

JPRS-NEA-89-008
1 FEBRUARY 1989



**FOREIGN
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JPRS Report

DISTRIBUTION STATEMENT A
Approved for public release;
Distribution Unlimited

Near East & South Asia

19980713 089

Near East & South Asia

JPRS-NEA-89-008

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REGIONAL

Motives for PRC Policy in Gulf Region Explained 44040189 Doha AL-RAYAH in Arabic 4 Dec 88 p 5

[Article: "Why Is China Seeking To Develop its Relations With the Gulf Region; Scientific Study Stresses: Strategic, Political, and Economic Motives Are Behind Endeavor"]

[Text] There are reasons that motivate a major country like China to devote more of its foreign policy attention to such a vital region as the Gulf which has, as a result of the Iraq-Iran war, become an arena for both regional and international conflict. Despite its apparent remoteness from the area and the area's problems, China began to act in the early 1970's to develop and strengthen its relations with the region's countries. As defined by the first study of its kind in the Arab world on the strategic development of the PRC's policy in the Arab Gulf region—a study conducted by Dr Bakr Misbah al-Tannirah, a professor at Qar Yunis University's Economics College in Benghazi, Libya—this development is motivated by the following:

- The Arab Gulf's geostrategic position, considering that it represents the link between the Arab East and the area of West and South Asia. The Gulf also controls communication lines between the Arabian Sea and the Indian Ocean, the Horn of Africa, the Red Sea, and then the Suez Canal, and the Cape of Good Hope, not to mention the fact that the region is one of the world's richest areas in oil which is the backbone of the European, Japanese, and U.S. economies.
- Britain's withdrawal from the Gulf region in 1971, the independence of the Arab Gulf countries, their adoption of the nonaligned policy, their rejection of any foreign intervention in the region, and their refusal to permit the establishment of any foreign bases on their territories.
- The outbreak of the Iraq-Iran war in 1980 and the expansion of this war's scope in recent years has attracted China's attention and has caused it to view with concern the various possibilities that may emanate from this war and may turn upside down the regional and, consequently, international balances of power in the area of South and West Asia.
- The presence of the superpowers' fleets in the area since 1987.
- The increased UN intervention in an endeavor to end the war and to seek a solution to the ongoing conflict has saddled China with an international responsibility by virtue of its being a permanent member of this [UN Security] Council.

The study, published in the latest edition of the quarterly AL-TA'AWUN which is issued by the GCC General Secretariat, wonders about the development of China's policy in light of the abovementioned factors in the Arab

Gulf, about the characteristics and features of this development, about its connection with the international struggle phenomenon in the area, and about the consequences of this development on China's relations with the Gulf countries particularly, and with the other Arab countries generally.

In answering these questions, the study notes that China launched its active policy vis-a-vis the Arab Gulf states under the impact of the abovementioned factors. Since the early 1970's, this policy has developed, assumed various forms, and included diplomatic and economic relations. China has proclaimed its support for the freedom, independence, and nonalignment of these countries and for their right to exploit their natural resources in a way that serves their progress. Chinese officials have also repeatedly declared their rejection of any foreign intervention in the region and their opposition to any attempt to impose custodianship or control over it. China's relations with the Arab Gulf countries have developed in three complete and interconnected dimensions:

First, the Political Dimension:

This relies on the principles and objectives on which the foreign policy of both China and the Arab Gulf countries and their common positions vis-a-vis the international issues and the regional conflicts are founded, especially the issues and conflicts that affect any of these parties. China has ceaselessly sought to get the Gulf states to support it at the United Nations, to confirm it as a legitimate representative of all the Chinese people, and to support the role it plays in the Third World by virtue of its being a Third World country. In return, China has supported all the Arab causes, especially the Palestinian cause, and it still refuses to recognize Israel or to establish any kind of relations with it whereas it recognized the PLO as the Palestinian people's legitimate representative as of 1965. When Kuwait proclaimed its independence in 1961, Chou en Lai, then PRC premier, sent a cable of congratulations to His Highness Prince 'Abdullah al-Salim. On 2 March 1971, Kuwait welcomed the establishment of diplomatic relations between the two countries and on 21 March 1971, diplomatic relations were established between China and Kuwait.

When the UAE was founded, UAE President Shaykh Zayid ibn Sultan sent Chou en Lai a message expressing his desire to establish relations of friendship and cooperation with all countries on an equal footing and on the basis of the UN and Arab League principles and the principles of peaceful coexistence. Chou en Lai responded with a similar message offering mutual recognition between the two countries.

When Chinese Leader Deng Xiaoping assumed power in 1978, when openness to the outside world became one of the important objectives of China's foreign policy of achieving economic cooperation, and when China suspended its support for the armed movement in Dhofar

Province, these developments helped enhance cooperation between China and the Gulf states because the Beijing government declared its respect for these states' sovereignty, its nonintervention in their domestic affairs, and its support for their territorial integrity. This qualitative move in China's policy in the post Mao Tse-tong era opened the door for the establishment of diplomatic relations at ambassadorial level and for bolstering the cooperation existing between the two sides in certain areas. This development represented a diplomatic gain for the Beijing government and a step forward in its policy to counter the Soviet policy in South and West Asia and in the Horn of Africa. It is well-known that Oman enjoys a distinctive strategic position at the tip of the Arab Gulf and overlooks the routes of communication between Asia and Africa.

So it can be said, according to the study, that the political dimension has achieved some of the objectives sought by China's policy, the most important of which has been the establishment of diplomatic relations with Iraq, Kuwait, the UAE, the Sultanate of Oman, and, recently, Qatar. Reports are also circulated about Beijing's and Riyadh's plans to establish diplomatic relations with each other. It is well-known that the nonestablishment of these relations has not prevented the establishment of economic relations between the two sides. Moreover, there are the joint positions taken toward important issues and the emphasis on rejecting foreign intervention in the area's affairs. There is no doubt that China's strategic objective behind all this is to prevent the Soviet Union from expanding the circle of its influence in the area.

Second, the Economic Dimension:

Insofar as this dimension is concerned, the study stresses that China has always aspired to expand its relations with the Gulf countries which have a consumer market with a distinct economic power, which possess vast oil wealth and which have set up modern petrochemical industries. Through these relations, China seeks to:

- Get active commercial markets for its industrial products to increase its foreign exports and improve its trade balance.
- To get the foreign currency it needs to modernize its industry, to enhance its productivity, and to expand technologically.
- To encourage foreign investment, especially from the Gulf states which possess hard currency surpluses.

Since China began to implement its economic policy of openness to the outside world under Deng Xiaoping's administration, it has proceeded to develop and strengthen its economic trade relations with the Arab countries generally and with the Gulf states in particular. Kuwait was the first to develop its economic relations with Beijing. The Beijing government has used its Islamic provinces to establish cooperation between them and the Gulf states. Ningxia Hui Province, an autonomous province with a Muslim population majority,

organized in its capital, Yinchuan, an Arab-Chinese conference which was attended by a number of Gulf businessmen and Chinese officials. It was decided at that conference to set up a number of joint Gulf-Chinese projects in the province. Moreover, China has concluded an economic cooperation agreement with the UAE. It has also been announced that an investment firm has been formed to invest Gulf monies in Chinese projects. Even though Arab investments in China are still limited, China's openness to Arab banking activities will help abbreviate the time needed to develop these investments.

Third, the Strategic Dimension:

Geographically, the Arab Gulf area is considered a strategic juncture in international struggle relations between the superpowers by virtue of the oil wealth and the economic weight this area enjoys. The area is the center of five [as published] circles linked to each other, namely: The Arab Peninsula; the Arab East; the Arab homeland and the Middle East, which includes Iraan, Turkey, Pakistan, and the Indian Ocean. Therefore, the area is situated along the central sea and air communication routes between Europe and the West generally on the one hand, and the Middle East, West Asia, Southeast Asia and the Far East on the other hand, and between these areas and Africa as well. China's interest in this area escalated in the wake of the strategic developments that have taken place from the mid-1970's to the present, embodied in the U.S. withdrawal from Vietnam and Indochina in 1973, the growing Soviet influence in the area in the wake of Vietnam's intervention in Cambodia, the Soviet military intervention in Afghanistan, the outbreak of the Iraq-Iran war, and the entry of the superpowers' fleets into this area. All these developments have motivated China to try to confront the Soviet expansion because in the long run, this expansion will affect the strategy of China as the sole major Asian country holding a permanent seat in the Security Council and aspiring to lead Asia and the Third World.

In any case, China's policy vis-a-vis the Gulf region is simultaneously founded on China's vital economic and strategic interests. It behooves the Arab countries, the study stresses, to take advantage of this situation to safeguard the region's peace and security and to serve the Arab causes generally.

China a Major Food Supplier to Gulf
44000212a Doha GULF TIMES in English
1 Dec 88 p 23

[Text] China is fast emerging as a major food supplier to the Gulf, a leading processed food maker of the region said.

Mr S C Subberwal, chairman of Dubayy-based al-Kabir group of companies, told WEEKLY GULF TIMES that the communist country which had until recently closed

its doors to foreign business, was already exporting millions of dollars worth of seafood—especially fish and shrimp—mutton and canned vegetables to the Gulf region.

The trend is accelerating and maybe within a few years Chinese restaurants and dishes may be a common sight in the area, he predicted.

"A good thing about the Chinese is that they stick to commitment and supply the purest of things without any processing or additive," he said.

Mr Subberwal was in Doha yesterday to study further market potential for his products in Qatar and assess whether manufacturing facilities could be set up also here.

Al-Kabir which produces 10 tonnes a day of seafood and five tonnes a day of meat products in its al-Shariqah factory markets 126 branded items in the Gulf region.

It also has a 30-tonnes-a-day meat processing facility in India, and smaller facilities in Japan, Taiwan, United States, UK, Brazil, Belgium and Argentina.

Mr Subberwal said the company spent about 1 percent of its group turnover on research and development and tested the products over 10 months before putting them onto the market.

Recently the company launched mutton curry, pizza and samosas. Now it plans to introduce vegetable pizza soon.

Mr Subberwal said, with food habits changing in the Gulf region, "convenience food" market was fast picking up. Kuwait is emerging a leader in the manufacturing of frozen food products.

Mr Subberwal said his company was also planning to set up additional manufacturing facilities in the UAE and Riyadh. A joint venture project for Riyadh has already been approved, he said.

Aden Invites UAE Firms To Take Part in Oil Exploration

44000239 *Dubayy KHALEEJ TIMES in English*
8 Dec 88 p 17

[Text] South Yemen has invited UAE national oil companies to take part in the oil exploration currently taking place.

Salih Abu-Bakr Ibn-Hasnun, South Yemen deputy premier and oil minister in Abu Dhabi on Tuesday said, I have brought forward this proposal during the first official session with UAE Minister of Petroleum and Mineral Resources Dr Mani' Sa'id al-Utaybah.

He told the KHALEEJ TIMES that the Democratic Republic of Yemen wished to make use of the expertise the UAE gained in the oil field, by asking its companies

to directly participate in Yemen's oil projects, or indirectly through helping train Yemenis in the UAE's specialised institutions, said Mr Hasnun, who is currently on a several day visit to the country.

"We have discovered oil in the Shabwa area with preliminary estimates of 30,000 barrels a day production expected to rise to 120,000 barrels in two years after the start of actual pumping," he said.

A \$10 million joint company for oil investment was set up by the two Yemens to invest in the oil-rich border area between Ma'rib in North Yemen and Shabwa in South Yemen.

Both the Yemens will equally share revenues of the oil production in the joint border area, according to the 1984 agreement signed in Sanaa, he said.

The minister, however, ruled out the possibility of South Yemen joining Opec saying "we are not a major oil producer and it is too early to consider that."

Mr Hasnun revealed that a \$75 million pipeline project will be completed by the end of next year to link the Shabwa oil field with Aden refinery.

He welcomed a Gulf proposal to lay a pipeline linking all AGCC oil fields with Aden refinery.

Mr Hasnun welcomed Gulf investment in South Yemen in any field.

PALESTINIAN AFFAIRS

Gazans Give Views on Palestinian State

44000217 *Jerusalem AL-BAYADIR AL-SIYASI (English Supplement) in Arabic* 9 Dec 88 pp 2-3

[Text] The declaration of Palestinian independence together with the recent PNC resolutions enhanced and emphasized not only the ideological alternative to solving the Palestinian question (division into two states), but enhanced also a basic option to solving it, the political option. However, the independent Palestinian state is still only in theory and must be put into practice. As such, it will require world support, and a great deal of help from peace forces inside Israel.

