.

The mission of the government and the AD is none other than that of softening and reducing the thrust of the left. Within the correlation of political forces, the leftist opposition does not fit and Congress is a silent, languid, timid, vacillating tribune where the opposition goes nearly unnoticed. The leftist opposition is perhaps an isolated shot in the press, without pain or glory. In short, there is no clear and decisive leadership outside the parties of the system, as if self-criticism were so burdensome and irritating that it prevents the vigorous reaction of groups having the moral authority because they have not governed. And the right? It could be said that its few members are content with the failure of the AD and the COPEI, as well as the passiveness and negligence of the left. This completes the dramatic picture of a nation without leadership that marches any old way, swaying to the dynamic policy made of mediocrity!

#### National Country

When Jorge Eliecer Gaitan, the great Colombian leader who was assassinated, spoke of a political country and a national country, he was right. In our country, the divorce between the political country and the national country is ever more marked. The former is steadily being reduced to its lowest denominator vis-a-vis the great national country: the profound Venezuela of the capital and the remote provinces, the Venezuela of the middle classes and the proletariat, the Venezuela of excluded professionals, the Venezuela of Gallegos that "loves, suffers and waits," despairs and wrings its hands over the absence of leadership. That national country is exhausted because the political model is exhausted. The country is tired of hearing promises and trusting election programs and slogans. That country is bursting with its overburdened people. It is very easy to say that "corruption is a mortal sin in this government," while rumors fly of unlimited deals, immoral capitalist accommodations, financial complicity out of all proportion, in the midst of the lack of leadership in the government and the opposition. And in the background of the grotesque scene, the people groan their despair, discontent and dissatisfaction. And on the horizon, looming valid and ethical, the saving grace and miraculous panacea, is the presidential candidacy of Carlos Andres Perez.

God save us!

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