There are many requirements. We must decide everything from the birthdate of the state to its final shape and form. To find out the opinion of several academics on this question we ask them what they saw as practical steps to be taken within the context of the political option to make the Palestinian state a reality? But, before registering their responses, we must say a few things:

- The Gaza Strip lacks the tradition of thoughts and academic research found in the West Bank because of the absence of academic research institutions.

- The question frightened some. As a result, some refused to answer.
- The question was difficult enough to require many more time to submit their responses.

Dr Hasan Agha, dean of education, Islamic University, Gaza:

We must work on three different levels in order to bring about the birth and maturity of this state:

a) The structural level which includes the writing of a constitution and of deciding on the organizational and legal framework of the West Bank and Gaza Strip. These must be ready for immediate implementation. We must encourage interaction between the popular committees, the professional unions and the academic societies. We must strengthen the sense of belonging of Palestinians inside and outside and we must register births and deaths. We must emphasize our Palestinian heritage. We must expand friendship societies, as well as social and scientific counterparts in friendly nations. We must participate in international bodies.

b) We must operate on the popular level.

c) We must have material support. This means a high control system and a list of priorities.

We should reevaluate the situation in order to gain more recognition. We should conduct a speedy and realistic study of the real possibilities, in addition to coordination and cooperation with Arab and other world nations and organizations. Above all, statements should be made by authorized spokesmen only.

Advocate Muhammad Hashim Khayr-al-Din Sha'ban said we should expedite the formation of the provisional government together with a constitution and the establishment of the basic authorities. Palestinian passports should be issued and internal and external policies defined. We should activate the stands of the Arab world and the Islamic and friendly nations. Ways should be found quickly to support the Palestinians inside and in the diaspora. It is also necessary to limit the negative effect of differences and stress the rule of the majority.

Dr Sami Abu Zarifah, an economist, says that the PNC declarations should give a new dimension to the Arab-Israeli conflict. It has turned into a Palestinian-Israeli conflict. Future steps to end occupation and realize what has been decided in Algiers require the application of many factors on the Palestinian, Arab, international and Israeli levels.

Advocate Husni al-Astal says that the Palestinian leadership has to intensify its diplomatic efforts and to show that the Palestinians are seeking peace through international legitimacy.

Researcher Asad Hasan says that the infrastructure of the new state must be well-established. Together with that the Palestinians confidence in their leadership should be enhanced. The PLO should follow an effective diplomatic policy. Confederation between Jordan and the Palestinian state should be observed after independence.

Advocate Samir Dahir said that the PLO should put the PNC resolutions into effect. Palestinian diplomacy should act quickly and effectively on the international level to win recognition. The PLO leadership should form a provisional government to give it a civil rather than military appearance. National unity should be attained both inside and outside.

Mr Sa'id Iyad says that three things should be done. First we should coordinate with Arab countries to practice pressure on the big powers getting them to pressure Israel to move toward peace. He then thinks we should intensify contacts with Israeli peace forces. He also thinks we should encourage local leadership to support the independence.

Journalist Muhammad al-Mashukhi says work should be done on three levels: the Palestinian level should attend to reassessing and reorganizing and activating the national institutions on the land of our state. He says national unity must be enhanced. The Palestinian leadership should also form a government-in-exile and issue passports. On the Arab level, there should be a unified stand. On the international level, diplomatic efforts must be intensified to explain the justness of our cause and to show the need for them to recognize us.

Researcher Rashad al-Madani says that it has become clear that the PLO accepts the existence of Israel and of co-existence with it. The practical steps to put the PNC resolutions into effect are then: the establishment of a Palestinian government as soon as possible, the making use of Arab energies and efforts as well as of international legitimacy to win the information offensive internationally, the intensifying of efforts through UN organizations to force Israel and the United States to change their positions toward the PLO and the international peace conference, and the support and encouraging of Israeli political tendencies that support the establishment of a Palestinian state.

Teacher Walid Dahlan says that real peace requires a distinguished relationship between the Palestinian and Jordanian peoples with Arab unity.

Advocate 'Abd-al-Rahman Abu Jundi says that he thinks there has to be inter-Palestinian accord to overcome the obstacles. The PLO should adopt the principle of peace publicly before the world. And there has to be coordination with the Arab states so we can approach the world together.

Dr 'Ali Sulayman, a lecturer, says that the establishment of the state requires the support of the Islamic world and the third world nations. The people should be prepared to depend on themselves. A national economy and identity should be bolstered. We should start using the term "occupied Palestine" rather than the term "occupied territories."

'Abd-al-Salam Ibrahim says that we should support the citizens morally and materially. We should also pay more attention to the media to counter hostile propaganda. Relations with Israeli peace groups should be enhanced. Local products should be marketed in the Arab world. At the Arab level we must activate the Arab masses and regimes to put the Palestinian state at the top of their priorities. There is a strong need to coordinate with liberation movements worldwide and with the Soviet Union and the Socialist Bloc.

ALGERIA

Chadli Deemed Successful at FLN Congress *Paris LIBERATION in French 30 Nov 88 p 22*

[Article by Jean-Marc Kalfleche: "Algeria: Chadli's Triumph"]

[Text] Algerian President Chadli Bendjedid will henceforth combine his duties as chief of state with those of party president by virtue of the new by-laws adopted by the FLN at its congress. Bendjedid was also named as the party's candidate in the presidential elections scheduled for next 22 December and will thus be seeking a third 5-year term. It will be noted that the normal date of the presidential elections was set for next year, and it may further be observed that the congress, which concluded its work Monday evening, re-elected the highly controversial figure of Cherif Messaadia to the Front's Central Committee. It was Messaadia who in October had rallied behind himself the people's discontent, which ultimately ended in bloodshed. In contrast, the former general director of security, General Lakehal Ayat, did not retain his seat in the Central Committee.

Inasmuch as the closed doors imposed on the Sixth Congress of the FLN allowed for a certain amount of manipulation, only a few fundamental lessons may be derived, in addition to this fact, from the sessions. Those lessons have to do with the role of Chadli Bendjedid himself, that of the Army, which will probably enjoy more importance henceforth, and finally, the democratic gains that had to be conceded, gains of apparently minor importance but which could turn out to be essential in terms of the autonomy of mass organizations and voters' freedom of choice in the local communities.

Bendjedid's pro domo defense argument was credible except, perhaps, when he took up the most delicate problem of all, in terms of public opinion: "the illicit enrichment" of officials during their terms in office. Algerians will quite rightly doubt the effectiveness of any

control over the amassing of fortunes by their leaders as long as nepotism remains the rule within "the new class" and as long as the hypocritical rhetoric continues of vouching for the personal honesty of a given individual while deploring the accumulated turpitude of his family. The latter has a broad back and if it should happen that an Algerian or any African official in general tolerates the actions of his relatives while personally remaining an example of virtue, then it would be proper to consider that he is incapable of taking on important public posts. Indeed, no old Mediterranean society tolerates being headed by men not assumed to be the master of their own house.

And yet, while the Algerians are not being taken in, they do know that it is the unavoidable mechanism of an unnatural state socialism that is at the root of abuses all the more blatant because that very mechanism imposes the meanest possible mediocrity of life on most of them.

This latter element saves Bendjedid because the excesses of his closest aides, whether real or highly exaggerated by the vox populi, are once again of far less importance when the president attributes, as he did before the congress, prime responsibility for the bloody October riots (objectively speaking, his argument is highly likely) to the refusal of former party and government officials to accept the spirit of the great economic reforms he succeeded in having passed in the past 2 years, but failed to intelligently enforce so that they would therefore become credible.

Black Market Economy

The discrediting of Chadli, who was nevertheless popular in the beginning, became fully apparent during the events in Setif and Constantine in November 1986. However, his growing unpopularity fed less on the rumors circulating about his family clan than it did on the certainty of his lack of authority confronted with the highly abusive tenants of the "attainments" of the revolution. To show to what extent personal attacks on a man counted less than a radical questioning of the entire philosophy of the system, one example is essential, that of Kasdi Merbah, hated and feared because of the countless crimes of military security when he was its chief, but practically absolved from the moment public opinion saw him in 1986 as the bully of an experimentally destructive agrarian collectivism.

Algeria was suffering from an enormous structural socio-economic crisis, as even the most remote douars [Bedouin camps] were aware, but it went wild when Chadli, who knew it also but who in his speeches did not spare the dogmatists (a minority) or profiteers (a very thick layer), apparently and quite likely did nothing to prevent them from doing harm by breaking the system itself. The autonomy of enterprises was an empty word because no

one took the means to teach them freedom and initiative by creating the organization of planning and unplanning which alone could prevent the restructuration from turning into a fiasco.

The appeal to private investors was a lure because the entire system remained paralyzed by continuation of the "socialization" of the entire "formal" tertiary sector, with its incredible monopolistic incomes and the cancerous development of a black market economy sustained by the absolutely self-seeking overevaluation of the dinar. Under such conditions, the money had gone into the land since Merbah, gold and to finance "compensation" imports for a large immigrant community that had been politically emasculated because it was very closely associated with all trafficking.

Could Chadli's resurrection at the congress have enabled Algeria to find its way toward a less obviously deviant economy? Yes, to the extent that the Army did not serve solely as a Pretorian guard for him, confronted with an assembly largely dominated by the most conservative elements of the system because they were its only beneficiaries.

While that Army had initially imposed the current president after Boumedienne's disappearance, it was undoubtedly because it already confusedly shared the aspirations of civilian society and its hostility toward the promoters of an experiment that was an insult to common sense, promoters mainly found "to the left" of the system and containing the activist minority of the members of the somewhat illegal Socialist Vanguard Party (PAGS) (actually, the local communist party).

Chadli, with the most seniority in the highest rank and the man least involved in the Boumedienne system, appeared to an army without a bit of organic unity since the abortive putsch of December 1967 (another bloody "vicissitude" too quickly forgotten) as the higher officer most capable of cleaning out the stables and tempering the boundless arrogance of a technocratic class that dreamed of making Soviet-like discipline serve American technology so as to prevent the pursuit of the "enterist" strategy of the PAGS because it was ideologically very hostile to it, as were the vast majority of all Algerians.

Alas! Chadli literally invented Messaadia because Messaadia was nothing and had never been anything but the most effective party hack the FLN had known since independence. Messaadia would quite simply put into the service of the regime's "right" the machinery for coercion built even before independence by Boumedienne and the "Oujda clan." Whence the purge of mass organizations, the media and the party itself, not to give them back to a people they still claimed to serve, not to destroy a state socialism that was the source of so many cushy jobs, but quite simply, to enable a new class now

very distrustful of "populism" to take full advantage of its "attainments" and more besides, with "order" and in the most bourgeois manner possible.

After the Dirty Work

While the Army was treated better than the rest of the population, it nevertheless had "professionalist" reasons to complain of its Thermidorian tyranny. Increasingly technocratic and less and less dominated by veterans whose prestige, even though well-founded, was bound to dwindle in time, officers were treated under Chadli exactly as they had been under Boumedienne: promotions based on regional affiliation (being from the East remains an indispensable passport), the lack of any real staff, and so on.

Only when Chadli was forced to take up the sword against the network of Messaadia's alliances would the ANP [People's National Army] have the feeling that its dignity was somewhat restored, particularly by the removal of renowned extortionist General Benloucis. Having done its dirty work in October and thus threatened with confronting the people's hatred, the Army spoke for the first time at the FLN Congress with what resembled an ideological program and backed by the feeling that, having saved the regime from disaster, it was in a position to demand a change in proportion to the failure and gravity of the situation. Chadli remains its man because it has no other and because his inclinations toward reform move in the direction it wants. The problem is knowing whether it will henceforth take a position as arbitrator between a government too tempted to maintain order at any price in the name of economic necessity and activist minorities which support total democratization and which will not give up broadening freedoms that are as yet highly formal and formally defined. In this connection, it will be particularly important to follow the evolution of trade unions. Merbah, with no "big brother" at his side any longer, cannot afford to be another Jaruzelski if he wants to get his country on its feet.

Commodity Distribution, Quota System Problems Examined

Consumer Needs Ignored

45190020 Algiers *REVOLUTION AFRICAINE*
in French 9 Dec 88 p 25

[Article by Smail Dechir: "A New Anti-Shortage Program?"]

[Text] It was Friday 7 October at the Ministry of Commerce. The cadres, caught unprepared by the tornado that carried entire inventories of goods away in its

spiral, reacted promptly. An emergency committee was set up, and it decided in less than no time to drop the plans that had governed the distribution of foodstuffs until then. Emergency supplies were requested from "upstream" to meet the most immediate needs. The obsessive fear of shortages that had been hanging in the air for months disappeared as if by magic. The hypermarkets, or at least those that had withstood the squall, now had everything to sell: Lahda, butter, soap, coffee, and so on—in other words, all the items commonly known as staples. The secret? They had simply ignored the quota system and the National Distribution Plan [PND]. The latter in particular had, in its way, been the cause of many of the difficulties. Tied to the General Import Program, which is calculated on the basis of petroleum at \$18 per barrel, the PND's effectiveness as a regulator has been reduced to almost nothing. For example, 30,000 metric tons of butter were replaced by much less expensive margarine without taking people's culinary habits into account. We all know the results.

That distribution plan is based not on the needs of shopping centers, hypermarkets, and other retailers, but on foreign exchange receipts. And when the price of a barrel of petroleum began to tumble to \$12 or \$13, our culinary dreams were dealt a blow. Especially since domestic production forecasts were revised downward at the same time. For example, 250,000 metric tons of detergent had been expected from the setting up of new manufacturing facilities, and that amount would even have enabled Algeria to export part of the production, but instead we had to be content with 80,000 metric tons of soap and Isis. The same thing happened with tomatoes: as long as tomatoes cost from 3 to 4 dinars, tomato concentrate was not a problem, but this past summer, when the price of tomatoes soared, there was a run on the less expensive canned product. Inventories of tomato concentrate quickly vanished. There was no lack of empty stomachs. In the case of soap and detergent, the situation followed the logic of communicating vessels: since there was no Isis, people ran for the soap, and the result was painful cramps, seeing that the available supply was quickly exhausted. The system of haphazardly set quotas, combined with structural inadequacies (storage space, the flow through distribution channels, and so on), further complicated matters. And let us not even discuss household electrical appliances. We are not going to get our fridges anytime soon. Those products are headed for other climes—we were told by the ENIEM [expansion unknown] in Oued-Aissi that its production is being shipped to the USSR to pay off a sizable debt.

Since October, things have been taking another turn. We were given reassurances at the Ministry of Commerce. Trade Director Yahiaoui told us: "We have received instructions to work outside the quota and outside the PND. We intend to stop managing shortages. The effort is continuing, and by 1989, these tight situations will be only a bad memory." He also "urged" us to make people aware of the futility of making feverish purchases. As regards the prices of staples, we were informed that they

will not budge for quite a while. But that will certainly not be the view taken by sales agents and speculators, especially those in the outposts. We were told about the upcoming opening of wholesale markets, a law to straighten out distribution channels, and so on. It can be seen that optimism is the in thing at the Ministry of Commerce. But the question is whether that exceptional effort to ensure supplies will not suffer from the sluggishness that has been accumulating for decades and whether it will not be carried out at the expense of other programs—in the social area, for example.

When can we dream of having a purchasing power equal to our will to purchase?

Lack of Organization

45190020 Algiers *REVOLUTION AFRICAINE*
in French 9 Dec 88 pp 26-27

[Article by Nassiba Djaidir: "Progress in Distribution"; first paragraph is *REVOLUTION AFRICAINE* introduction]

[Text] The new look in the capital's big stores, where the stalls are suddenly full of staple items, is not passing unnoticed. Will that look last only a few days, or is this the beginning of a period of detente in distribution?

Mass consumer goods that have been growing scarce in recent months are now available. This is true of butter, tomato concentrate, legumes, semolina, oil, and so on. Manager Bouzenada of the Mitidja shopping center (formerly the Chateaneuf "souk-el-fellah") says: "It is true that over the past month—more precisely, since 8 October—we have been receiving sizable shipments of staple products." The same statement is made by officials at the Nassim shopping centers in Bab-el-Oued and the Algerian Galleries store on Larbi Ben M'hidi Street.

But we are forced to emphasize that at the start of the operation, the result was mob scenes reflecting a real obsession. Every sales outlet was assaulted by consumers. One salesman told us that "families came in with as many members as possible to grab as much as they could." All things considered, it was a very legitimate reaction in view of the scarcity and inadequate supplies of those foodstuffs. The father of one family said: "If the consumer were in the habit of finding what he needed when he needed it, he would not be stockpiling and getting into a panic." And one of our interlocutors added: "If the citizen could also find any food product at the corner grocery store, there would certainly not be such crowds at the hypermarkets." One could go on forever enumerating all the constraints forced upon consumers. This is a reality that is experienced daily. The problem is not a new one. It has caused a lot of ink flow.

In the opinion of the managers of shopping units, only complete and permanent coverage of consumer needs could totally eliminate that tight situation. The current

manager of the Nassim shopping center in Bab-el-Oued, whose name is Riad, says: "The reason is that until now, the quota system that has governed staples in particular has not satisfied the demand at all." It needs to be realized that that quota system, which is derived from the National Distribution Plan, has been ignored by the EDIPAL [Food Product Distribution Enterprise] units since 8 October.

The effect of that decision was immediately noticed in the hypermarkets. By way of example, it can be pointed out that from 8 to 13 October, the Mitidja shopping center received and sold 33,600 cans of tomato concentrate, 4,000 kilograms of butter, 8,000 kilograms of lentils, 9,936 kilograms of dried beans, 400 50-kilogram bags of semolina, 6,000 kilograms of ground coffee, and 3,000 5-liter cans of Safia oil, among other things. The following week, according to statistics made available to us, those figures practically doubled and in some cases nearly tripled (dried beans, for example, totaled 27,990 kilograms). The situation was similar in the other hypermarkets we visited.

"And if we compare the figures for October and even the first half of November with those for September and the preceding months, we find an increase ranging from 70 percent to 100 percent," says Bendali, head of the Nassim shopping center's supply department. Kechou, manager of the Algerian Galleries store on Larbi Ben M'hidi Street, told us that "right after the events of 5 October, we worked around the clock, even on the days we are usually closed, to supply all our customers. It must be said that we moved great quantities of merchandise. For example, we sold 2 metric tons of butter in a single day—on Saturday 22 October—and 10 metric tons of pasta in 2 days." He added that "in addition to the usual fear of shortages, the recent events all over our country even led customers to grab products such as pasta and Lahda, which have never disappeared from the market."

That being the case, the rush on sales outlets has slowed markedly. And the commercial units are continuing to receive large quantities of consumer products quite regularly. Bouzenada said: "If the pace continues like this in coming months—and incidentally, my greatest hope is that it will—there will no longer be an imbalance between supply and demand." And the worries of consumers will also fade away. Reassured as to the stability of the market and the normalization of supply, they will automatically demonstrate rationality in consumption and discipline in their food habits. Haskoura, an employee at the Nassim shopping center, observed: "The result is that the sales clerk will be comfortable in his work. Because, you know, a number of customers often accuse us willy-nilly of diverting merchandise for our own profit when they can't get the product they want." Another sales clerk added: "Pressure, blackmail, threats, and violence—it's all there. How do we explain to the customer that we receive very small quotas that are too far below the level of demand to be able to satisfy them?" The result, of course, is that everyone feels frustrated.

Imagine for a moment the frame of mind of someone who, for example, stands in line for nearly 2 hours, perhaps to buy a block of butter or bag of semolina, and then returns home empty-handed. One of our interlocutors added: "In actual fact, we are very happy when we see well-stocked shelves in our stores and the customers leaving with their market baskets filled with what they need. And with a few exceptions, that is the situation now. Here's hoping that it lasts." On that subject, Hafnaoui, the director of EDIPAL in Algiers, assured us that as far as he knows, the improvement in supplies for the hypermarkets is most certainly not a temporary phenomenon. "We received firm instructions to that effect from our supervising ministry just after the tragic events of October. This new program is being worked out for the long term in accordance with the real needs of consumption." Hafnaoui explained that the result would be a proper balance between supply and demand. "That demand," he stressed, "was not really being met following the introduction of the quota system for staple products."

The director acknowledged that the decision by the Ministry of Commerce "to no longer take that system into account" and, consequently, to bypass the National Distribution Plan as well would enable the EDIPAL's to play their role properly. And the EDIPAL in Algiers has already taken all the necessary steps to "inundate" all the sales outlets with staple products. The head of the marketing department made it clear that the same applies to the other EDIPAL's scattered all over the national territory. "It also goes without saying that for their part, ENAPAL [National Food Products Enterprise] and other public operators have had to dip into their national emergency stocks in order to increase supplies to our distribution units immediately and on a large scale. There is a complete program for coming months, and the officials concerned are in a better position to talk to you about that in person."

Does this mean that we are finally going to see a permanent end to tight supplies and scarcity in the case of certain products?

Distribution Problems Cited

45190020 Algiers *REVOLUTION AFRICAINE*
in French 9 Dec 88 pp 27-29

[Article by Akli Saim: "The Managers of Shortages"; first paragraph is *REVOLUTION AFRICAINE* introduction]

[Text] Supplying the national market with foodstuffs seems—because of the shortages—to be becoming Algeria's Achilles' heel. The reason is neither the economic crisis, the budget restrictions, nor, even less, the reduction in imports. The reason is very simply the confusion—not to say anarchy—which characterizes that sector.

The Algerian citizen who had paid the price of his independence in blood and hunger managed to make his children forget the "smell" of bananas. Even worse, that same citizen was able to adapt supposedly "untouchable!" recipes to the demands of the moment. Lastly, that Algerian realized that a barrel of petroleum was no longer selling for \$40 and that his country had reduced its imports of foodstuffs by restricting them to so-called staple items.

Up to that point, those truths, as bitter as they were difficult to swallow, could be "choked down." But when the supposedly dependable supplies of "staples" began to show the strain, that excuse, no matter how well founded, could no longer stand up to analysis.

The gnawing feeling in the stomach began to grow more noticeable in the second half of 1988. Ground coffee, semolina, tomato concentrate, and butter, to mention only those items, gradually disappeared from the sales outlets, leaving the consumer with an unsatisfied appetite. Pockets of shortages were noted just about everywhere to the point that semolina was selling for 10 times its normal price, "blended" ground coffee vanished, leaving the consumer at the "mercy" of roasted coffee beans, butter gave way to an unknown substance called table margarine, and soap, for lack of a substitute, was simply not replaced.

That raises a question: is there an economist, a planner, or at least a seller who can bleach out those shortages and erase the gray from the consumer's face? Certainly not. Those products are not bananas!

In the face of that worrisome and desolate landscape, people began to lose their patience in small bursts and especially to worry about the deterioration in their marketing. Ahmed, a worker at the town hall in Kouba, was one of them. He said: "By force of circumstances, I was thinking more about my kitchen than about my work. Moreover, what can I give my children besides products such as semolina, pasta, and coffee, considering the soaring price of fruits and vegetables?"

By an irony of fate, people who had once complained about the erosion of their purchasing power were now complaining about the erosion of their purchasing "will." Many citizens achieved unexpected "savings" by not finding anything to buy. No magic was required to see that the situation was moving toward an impasse. And no doubt about it, the events of 5 October were that impasse. They were a revolt by households more than a revolt by young people with frustrated hopes. They were the reflection of the husband who sends his wife off to the markets and sees her jostled about and insulted without lifting a finger. The "hunt" for foodstuffs requires someone available on the "front," and the women at home are in the best position to fill that role.

That being the case, can any complaint or protest be given priority over that by households? Can we talk about a second wind without extending a hand to winded households? Certainly not. And the supervising authorities seem to have realized this. The fact is that in the days following the days of rioting, the hypermarkets were inundated (that is the correct term) with foodstuffs. Everything was available: semolina, coffee, soap, and even butter!

The result was that people stocked up with a vengeance, but they also had a few pertinent and justified questions. Some wanted to know where all those supplies had come from. Others, on the other hand, wondered whether this marked an end to the shortages and a return to "normal."

To get the answers to those questions, we contacted a couple of enterprises responsible for the supply and distribution of food products, in this case ENAPAL and ERIAD [Regional Food Industry Enterprise].

In response to the first question, officials at both enterprises said straight out that they had dipped into the emergency stocks. When it came to the second question, each of the two enterprises provided answers specific to its own realities and circumstances.

In ENAPAL's case, the imbalances and fluctuations experienced on the domestic market, particularly during this second half of the year, were due mainly to the fact that the import and distribution programs were not adapted to real demand as expressed by the consumer. In the past, the General Import Program (PGI), commonly known as the General Import Authorization (AGI), reflected "rather" faithfully the real needs of Algerian households. It was based on the average sales recorded during the previous fiscal year and on population growth.

Added to that was the establishment and constant replenishment of emergency stocks making it possible to satisfy any additional or unforeseeable demand (for example, the events of October). But since 1986, that working plan has changed in character, with confusion being the result. Supply and distribution programs are now determined on the basis of Algeria's external financial balances and tied to a plan called the National Distribution Plan (PND).

Since then, and in the light of Algeria's deteriorating financial situation due to the worsening dollar rate and the sudden drop in petroleum prices, the PND's financial envelope is shrinking and moving farther and farther away from real consumer demand. This becomes all the more frightening when one adds in the mechanisms governing the PND. To begin with, its import program is

valued in Algerian dinars based on the prices charged during one or more preceding fiscal years and the dinar's value against foreign currencies. That leads one to wonder about the future of this kind of program, considering the fluctuations in commodity prices on foreign markets (sugar, for example, which almost doubled in price between 1987 and 1988) and the higher rate for the dollar, which is up from 4.80 to 6.80 dinars.

The above considerations lead us to say that demand will be unsatisfied not only in terms of quantity but also in terms of variety. Butter provides a good illustration of this. Under the PGI, the mobilizable supply of butter at the ENAPAL level has been set at 40 percent of expressed requirements, with the remainder (60 percent) to be covered by a substitute "called table margarine" (out of a concern to conserve foreign exchange). The contracts were signed, and the shipments arrived and were sent out to the sales outlets. The first thing to be noted is that whereas butter was sold in large quantities, the margarine piled up in the cold storage rooms. It appears that margarine is hard to swallow! And people are not aware of its use. Questioned as to the cause of that "sour note," ENAPAL's director general Bensaid answered us in a surprised tone: "The poor sales of margarine surprised me, because its vegetable composition makes it a legitimate substitute for butter."

But Mr Bensaid, is the consumer aware of margarine's ingredients or at least of what it is used for? Would not a TV spot be enough to induce households to accept this product, which is paid for with foreign exchange?

To that story about butter and margarine, we can add the one about tomato concentrate. In this case, the problem is summed up in a few words: ENAPAL, which traditionally had done a wonderful job of supplying and distributing tomato concentrate, found itself "relieved" of the task, which was assigned to ENAJUC. The latter, unaware of who supplied the product, knowing nothing about prices on the foreign market, and also having no means of distribution, set out to conquer the foreign market and cover the domestic market. We all saw the result. Tomato concentrate disappeared from the sales outlets, and only recently did the supervising ministry make the wise decision to give the monopoly on tomato concentrate marketing back to ENAPAL.

In ERIAD's case, the tight situations experienced with its products are due not to the PND's shortcomings but to fluctuations affecting those products. In fact, the PND has never been a handicap for that enterprise because national production, especially of semolina, flour, and alimentary paste, enables the enterprise to meet consumer demand.

According to officials of the enterprise, the tight situations experienced with their products—particularly semolina and flour—are due to short-term problems. First of all, soaring prices for fruits and vegetables have led people to fall back on products such as semolina and

alimentary paste. In the Algiers region, for example, sales during September averaged 5,000 quintals per day, or double the previous amount (2,500 quintals per day). Second, the enterprise's import program has been disrupted by disputes between the EEC and the enterprise's suppliers. To solve their problem, the latter have temporarily put contracts with their customers on hold.

In short, the problems mentioned by the two enterprises constituted in fact the favorable environment in which the shortages developed. Consequently, such famous excuses as the economic crisis, budget restrictions, reduced imports, and so on are not the only reasons for the shortages in question. And the answers provided by officials of the enterprises concerned reveal more shortcomings at the management level than in the volume of imports.

Moreover, the alarm bell concerning the confusion that currently characterizes the supply and distribution channels was being sounded even when a barrel of petroleum was selling for \$40! While those channels do need a more adequate financial envelope, it is not out of line to say that they also need a few marketing rules and a few notions of rigorous management. Inundating the market with a product like margarine and expecting people who have never heard of it to butter their bread with it is simply an attempt at the impossible.

So it is time to stop harassing the consumer by sticking him with these shortages and blaming him when he takes three bags of semolina instead of one. The consumer can become a regulator if the product is available in time and space.

According to the officials concerned, the era of shortages is finally over. The enterprises concerned with supply and distribution will no longer base their work on the PND and quotas: their import programs will be established in accordance with demand as expressed by the consumer. In a word, those enterprises will no longer be managers of shortages.

That news is no doubt all the more comforting, but considering Algeria's financial difficulties, will it be possible to maintain that pace (in connection with the availability of products) and to work in accordance with consumer demand?

Grains Office Doubles PND

*45190020 Algiers REVOLUTION AFRICAINE
in French 9 Dec 88 p 28*

[Article by Nassiba Djaidir: "Grains Office Doubles National Plan"]

[Text] While ENAPAL and ERIAD dipped into their national emergency stocks in October to satisfy consumer demand for staple items, the situation at the OAIC [Interoccupational Algerian Grains Office] was different. It had doubled its PND in September, so the

problem did not arise, seeing that there was a balance between supply and demand. Director Kahel of the OAIC feels that that operation was essential. He says: "With the price of fresh vegetables soaring, a large share of the population made do with legumes, even during the summer, thus making them a substitute product." That explains the very tight situation with lentils, beans, chickpeas, rice, and so on. Our interlocutor went on to say: "And since the original PND was below the real needs of consumers, demand could not be satisfied."

But it must be pointed out that the OAIC had conducted a national survey to determine the real consumer demand for legumes. Kahel explained: "It was on the basis of that survey that the office made its forecasts for 1988 and submitted them to the Ministry of Commerce. But," he remarked, "the economic context was unfavorable, and the supervising ministry was able to give us only 194 million dinars. That was why we wound up with a PND not suited to the demand." That demand was rising steadily. And the disruption of the OAIC's import program did not help things. Among other factors, the drought in the United States (a major grain producer) "altered all the data on the international market."

The office therefore submitted a report on the general situation to the supervising ministry in July. The ministry increased its AGI by 86.65 million dinars. The OAIC was therefore able—in September—to double its PND and began to satisfy the expressed demand. The effect of that decision shows up clearly in the figures announced by EDIPAL.

Whereas the enterprise received and distributed 1,004 metric tons of legumes in June, July, and August, it received 1,565 metric tons in September and 3,008 metric tons in October. Kehal points out that "this is also true of the other EDIPAL's. We have strengthened our supply program throughout the national territory. And I can assure you that we are now in a position to maintain that pace." Several contracts have been signed with foreign suppliers. The result, according to the office's management, is that we are not in danger of running short of lentils or beans in coming months. All the more since another supplementary AGI totaling 14.9 million dinars has been granted to that import organization.

But let it be said that while the state has taken every necessary step to ensure that the domestic market is properly and permanently supplied with mass consumer items, it remains to be hoped that the distribution channels will play their role. Noted.

Elimination of Intermediaries

45190020 *Algiers REVOLUTION AFRICAINE*
in French 9 Dec 88 pp 30-31

[Article by A. Boussalem: "Profitability at What Price?"; first paragraph is REVOLUTION AFRICAINE introduction]

[Text] The profitability of hypermarkets is being called increasingly into question. In Batna, the problems of the

"Aswak el-Fellah," or shopping centers, as some people call them, are very much the same, with only slight differences.

The key word that we heard from the lips of the managers we interviewed was "deficit." Why? "Here we are the victims of fierce segregation as far as supplies—especially profitable products—are concerned. Even worse, some of our suppliers ship us damaged goods that cannot be put right. In those conditions, how can you talk about profitability?" Those words are straight from the mouth of the marketing manager of the "Aswak" unit known as Marhaba, located in Kechida (in the commune of Batna). That shopping center, which covers an area of 3,400 square meters, serves mainly as a "department store" for general food items: the merchandise it offers includes primarily tomato concentrate, cans of jam, butter and salad oil, ground coffee and coffee beans in abundance, a few utensils, cotton blankets, small quantities of powdered soap, and so on. In all, there are some 10,000 items, according to the accountant. How many should there be? Hundreds of thousands of items, says the sales manager, who claims that only a thorough marketing study could determine actual household demand. But while the enterprise's notion of profitability needs to be enlarged, many questions still in the background need to be correctly answered: are the "aswak," the production enterprises, and the intermediaries partners in success as well as in failure? Are import, export, and marketing operations profitable to all the economic partners?

Do households, and more especially those on low incomes, get anything out of the complex distribution process that is ruled by intermediaries? Should commercial profitability be the rule at all costs? Is it not very important to exercise rational control over production prices as well as consumer prices? "To obtain detergent from DIPROCHIM [expansion unknown], we have to transport the product ourselves, put in an order and handle the billing at Barika, wait for confirmation that the product is available, and then, finally, send our own vehicles either to Chelghoum Laid (Mila), Sour-el-Ghozlane (Bouira), or El-Aouinet (Tebessa). We have to wait 2 or 3 days in line to pick up products that are very widely consumed, and in the end they don't even cover our expenses." So says the manager of the Marhaba unit. Everyone here agrees that only regular and sizable supplies can eliminate the tight situations that exist especially in the case of staple items.

But the "aswak" apparently experience 1,001 difficulties in "grabbing" their quotas of any merchandise. "Since the opening of our shopping center last 9 March—that is, nearly 9 months ago—we have not received a single household electrical appliance. Not a refrigerator, TV, stereo set, or cassette recorder. At the Enterprise for the Distribution of Household Equipment (EDIED), we have not even been able to find gas heaters or oil stoves, even though they are in great demand in the winter. That is why we are still asking ourselves this question: are we

or are we not entitled to obtain supplies from ENIEM and ENIE?" said the sales manager, adding that household appliances sell out immediately, satisfy the consumer, and provide very considerable financial support for the "souk" by increasing its turnover. My interlocutor went further with his explanations: "ENADITEX [expansion unknown], for example, imposes 'concomitant sales' on us: We get only some 200 meters of cloth per month, and along with that we have to take a large quantity of ready-to-wear clothing that is hard to sell. This very day, I sent employees to ENADITEX to buy highly sought-after items such as sheets, curtains, upholstering material, underwear, socks, track suits, and wool, which does not yet exist on our shelves. Unfortunately, they returned empty-handed, even though those same items are available in the private stores, which sell them at a tremendous price. Discrimination exists not just between the "aswak" and the private sector, because generally, the new Algerian Galleries stores are much better supplied than our stores."

Not far from Kechida is the Massinissa shopping center in the Temechit housing development. Opened last July, that state-owned economic structure also has problems, and they are not minor ones, according to the unit's manager and his staff. "The Food Products Distribution Enterprise (EDIPAL), which acts as intermediary between us and the National Food Products Enterprise (ENAPAL), assigns us quotas that are too small, imposes concomitant sales on us, and sometimes supplies us with damaged goods. The Interoccupational Algerian Grains Office (OAIC) supplies us with barely 20 quintals of legumes per month, and we sell the entire shipment out in half an hour. Look, to get a stove, one has to wait for the production unit, SONARIC [expansion unknown] (in Tenes), to deliver it to ENAPEM [expansion unknown] (in Annaba), which in turn delivers it to the EDIED in Batna, from where it winds up in a hypermarket or a private store that finally sells it to the consumer at a 'fourth-hand' price. I wonder why we have all those intermediaries," said the manager of the shopping center. The chief suppliers to the "aswak" both inside and outside the governorate (EDIPAL, EDIED, ENADITEX, ELATEX [expansion unknown], SOITEX [expansion unknown], COTITEX [expansion unknown], OAIC, ERIAD, DIPROCHIM, EDIMEL [expansion unknown], EMIB [expansion unknown], CELPAP [expansion unknown], ENPC [expansion unknown], and others) are unable to satisfy the demand from their customers in the public sector—and being in the public sector does not necessarily mean having priority. Quite the contrary: a number of food products and other items largely absent from the "aswak" can often be found in the corner grocery store. Do delivery men prefer the private stores over the hypermarkets, where prices are generally within the reach of those earning the minimum wage or at least those with modest incomes? Must the "aswak" rely entirely on their own resourcefulness to keep well-stocked shelves? "Aswak" officials with whom we spoke feel that the solution to their financial situation

would require three complementary phases: direct dealing with the production units (implying the permanent elimination of intermediaries), ensuring the availability of supplies so as to achieve good forward-looking management of the enterprise's capital, and, especially, the establishment of delivery contracts in due form which would oblige suppliers to deliver the quantities requested within the time allowed. Until such time as acceptable standards of behavior mark commercial relations among the various economic and social partners, it must be said that in Batna, as for that matter in all of Algeria's big towns, hypermarkets are often going to be scenes of panic, especially when products such as detergents, certain fats, spices, or household appliances, to mention only those few, are in short supply. In Batna, a box of Isis soap was selling for 6 dinars on the black market in front of the central department store! A bottle of Batna mineral water was selling (in the private stores) for three times its official price, and household electrical appliances sometimes sell for more than three times their posted price.

Those are only a few of many examples showing that the capital of Aures is not free of speculation. Let us hope that the autonomy of the state-owned enterprises and especially the enforcement of rigorous control over the supply, distribution, and marketing channels will straighten out the financial situation of all. The health of our national economy is at stake.

EGYPT

Industry Minister Discusses Problems, Achievements

45040097 Cairo AL-MUSWWAR in Arabic
11 Nov 88 pp 24-26, 64-69

[Interview With Muhammad 'Abd-al-Wahhab, minister of industry, by Yusuf al-Qa'id, Ghali Muhammad, Muhammad al-Hanafi, and Iman Raslan in "Weekly Interview"]

[Excerpts] [AL-MUSWWAR] To begin, we express our happiness over the presence of Engineer Muhammad 'Abd-al-Wahhab, the minister of industry, at the dialogue table with us. The industry sector is of vital importance to the citizens' lives and to the national income. It is the sector entrusted to develop Egypt until the year 2000 in order to rescue it from its crisis through intensified efforts in the industrial development area. Therefore, we must begin our interview with the question: Is there in fact a clear strategy on the Egyptian industry's position? What are the limits of this strategy, and what are the difficulties it may encounter?

['Abd-al-Wahhab] In our current planning, we seek to exploit labor properly by enhancing its productivity. This point has two axes: Manpower and machines. I say that continued support for this issue is the ideal solution to enable us to continue to hold our position within world industry.

[AL-MUSWWAR] Does this mean that past planning was governed by the idea of creating mammoth labor concentrations and not by the idea of productivity?

[Abd-al-Wahhab] Untrue. Otherwise, what does creation of the iron and steel plant, of the aluminum complex, and of the July revolution's other enormous projects mean? I say—and I was one of the witnesses of that phase—that no project was built when no need for it existed. What is more, we say at present: "We wish" that a number of other similar projects were built. We do not now regret the presence of the al-Nasr Car Factory, of (CIMA) [expansion unknown], of the Naj' Hammadi Factory, or of other projects. What I am talking about are the limitations which governed the Egyptian (project) in that period. I will say that the final comparison between projects was made on the basis of the work opportunities created. I will now move to 1967. Industrial strategy was suspended or "frozen," as we say, after 1967. I believe that freeze affected not only the industry sector but other sectors as well. I say that what was done from 1967 to 1973 by mobilizing Egyptian society's capabilities to support the military program was an epic in every sense of the word. In the industry sector, we were able to prove the serious nature of the projects that had been built. In that period, we were also able to meet society's essential and necessary needs, i.e., we provided food, housing, and even education. This means that nothing came to a halt in that phase when the world expected us to encounter serious problems and catastrophes, such as not being able to provide food or clothing. This expectation was proven wrong and it did not materialize.

[AL-MUSWWAR] What is the difference in the volume of spending on the industry sector prior to 1967 and after that date?

[Abd-al-Wahhab] To be true, we went through several phases, including the pre- and post-nationalization phases, the shift from the private sector to the public sector, and the phase of major projects. In that period, we operated on the basis of purely centralized thinking. Even implementation was centralized and was carried out by the Industrialization Authority. I recall that the appropriation for the first 5-year plan was 250 million pounds, which was a very big sum at the time. But after 1967, the industrial investment provision was suspended and the industry sector came out exhausted after 1973. [passage omitted]

Production or Consumption

[AL-MUSWWAR] Here we ask: Why didn't we immediately start the reform as of 1974 and 1975?

[Abd-al-Wahhab] We discovered that we had emerged from the October war totally drained. But the open-door period which followed helped us greatly in the industry sector in that it enabled us to look around, observe other [nation's] industries, and see the progress they had achieved, meaning that the open-door period awakened

us from the state of slumber under which we had been living. Consequently, we discovered that comprehensive development was a must. So we began to formulate a new strategy for the industry sector. However, the open-door period added no new production capacity to our industry. I believe that the open-door period was economically and politically essential to us.

The industry sector responded to the open-door phase naturally and logically. Consequently, the only option available to us was to replace and renew those plants through a concerted program in an attempt to catch up with the minimum limit of the world technology. This is why we began to give consideration to formulating a 5-year plan that serves another phase. I am speaking here of the 1982-87 plan, not of preceding plans. [passage omitted]

In the second 5-year plan, we decided to continue the replacement and renewal, but not by the same previous degree. We could not stop introducing advanced technology into the industry sector and replacement and renewal had to be implemented with the intrinsic resources of the factories and projects, contrary to what had been done previously when they were implemented with financing from outside the units concerned. The other factor which influenced the planner's thinking was the issue of labor. Public sector appointments were controlled by the [Ministry of] Manpower. We have now ended this approach and appointments are currently made on the basis of actual need, especially in the production sectors. As a result, the total number of industrial workers has dropped in the past few years from 600,000 workers to 544,000. Here, the conflict between strategies surfaces. The figure we have achieved is an accomplishment for the economic units where we have been able to enhance production quantitatively and qualitatively through the limitations we have noted. But this accomplishment means that work opportunities have decreased in number. This is the conflict which the minister of industry encounters. By virtue of his position, the minister has two tasks: First, chairman of the public sector companies' general assemblies and, second, minister of industry. By virtue of my first task, I am directly responsible for the companies' position and for the progress they must achieve. At same time, I am considered, by virtue of my task as minister of industry, responsible for numerous conditions, including that of creating work opportunities. Here is where strategic thinking approaches from the other side to solve the problem by way of the private sector.

What Has Public Sector Offered?

[AL-MUSWWAR] How do we measure Egyptian industry's yield and its ability to meet society's needs? Are there data on this point?

[Abd-al-Wahhab] The public sector has been able to meet some of the people's essential needs, embodied in their daily food, drinking, and clothing requirements.

Currently, no processed foods are imported from abroad, excluding some essentials such as wheat and sugar. I will say, however, that local sugar production is supposed to meet our needs. But the Egyptian consumption pattern is what causes importation. Local production supplies an average of 18 kg per capita annually, i.e., 1.5 kg monthly. This should be enough. However, the high consumption rates compel us to import. I will cite another sector which does not import, namely the yarn and textile sector. Currently, nearly 99 percent of Egyptian citizens voluntarily, and not compulsively, wear clothing produced locally. This also applies to construction requirements. For example, our reinforced steel production has grown from 250,000 [tons] to 1 million tons annually, i.e., to fourfold the volume available in the early 1980's. It also applies to fertilizers. Recently, we have been able to fully meet Egyptian agriculture's fertilizer needs. We can confirm with figures that we have fulfilled our obligations to the other sectors.

[AL-MUSWWAR] The public sector is constantly faulted for producing at high production costs and selling at below-cost prices and for not turning out a profit. What are the figures true regarding the public sector and what it offers Egypt?

[Abd-al-Wahhab] The industrial public sector comprises 416 companies whose production amounted by 30 (June) 1988 to 11.7 billion pounds. The industrial public sector's paid capital is 2.7 billion pounds. The sector's ownership rights, consisting of capital and accumulated reserves, is nearly 4.5 billion pounds. The total investments generated by the ownership rights and by loans amount to nearly 9.7 billion pounds. The public sector's total assets amount to 16 billion pounds, including nearly 7 billion in fixed assets (buildings, machinery, and so forth) and the rest in current assets (stores and credit accounts).

[AL-MUSWWAR] Some people watching the public sector raise the issue of the difference between the book value and the real value of these assets?

[Abd-al-Wahhab] Regarding the fixed assets, i.e., buildings, land, and equipment, all the equipment was replaced or renewed during the replacement and renewal program. In most cases, the public sector's current equipment is new. Therefore, its book value is its real value. If we examine the sums invested in equipment and buildings in the first 5-year plan, we find that 80 percent of the public sector's fixed assets are new assets to which the allegations, made by some people engaged in one-upmanship, that the real value is much smaller than the book value do not apply.

[AL-MUSWWAR] What is the surplus produced by the public sector?

[Abd-al-Wahhab] I will give you last year's figures because they are accurate and because they have been examined by the [Central] Accounting Agency. By 30

June 1987, we had 27 losing companies which lost altogether 147 million pounds and 90 profitable companies which produced a surplus of 500 million pounds. Until 1985, the total losses were bigger than the total surplus. Now the situation is the reverse. The total surplus [is bigger] than the losses and the difference between surplus and losses is growing each year.

If we employ the approach of the percentage and proportion of losing companies to profitable companies and of public sector assets, we will find that we have 90 companies whose figures read as follows: 2 billion pounds in capital, 3.5 billion pounds in ownership rights, invested capital of 7 billion pounds, and assets of nearly 12 billion pounds. The government paid 2.7 billion pounds for these companies and reaped a profit of 500 million pounds in a single year.

As for the losing companies, I wish to clarify that this loss is not deducted from the profitable companies' surplus. Whoever attacks the public sector makes a grave mistake when he says that these losses constitute a burden to the state budget. The public sector's losses are not transferred to the government but continue to be debts owed by the companies until they make reforms and make up for their losses. When these companies make profits, they turn them over to the government.

These words mean that we are earning a yield of 500 million pounds from a capital of 2.7 billion pounds, i.e., we are getting a 16-percent interest rate. However, I am well aware that the value of the paid capital has changed and that these 2.7 billion pounds perhaps equal 10 billion pounds currently. But there are other more disciplined criteria to assess capital's current value. Calculate the bank interest, because a large part of the capital consists of loans. Then add this interest to the surplus and the yield turns out to be 12 percent annually. There are numerous circumstances and hindrances, and we seek to eliminate them to achieve a 17-percent rate in the near future. This means that whoever says the public sector's yield is one percent is talking nonsense and whoever says that the volume of funds invested in the public sector is 90 billion pounds is making statements that have nothing to do with reality, because such a person includes in his calculation insurance companies and banks, which are fund-investment companies, not assets. The public sector's performance is good, if one considers that its production is valued at 11.7 billion pounds. If valued at international prices, this production would amount to no less than 15 billion pounds. We sell reinforced steel at prices much below the international price. We deliver sugar to the Ministry of Supply at a price of 470 pounds per ton whereas sugar's international price is, generally, 900 pounds. Some people use figures any way they wish and manipulate such figures to suit their purposes, without any consideration for the facts. These are our figures. We have nothing to do with those who say that the public sector is losing. The public sector is characterized by profit, not loss, as evidenced by the fact that we had 40 losing companies out of a total

of 117 companies. In 1 year, we were able to reduce the number of losing companies to 33, then to 27, and then to 17. This year, these companies have incurred a loss of 168 million pounds whereas we find that the profits produced by the remaining companies have amounted to 860 million pounds. Thus, the net profit is 692 million pounds, not to mention 1.9 billion pounds which these companies pay to the state treasury in the form of taxes.

The Social Price

[AL-MUSWWAR] Some of these companies lose on [government] instructions as a result of the social pricing of their products?

[Abd-al-Wahhab] Pricing is controlled by the Council of Ministers and the Policies Committee. Price is determined on the basis of more comprehensive factors than just having an economic establishment turn a profit.

[AL-MUSWWAR] What governs the public sector's pricing policy?

[Abd-al-Wahhab] This point is connected with the public sector's strategy. We continue to insist that this sector has a social role to play despite the change in strategic thinking which governs its management as a business sector which must operate under stable economic factors that insure its survival.

[AL-MUSWWAR] What is the philosophy that governs the growing tendencies to change the prices of manufactured goods?

[Abd-al-Wahhab] Our industrial inputs are subject to major changes in the national economy, such as the exchange rate, loan and financing policies, customs rates, wages and the efforts to keep wages compatible with the inflation rate, with wages thus ceasing to reflect productivity. These inputs come on top of industry's real inputs. Consequently, extra outputs are created. We are trying to make the outputs smaller than the inputs by enhancing productivity, exploiting the resources properly and reducing waste. [sentence as published] Numerous industries have been able to establish this difficult equation, such as the yarn and textile industry which has been able, without introducing a price increase, to offset the increase in inputs, to reduce the number of 15 losing companies last year to just five companies this year.

[AL-MUSWWAR] But the prices of other goods have been changed?

[Abd-al-Wahhab] Such as the prices of air conditioners. This is because we import the compressor which constitutes a very important part of the equipment. This import is subject to customs fees and to the dollar price. It is unimaginable that the state would subsidize any part of the cost of air conditioning.

[AL-MUSWWAR] Let us raise here the question of manufacturing production requirements locally instead of importing them.

[Abd-al-Wahhab] We cannot manufacture everything. We have to decide what to manufacture locally on the basis of whether we, and our resources, have a distinctive advantage in manufacturing it. For example, it is not feasible to produce air conditioner compressors here because the demand is small and does not exceed 30,000-40,000 compressors. This means that the cost of local production would be extremely high and will exceed the price of imports. We have produced refrigerator compressors because we need millions of them and because there is a high economic demand. It is no disgrace to import.

I again wish to clarify that we deal with prices as a reaction and not as an influential factor. There is absolutely no relationship between the increased prices of some of the public sector's products, productivity, and dealing with loss problems. The public sector is innocent of increasing prices.

The Importance of Management

[AL-MUSWWAR] The loss factors include mismanagement, flaws in the financing structures, and failure to operate at full production capacity because of the shortage of semiprocessed goods. How can the public sector management be held responsible for these changing inputs which perhaps serve some poor managers?

[Abd-al-Wahhab] This is a weighty question that is difficult to answer. We are making efforts at the ministry to find a specific answer. We have a performance-assessment system but we believe that this system has become incapable of assessing actual performance. Consequently, we have to look for another system using [performance] indicators. A joint study has been conducted on this issue by the Ministry of Industry and Alexandria University. We are examining at the same time the world's various experiences in the area of performance assessment in order to develop a proper formula for assessment under the canopy of the contradictions and limitations existing in Egypt. [passage omitted]

[AL-MUSWWAR] How would you characterize the current management problems in the public sector?

[Abd-al-Wahhab] They are a reflection of numerous problems existing in Egyptian society as a whole. [The problem of] management in any work site in Egypt is discipline. Society's conduct generally is undisciplined.

[AL-MUSWWAR] Do you think it is the problem of societal discipline or is it, as some people say, that labor laws make it impossible for a disciplined manager to manage an establishment properly?

[Abd-al-Wahhab] I say no, and I speak in the light of my 10-year experience as the chairman of a board of directors. The labor laws are adequate and I am opposed to the thinking that demands that new laws be issued for the public sector. We have not implemented all the articles of the labor law so that we may demand a new law. The law cannot be the coat hanger on which we hang management's mistakes. The public sector format is not a format against successful management. In Italy, there are 1,400 successful public sector companies. The problem lies in the pace of life.

A flaw has developed in Egypt and it has become possible for the Egyptian to leave his home and go to a place called the work site but do nothing. He educates his children, gets his food, and goes to the coffee shop when he has performed no real work in return for any of this. In this condition, there is a possibility for one to live and survive without working. This reflects a flaw in the basic survival law which dictates that one work to survive and that one take from life according to his work and not according to his need. Even the conflicting ideologies have begun to agree on this.

[AL-MUSWWAR] Some say that the labor laws give the workers rights but do not give management the right to bring workers to account, meaning that the laws reinforce the principle you have mentioned about workers failing to earn their wages while management stands unable to act against them because the labor laws obstruct it.

[Abd-al-Wahhab] What you mean is dismissal. Some imagine that the labor law's biggest catastrophe is that it prohibits dismissal. This is a theoretical issue. Permitting dismissal does not mean that it is implemented. A bad worker is automatically renounced by his environment if management is good, if its pace is rapid and clear, and if its conduct is not characterized by contradictions.

Protecting Production

[AL-MUSWWAR] [Passage omitted] Is there a difference between protection for public sector production and private sector production?

[Abd-al-Wahhab] We give private sector production the same degree of protection as that of the public sector.

[AL-MUSWWAR] We would like examples of decrees banning the importation of specific goods to protect private sector production.

[Abd-al-Wahhab] Ready-made clothing, plastic products, all dairy products, macaroni. Mechanical procedures make such protection inevitable.

[AL-MUSWWAR] But some gaps have developed as a result of the protection decrees, as in the case of porcelain.

[Abd-al-Wahhab] A gap has actually developed insofar as porcelain and ceramics are concerned. We are currently dealing with this gap. The ban includes fine porcelain only, not all types of porcelain. The standard specifications according to which release approval was given to [export] letters received from abroad was so strict that importers could not import. Regrettably, this condition served the interest of those who were able to import, with the price of porcelain or ceramics thus rising to 40 pounds per [square] meter. We have recently made a decision to reconsider porcelain and ceramics specifications so that imports may be made in the next 6 months to meet consumers' needs until local production begins in the first quarter of next year.

[AL-MUSWWAR] Quality is a fundamental element, as you said when speaking of local industry's right to be protected. What are your standards for Egyptian product quality? How come we find in countries with no industrial history industries whose quality surpasses that of the Egyptian product which has a history behind it?

[Abd-al-Wahhab] [Passage omitted] Generally, I am not happy with the Egyptian product quality standard simply because we can achieve better quality. However, one cannot deny the progress in quality which the Egyptian product has achieved. But greater progress can be made. Quality is a significant element for enabling the Egyptian product to compete in the foreign market. Forty percent of our exports consist of yarn and textile products. For the first time ever, the United States has set a specific quota for our yarn and textile exports to that country to stem its constantly growing imports of this commodity which has been successful in the U.S. market. As for the Soviet Union, we are trying to regain its major market which we lost because of political circumstances.

[AL-MUSWWAR] Which of our products do we currently export to the foreign market?

[Abd-al-Wahhab] The 1987-88 industrial sector exports amounted to nearly \$1 billion, compared to \$665 million in 1986-87. This was a major [export] period and its details were as follows: Yarn and textiles exported 40 percent, the metal industries exported 37 percent, the engineering industries exported 13 percent, the food industries 5 percent, the chemical industries 3 percent, and the mining industries 1.4 percent.

The second biggest exporting sector is the metal industries sector, because we export aluminum, iron, steel, and other products based on aluminum. Our aluminum is of the highest quality internationally. It is not just the quality of the aluminum ore but also of the dealing and the discipline. The Egypt Aluminum Company is disciplined and enjoys a good reputation throughout the world. It adheres to its shipping schedules and its volume commitments. We have also begun to export iron ingots—ferrosilicon—at the rate of 25,000 tons annually. We have the capacity to raise the volume to 50,000

tons. In the coming period, the volume will increase to 37,000 tons. When electricity is fully supplied to the furnaces, the volume will grow to 50,000 tons.

Private Sector

[AL-MUSWWAR] A part of your responsibility as minister of industry is the private sector industry. What is your assessment of the effort being made by the industrial private sector?

[Abd-al-Wahhab] Talking about the private sector in Egyptian industry compels me to backtrack to the historical roots. The Egyptian private sector is particularly characterized by individualism. This is the case generally, unless we exclude Tal'at Harb and what Egypt Bank did in a past period. Therefore, the Egyptian private sector is the individual and family sector. This pattern is characteristic of those societies whose roots were tribal during their general formative phases.

[AL-MUSWWAR] Can the role we currently need to be performed by the private sector be achieved through this individualism?

[Abd-al-Wahhab] My answer is: Yes, partially. But what we hope and aspire for from the private sector exceeds the capacity of the individualistic systems. The individualistic system can engage in a certain project, invest its money in it, operate it, and deal with it financially with the logic of private money in the literal, not economic, sense of the word. This role is also limited by the individual's capacity and ability to build and finance. This role is good and necessary, and we are required to bolster it. So far, the private sector has been successful in some industries, such as the ready-made clothing industry. We have 150 such factories which last year produced 500 million pounds' worth of clothing, of which 25 percent was exported. This is good. Ready-made clothing is an industry which requires involving the private sector.

Another channel the private sector has is the food industries, as Ibrahim Kamil has done with (Catoramatic) Company and as in the case of the French Company and of more than one factory in the 10 Ramadan City, such as (Dolci). However, it is my opinion that the private sector has been able so far to make individual or family investment and has, therefore, become confined to a limited framework. Consequently, it has become uncertain if the private sector will get involved in large-scale industries, which is our objective. The alternative to what exists currently is to have the private sector set up joint-stock companies. Instead of being family-owned companies, we ask the banks to get involved in setting up companies and projects, to lead them to the safe shore, and then to offer their shares for subscription. This is the course we are following now. This course does not need time because the Egyptian is individualistic by nature, especially where his property is concerned.

[AL-MUSWWAR] We did set up companies of that sort in the past but they failed.

[Abd-al-Wahhab] What you mean is holding companies, not industrial companies. We now have a number of projects which we are trying to implement in this manner, including the radial tires project which requires 300-400 million pounds. This project had been planned to go to the public sector but we then decided to transfer it to the private sector. This means that a capital of nearly 130 million pounds must be made available for participation in this project. The company is actually in the formative phases and the public sector banks have subscribed to it. But this does not mean that the [company's] money is public money because the banks will be involved only temporarily. The project needs 5 years for implementation, to begin production, and to turn out profits to repay the capital subscribed by the banks so that these banks may repeat the process in other projects. This is a recurrent process.

Individuals and Families, But...

[AL-MUSWWAR] We have two observations: The first concerns what has been said about individual and family investments. These investors rely on other people's money for 90 percent of their investments. Second, the expenditures and spending of many of the projects set up in this manner and financed by the banks have ballooned greatly. For example, a hospital project begins with a capital of 20 million pounds and ends up costing 250 million pounds borrowed from banks. What are the guarantees that this will not recur in the ideas we project regarding the new investment pattern?

[Abd-al-Wahhab] These problems occurred in a period which I consider to be educational, especially for the banks. We must excuse the Egyptian commercial banks here. The banks merely financed commercial activities by providing them with credit and collecting commissions. The banks' involvement in investment coincided with the open-door policy. The distinctive feature of the open-door policy was that overcoming bureaucracy and expeditious decision-making was what distinguished this bank from that one. A bank manager was considered successful if a client entered his office and had his loan approved quickly. But the banks were not prepared for this kind of action. Banks that get involved in the investment process are supposed to have brain trusts [bunuk 'uqul] in addition to funds so that they may assess a project, calculate its risks, and check the people involved in it, and then make their financing decision. It is my opinion that we should not be too critical on this issue, because when the money made available became excessive, the banks were "restricted" noticeably. But we can say there are now some general and stable rules. At present, loans amount to 40 percent the investment costs. The phenomenon of lending a project 90 percent of its costs has now disappeared.

[AL-MUSWWAR] Does this mean that there are specific percentages?

[Abd-al-Wahhab] Banks now have credit ceilings, and this has limited the resources they can make available. This is why I call for raising the credit ceiling for production projects. In its latest directives, the Central Bank has made a distinction between lending for production activities and lending for commercial activities. The government made this decision as a first step to loosen credit restrictions, but not for the purpose of expanding commercial activity. Moreover, there is an agreement between the minister of industry and the Central Bank that if the financing of an industrial project which the Ministry of Industry believes serves the objectives of industrial development and integration is suspended by a bank as a result of the credit ceiling, then this particular project will get an exemption from this ceiling based on a decision made by the governor after he contacts the minister of industry.

IMF Observations

[AL-MUSWWAR] We must refer here to some of the observations the IMF has made in the past 2 years—observations to the effect that raising the cost of borrowing compels the investor to use his savings and not to resort to bank money. We can cite here the example of poultry, even though it is not within your jurisdiction. When the credit ceilings were established, most poultry farms shut down their operations, and we have not seen a single poultry farmer rely on his savings to continue his activity. Isn't it necessary to increase relatively the cost of borrowed money so that individuals may invest their money?

[Abd-al-Wahhab] I cannot agree with this because the rule is to create extra incentives for productive investment. Around the world an incentive for productive investments is low-cost financing. What other incentive is there? Isn't the tendency toward investment in food security desirable? The IMF recommendation in this regard has numerous risks. Therefore, we should not accept it as a given fact. It may be necessary to set the interest rate, but not for all activities. We should beware of raising the interest rate for productive activities because investment will be then channelled toward non-productive directions.

[AL-MUSWWAR] But there is an inclination to raise the interest rate by 2 percent?

[Abd-al-Wahhab] There is a study which says that if the interest rate is increased by 2 percent, then it should be increased by just 1 percent for productive activity.

[AL-MUSWWAR] What is the interest-rate cost for the industrial public sector?

[Abd-al-Wahhab] We paid 350 million pounds in interest for a production valued at 10 billion pounds. This means that the interest cost is 3.5 percent.

[AL-MUSWWAR] If the interest cost is 3.5 percent, then it is not high?

[Abd-al-Wahhab] This rate is low in the public sector because this sector was created sometime ago and because it relies largely on its intrinsic resources. Most of our financing structures are balanced. The borrowing problem may exist in a limited number of companies. We must cite new projects, not the public sector [generally], as an example. In al-Dakhilah Iron Plant, we find that the [interest] cost on a ton of iron amounts to 190 pounds. This is an immense figure, representing 30 percent of the sale price. This has happened to these projects as a result of their transactions with international [financing] markets and of the risks emanating from dealing in these markets.

[AL-MUSWWAR] It is said that the energy cost does not exceed 1.5 percent of the total cost of the production process. So why are the public and private industrial sectors opposed to increased energy prices?

[Abd-al-Wahhab] We have not been against an increase. But I will again say that energy prices must be raised within the framework of preferential treatment segments, depending on the kind, size, and quality of the industry involved. When we considered raising the energy price, we said: Except for small factories which consume no more than 500 kw because these factories depend, by their nature, on intensive labor.

[AL-MUSWWAR] If we are talking of preferential factors, then we see the opposite when consumption taxes are levied. The tax is supposed to be levied on the final product. How can any tax system levy the consumption tax on the product in the factory?

[Abd-al-Wahhab] In Egypt, we cannot collect taxes properly. If we leave the issue undefined, we will get nothing. This is why we have to collect the taxes from the source. We are a country which focuses on collecting taxes from the source. For example, this is done in the case of yarn, because yarn is supplied to tens of factories and it is difficult to calculate these factories' production accurately. In Egypt, truth in information is lacking. I say that it is for this reason that dual consumption taxes were imposed on both the raw material and on the final product. But such taxing has been terminated. If it exists, then it is wrong and it must be abolished. Generally, I will say that levying the tax on the source is an unscientific method. But in Egypt, it is a practical one.

Public and Private Sectors

[AL-MUSWWAR] So how can the private sector move from its present position to the position which we hope it will assume? Can it replace the public sector in some industries?

[Abd-al-Wahhab] Public sector and private sector are two names for the same objective, namely to set up production, agricultural, and service projects or other projects. What is important is that the project established add something, and that its main characteristic be additive. The public sector performs this task with government investments and the private sector performs it with nongovernmental investments.

The capability and resources available currently do not make it possible for us to establish all the industries we want with public money because the budget deficit is, as we are aware, equal in value to the investments. This means that when we invest, we do so with deficit and debt. In other words, we borrow to invest. The objective is to employ the national financial resources, regardless of their source. Here is where the private sector's role as an alternative to, not as an eliminator of, the private sector surfaces. I am not talking about the already existing public sector. The existing public sector is already there, and its technological capabilities are growing. It may not expand horizontally because of the scarcity of financial resources. But it is growing vertically, and the sphere in which it operates will, technologically, continue to be the lighthouse or the guide to industries in the other sectors.

What is new is that we want to fill the land with industry. How and who will perform this task? Private money.

[AL-MUSWWAR] How can we find out, whether by a numerical criterion or by other indicators, the progress made in the private sector's production?

[Abd-al-Wahhab] Two figures are constantly mentioned in this regard. It is constantly said that the public sector is 70 percent and the private sector 30 percent. This means that the private sector is equal to nearly one half the public sector. The method used to arrive at this figure is inaccurate or incomplete because what is calculated is the production value but not the added value, keeping in mind that the small industries in which the private sector engages are complementary conversion industries which rely on a preceding industry or which process a part and supplies it to a major industry.

What is required is to enlarge the private sector, not diminish the public sector. What I mean is that the private sector should attain the higher percentage while the public sector maintains its size.

[AL-MUSWWAR] This means that the objective of developing and enlarging the public sector has ended?

[Abd-al-Wahhab] No, it has not ended. But I imagine that within the bounds of our available resources, the public sector will not, regardless of how big it grows, be able to meet our needs and those of society. [passage omitted]

[AL-MUSWWAR] But at times, private sector factories emerge at the expense of public sector plants and are ultimately against the consumer's interest?

[Abd-al-Wahhab] I am against this because it is a faulty practice. We want the public sector. This sector's role in industry is fully defined. The public sector has a fundamental role, and it exists generally to control the tempo of the country's industrial production. When the public sector contributes to the production of a specific commodity, then this means that the private sector is heavily engaged in its production and that the public sector has to contribute a percentage that influences the market pace.

Two Plastics Companies

[AL-MUSWWAR] We have two plastics companies: The National Company and the Alexandria Company. It is evident, of course, that the two companies have not focused on the people's real needs. We find a private sector, embodied in al-Sharif Plastics, which has set its sight on the requirements of Egyptian life, produces goods, and overwhelms the market, thus putting the abovementioned two companies in the position of defending the rear lines. Can we say that the private sector has proven that it is more responsive to the people's and market's demands?

[Abd-al-Wahhab] Frankly, this issue has nothing to do with the private sector or with the public sector. The plastics manager of al-Sharif Plastics and most of those who work with him are from the Ministry of Industry and are experts in the science of management.

When al-Sharif entered the plastics field, he produced articles which nobody had produced. He produced a mat which nobody else had produced. He produced numerous articles which the public sector had not produced. Al-Sharif does not so much compete with the public sector companies as he integrates with them. The two sides have joint programs.

Al-Sharif is one of the few companies deeply involved with industry and its production is integrated. Al-Sharif did not begin at the top but started with producing the raw material itself.

This is obvious not only in the case of al-Sharif but also in the case of the food industries. Before the emergence of (Vitrac) and others, we packaged food products in poorly-made and rusty cans. Today, Qaha, Idfina, Bisco Misr, and Corona are engaged in food industries of the highest standard. If the producer, be he private or public sector, does not do this, he will not survive, and he will have to declare bankruptcy.

With this in mind, can I say that the private sector has squeezed the public sector out? No, of course not. Competition is a well-known and legitimate method.

Agricultural Mechanization

[AL-MUSWWAR] Why has the dream of producing agricultural machinery vanished?

[Abd-al-Wahhab] [Passage omitted] Agricultural mechanization must be fully achieved. I am one of the first to make this demand, and I always tell colleagues in the industrial field that we must take charge of the entire process of blueprints, development, risk, and everything else and then market the product. Ultimately, the Ministry of Agriculture is not a buyer. The Ministry of Agriculture is just an advisory party. The same goes for fertilizers. We produce the fertilizer the Ministry of Agriculture asks us for. But the world is developing its fertilizers. The industry must have experimental farms in which various kinds of fertilizers and pesticides are developed and then produced and marketed. We should then wait for the market's reaction and develop the plant.

In the sugar industry, for example, we have not isolated ourselves from the sugarcane industry's research, because if we, as a sugar plant, fail to learn how sugarcane is cultivated and how production per feddan is increased, our effort will be deficient, regardless of whether the effort is made by the Ministry of Industry or of Agriculture. The Sugar Company has an agricultural research center and we have a very big farm where new strains are tested. We test all kinds of plans to find out what the output per feddan is and what happens when we apply this or that approach. Things happen when fertilizer is used and we, as a Ministry of Industry, cannot follow a hands-off policy in this regard.

[AL-MUSWWAR] You have also undertaken to produce a tractor. What development has there been in this regard?

[Abd-al-Wahhab] The way I characterize it, we are following a classical path insofar as tractors are concerned. We have obtained a concession to produce a tractor from Yugoslavia and we have concluded a contract to import, as a first phase, the components and to utilize the existing production lines, provided that the components be produced locally in a large number of plants, such as the al-Nasr Car Plant, the smelting plants, and the diesel [engine] production plants of the War Industry [Authority]. We are using what is available to produce this tractor on a complete concession. But we have not developed our own tractor design.

[AL-MUSWWAR] What percentage of the tractor is produced locally?

[Abd-al-Wahhab] In agricultural tractors, it may amount to 90.18 percent.

[AL-MUSWWAR] Is it 90 percent at present?

[Abd-al-Wahhab] No, not at present. Currently, 27 percent of the tractor is manufactured locally. We made the decision on this project after we had encountered difficulty for many years in choosing the proper tractor. We finally selected the most suitable type of tractor.

Egypt's Industrial Capacities

[AL-MUSWWAR] Has there been a real survey of all of Egypt's existing industrial capacities so that we may say that this survey enables us to determine whether we can or cannot produce this or that commodity? It is said that many figures are thrown around. We hear at times that \$500 million is spent annually to import screws and bolts. We also hear that there are big train-production capacities while we import trains.

[Abd-al-Wahhab] The Public Industrialization Authority has carried out a project called the industrial survey project. A complete data center equipped with computers has been set up and the systems and programs pertaining to this center have been established. This center's task is to survey all the industrial projects in Egypt, beginning with the small industries and ending with the major ones, to compute the available capacities, check products and determine how much capacity is used to turn out a product, and check the number of workers and the raw materials used. [This center supplies] whatever the industrial planner needs because the industrial planner cannot implement an industrial plan or an industrial process unless he can determine the market demand for a certain product, the resources available to turn out this product, as well as the [production] shortfall and surplus. This is the planner's task and this information is essential to the planner.

[AL-MUSWWAR] How credible is the allegation that no survey was made until General Motors came and that General Motors is the party which surveyed all the existing capacities?

[Abd-al-Wahhab] This allegation is slanderous. If we are talking of surveying the industries connected with the car industry, then this has actually been done. General Motors has surveyed things that it may develop or replace. But the [general] survey exists, as evidenced by the fact that we have hundreds of support industries that work with the al-Nasr Car Company.

Completely Finished

[AL-MUSWWAR] It is also said that the lack of an accurate check of industrial capacities was at one time one of the reasons which led us to purchase completely finished plants when Egypt had the capabilities to manufacture immense, or at least major, parts of those plants?

[Abd-al-Wahhab] This is true. We in the Council of Ministers have decided to stop the purchase of such plants. We have also decided that if it is necessary to

purchase a completely-finished plant, then it must be conditional that no less than 35 percent of such a plant be manufactured locally. We study each case separately.

An example is provided by the Ministry of Electricity which builds power plants every year. We have agreed to set up an engineering company to design power plants and to draw up the executive blueprints for building the plants and for using the equipment and resources currently available all over Egypt for that purpose. What we cannot produce, we will import.

[AL-MUSWWAR] Is what is being done with regard to power plants also being done in other areas?

[Abd-al-Wahhab] Truly so. We have agreed with the Ministry of Reconstruction to manufacture cement plants.

Car Industry

[AL-MUSWWAR] The car industry has existed in Egypt for a long time. Yet, we continue to rely on the foreign component, depending on foreign currency circumstances, and we shift from source to source, even though the figures on available production capacity note that this capacity can achieve much higher rates than those being currently achieved by the car industry.

[Abd-al-Wahhab] I don't believe that the capacities currently available to the car industry can produce much more than they are producing at present. [passage omitted]

[AL-MUSWWAR] It seems that there is a struggle between several parties that want to produce an Egyptian car. To what degree can we contain this struggle and work together for a single specific national objective?

[Abd-al-Wahhab] I stress that none of the struggle you are talking about exists. The establishment of any party that seeks to produce a certain product has an interest in turning out this sort of product.

We have talked with the Arab Industrialization Organization which has a plant for assembling small cars. The organization's plants also have the capability to produce aircraft and missiles and other great capabilities to produce anything they want.

If the organization has all this capability and if it can produce anything, then it will do whatever it can to produce something rather than import it. This is where the idea of organizing a fair for components of the (Bolonaise) car emanated. I visited the fair with Lieutenant General Ibrahim al-'Arabi from the Arab Industrialization Organization.

Capability means not only equipment but also price. One cannot produce a part at a cost of 200 pounds when one can import it at a cost of no more than \$20. We cannot

agree to produce such a part here and pay fourfold for it. This is why the Arab Industrialization Organization studied the possibility of producing the components at a price that is reasonable when compared with the import price. This is a difficult task. It is extremely difficult to set up an alternative to the original plant and ask this alternative to produce a small volume at a competitive price. However, the [organization's] effort was commendable. The instructions of the organization leaders were that expenditures exceeding production cost must be eliminated.

The organization's assembly plant continues to work as a subcontractor with the al-Nasr Car Company. The organization has decided that it can produce a car as long as it has the capacity to produce 40-50 percent of the components internally. As minister of industry, my main task is to see that any party that produces an industrial commodity does so at high rates with the smallest investments possible. This is a very difficult equation. As a result of our circumstances, we want to make the smallest investment possible to produce the biggest yield possible. If the organization can produce locally 50 or 60 percent of the components of a car with its current capabilities, then well and good. But let it be known that no car will be assembled here unless 40 or 50 percent of its components can be produced locally. This is a political decision that has been made. All must abide by it.

The engine we produce for this car is the same as the engine produced anywhere else in the world. Every part has a special plant to produce it. We import the parts which we do not produce. The Bolonaise has an Egyptian engine and tinplate [body] parts which can be produced locally by the war plants and the Misr Car Company. We believe that in form, size, and content the Bolonaise is a car which we can continue to produce.

Where Are Dairy Products?

[AL-MUSWWAR] The public is faced with the problem of finding dairy products. The supply provided by the public sector is not enough.

[Abd-al-Wahhab] Regrettably, what is available to us these days does not exceed 1,000-3,000 tons annually [as published]. Consequently, we are compelled to rely on raw milk. Egypt has [enough] raw milk but the problem we face is how to collect it. How can raw milk be collected, refrigerated, and transported to dairy plants? We have nine major plants in Sawhaj, Damietta, Kafr al-Shaykh, Alexandria, and other places. They are spread far apart for this reason. But this proliferation does not solve the collection problem. We are currently focusing on dairy collection and quality control and we have Egypt's most prominent dairy expert and adviser working with us. I can stress that the Egypt Dairy [Company] produces these days white cheese which no other company can rival.

[AL-MUSWWAR] We wonder: How can we have such a big public sector in the field of cheese production and still find the price rising to 5 pounds a kilogram?

[Abd-al-Wahhab] The truth is that Egypt Dairy alone cannot produce more than 35,000 tons of good-quality white cheese whereas Egypt's needs amount to 200,000 tons. Therefore, I say that we cannot meet market needs.

[AL-MUSWWAR] There is another aspect to the problem of Egypt Dairy. The company suffers from internal problems and it lost 19 million pounds last year. The company's internal faults must be tackled immediately.

[Abd-al-Wahhab] What you have said is not far from the truth. The problem is a commercial and marketing problem. Re-examination is required and the problem is being confronted.

Soap Problem

[AL-MUSWWAR] We are also experiencing a soap problem. Why?

[Abd-al-Wahhab] The soap problem no longer exists, especially since the main problem is that the basic raw materials used in soap are imported. This fact causes these materials to be subject to the availability or non-availability of [hard] currency and to the international prices of the imported goods. The shortage of soap was due to the lack of documentary credit. A severe shortage was experienced throughout last year, which was a leap year. We were not able to secure credit to import animal fats. We have no problem insofar as soap production capacity is concerned because our capacity to produce laundry and toilet soap exceeds the Egyptian market's need. The problem is in the availability of raw materials. Insofar as laundry soap is concerned, we are currently trying to change the Egyptian consumption pattern from soap to detergents because the main raw materials used in detergents are available locally. As long as a major part of the main raw material is available, logic dictates that we modify the production structure and get a product that relies on the Egyptian raw material. This process requires increasing detergent production capacity from 70,000 to 150,000 tons (daily). All this comes at the expense of laundry soaps.

[AL-MUSWWAR] We come to refrigerators. There are now in Egypt tens of different kinds of refrigerators produced by the private and public sectors. To date, one cannot tell the reason for the price violations. The consumer cannot tell why he is paying a particular price for a certain refrigerator which perhaps has the same size and quality of another refrigerator which may have a higher or lower price. This is one problem. Another problem is the low [quality] of some refrigerators produced by Ideal. Ideal's production is enormous. Yet, the protection issue is not clear and the market abounds with imported refrigerators.

[Abd-al-Wahhab] There are no imported refrigerators. All refrigerators are produced locally. Refrigerator production is one example which can be taken as a case study. How was the situation when we had a single plant, Ideal, which nearly monopolized refrigerator production and when we had 16-20 month waiting lists? How have we been able to eliminate the waiting lists in a relatively short time and how is it that the Egyptian consumer now has the luxury of choosing the refrigerator he wishes at the price he can afford, beginning at a price of 200 pounds and ending at a price of 1,500 pounds? Moreover, the production is entirely Egyptian. For a long time, these things remained too complex for Egyptian industry. But when we started to produce other kinds of refrigerators, Ideal began to develop itself. [passage omitted]

[AL-MUSWWAR] But it is bad when we purchase a refrigerator and it breaks down 3 months later.

[Abd-al-Wahhab] Of course, it is bad. We must correct ourselves and make it statistically possible to make sure that every part is produced properly. We produce 750,000 refrigerators, including 250,000 Bosch refrigerators and 500,000 of the old brand, not to mention washing machines. If we compare production with other companies, we find that Ideal's production is bigger than that of any other factory in the world. Ideal is one of the world's biggest buyers of compressors. Ideal's bid for the purchase of compressors exceeds any other bid in the world. This is why we have begun to produce compressors in Egypt. Those who produce compressors for the private sector are Egyptians who work abroad. As for quality, I wish to reassure everybody regarding the quality of Ideal's and other companies' refrigerators.

[AL-MUSWWAR] What is the size of the private sector's refrigerator production?

[Abd-al-Wahhab] It does not exceed 250,000 refrigerators.

[AL-MUSWWAR] What are the dimensions of the foreign component in the refrigerator industry?

[Abd-al-Wahhab] The foreign component has diminished greatly and stands at no more than 20 percent at present. This component consists fundamentally of the compressor. There is no refrigerator plant in the world that produces its own compressors.

Ready-Made Clothing

[AL-MUSWWAR] Let us turn to the issue of ready-made clothing. There is no doubt that great progress and tangible development have been made. But we still have some observations. The first observation concerns the high price of men's clothing and the poor taste in women's clothing.

[Abd-al-Wahhab] Ready-made clothing is a final product which begins with fibers, then yarn, then the cloth material, and then the ready-made clothes. Consequently, it reflects all the phases. It is most likely that what you mean specifically are men's suits. Their prices are rising because the world price of wool has increased threefold. We have not kept pace with this process [of price hikes]. [passage omitted]

[AL-MUSWWAR] How about exports to the outside world?

[Abd-al-Wahhab] Exports are very small because the local market blocks them. We have no stores in either (Vestia) or in al-Mahllah. Production is moved directly from the factory to the showroom.

[AL-MUSWWAR] If the price of the least expensive suit abroad is nearly \$250, then why don't we channel our policy toward exportation?

[Abd-al-Wahhab] Because the local market blocks exportation. We are trying to establish a principle. Any individual who needs free currency must export the equivalent of the free currency he needs for his production. The ready-made clothing industry is still based on numerous imported accessories. Consequently, the producer will be compelled to export. For example, the lining we currently use is all imported. No lining is produced locally. I don't even know if buttons are imported or not. We want the private sector to begin producing all these accessories. The situation is very difficult insofar as women's clothing is concerned. Each woman wants buttons different from those of another woman. [passage omitted]

I talked to the Kuwaiti minister of industry on this issue and he told me: I or any other Kuwaiti who comes to Egypt returns home with suitcases stuffed with Jil products and women's wraps. When one goes to the al-Sharqiyah Linen Company and sees its products, one is dazzled. He also visited the yarn and textile pavilion at the fair [not further specified] and saw at that pavilion what products the private sector and others turn out. A meter of curtain material, with a breadth of 270 centimeters, is sold for 6 pounds. I personally used to buy curtain material every time I went abroad. But I don't do this anymore because we have made a leap in this regard.

[AL-MUSWWAR] Do we have statistics on yarn exports to the outside world?

[Abd-al-Wahhab] According to the public sector statistics, this sector alone exported \$35 million worth of yarn and textiles. The figure does not include the private sector. Some markets have imposed quotas on us as a result of our increased exports. The United States, which alleges to be a free market, has imposed a quota on us as a result of the strong increase in our exports. Our problem with West Europe is a "quota" problem. We are engaged in negotiations with the EEC to increase this

quota. Insofar as the Soviet Union is concerned, Egypt has had a great presence in the yarn and textile fair organized in Moscow. We have completely surpassed the extremely dark situation which existed in the yarn and textile sector 5 years ago. This industry was in a very dark position but is now in excellent condition.

Industrial Workers' Strikes

[AL-MUSWWAR] There remains the issue of the industrial workers. We hear about a workers' strike in one area and about their disobedience in another. The demands of these forces, which are supposed to be supporting forces concerned with progress and production, have now become a source of concern for the existing stability.

[Abd-al-Wahhab] I disagree with you. When we talk of Egypt's industrial workers, we are talking of at least 1 million or 1.5 million workers, including 600,000 in the public sectors. How many of these people have displayed undisciplined labor conduct? Very few.

[AL-MUSWWAR] Then what happened in al-Mahallah?

[Abd-al-Wahhab] A very small number. If you take a world map and examine discipline and illegal movements among workers in the East and the West, you would find that what happens in Egypt is very minor. Moreover, political theories have invaded the workers' society as a part of the Egyptian society. You find in this society workers from the Grouping, from the NDP, and from al-Wafd. A worker belonging to the Grouping does not necessarily call for the workers' interest but for an ideology because the movement to which he belongs is more of an ideological movement than a labor movement. [passage omitted]

It is management's duty to expect complaint and to work to avoid it. It is its duty to make its actions and decisions clear to the worker masses. We are not saying that the worker is not responsible. It is true that he has nothing to do with the decisionmaking process. But he must experience decisionmaking. It is very dangerous if people imagine that when we call for correcting modern management methods, the issue of the elected [workers elected to boards of directors] and other aspects, we seek to isolate the labor base from interaction with management. This cannot happen and does not happen in any part of the world. There might be forms [of labor participation] other than having worker representatives on the boards of directors. But this is not completely (realistic). People also say that the Egyptian worker works 27 minutes a day. This is ridiculous and those who write such things don't know the true nature of the worker or of his work nor how the worker is tasked. These people have written something and it has become a joke. The Egyptian worker is one of the superior features of the basic structure of the Egyptian development process. It is necessary to protect the worker. It is also a necessity and a duty to develop this worker behaviorally and professionally.

[AL-MUSWWAR] Is what we are saying merely political or is it based on a real study you have conducted on certain events?

[Abd-al-Wahhab] I am not talking about this issue from a political starting point but from personal experience. I worked 35 years in this field, including 30 on the ground floors of workshops. I know how the Egyptian worker interacts, when he complains and when he is politicized. The Egyptian worker is intelligent by nature and is sensitive to and aware of what happens. He possesses a high degree of awareness and is very accurate in evaluating those around him. He knows full well who serves him and who doesn't. Some, and they are a minority who exist everywhere, be it the press, higher management or the Cabinet, may act contentiously. The Egyptian worker may use his intelligence to be contentious. But when you tell him "for shame, man," he pulls himself up and marches because he knows and realizes who understands and who doesn't. The worker respects those who work for his interest. We have the possibility of using this labor ideally, and we must use this force ideally. [passage omitted] We in Egyptian industry have reduced manpower by 60,000 workers and increased production by 18 percent. We are reducing labor and increasing work quantitatively, not in price. How can we do this and then fault the Egyptian worker? No, the Egyptian worker [is not a problem] if objectives are set for him and if discipline is maintained at work. Discipline is the management's, not the worker's jurisdiction. Management, not the worker, is lax and this has led to worker laxity. This also applies to an army. If the commander is lax, then the soldier will become lax, and if the commander is disciplined, the soldier will be disciplined.

[AL-MUSWWAR] In light of your on-the-spot study of riots in the factories, are these riots due fundamentally to the management's inability?

[Abd-al-Wahhab] On the contrary. We have a very distinguished management in al-Mahallah. But al-Mahallah is a big society which interacts with another society or, to be specific, with political ideologies outside the factory. If we observe this movement's leaders, we find that they belong to a certain political ideology. In Esco's case, we did not find a single worker who touched anything. This is a characteristic that is not found elsewhere in the world where the grumbling faction may damage and destroy factories. This has not happened at all in our country. When the Kafr al-Dawwar riots occurred in 1984, we found that those who smashed the factory glass were kids from outside the factory. The workers did not smash a single glass pane.

[AL-MUSWWAR] What are the circumstances under which the al-Mahallah incidents occurred, and how was the problem solved?

[Abd-al-Wahhab] The incidents occurred because it was announced that school grants would be withheld. The problem was settled by telling the workers that the sit-in

strike was illegal because strikes in the country are considered illegal altogether. Even where laws permit strikes legally, there are legal and illegal strikes. This strike was illegal even by the criteria of laws which permit strikes because it was staged without the majority of the worker masses who are embodied in the unionist committee. The majority of the workers must decide whether to strike or not. It is evident that those who staged the strike were a group of riot-instigating young men.

[AL-MUSWWAR] Was the strike staged without the unionist committees and were those committees opposed to the strike?

[Abd-al-Wahhab] Certainly.

[AL-MUSWWAR] We thank Engineer Muhammad 'Abd-'Abd-al-Wahhab for these two meetings which have consumed much of his time.

[Abd-al-Wahhab] I am the one who thanks you.

Prime Minister Studies Small Depositor Claims
45040093a Cairo AL-AHRAR in Arabic 21 Nov 88 p 1

[Text] The prime minister, Dr 'Atif Sidqi, told the Central Accounting Agency, the Finance Ministry, the Central Bank, and the money market agency to study the situation of small depositors in the investment companies, to determine how much was deposited, and to prepare statements in the names of the depositors as a first step towards establishing a timetable for returning their deposits in accordance with what the committees compiling the assets of the investment companies come up with.

Money will be returned to small depositors who deposited amounts of no more than 10,000 pounds, since that is not subject to the general income tax and is tax exempt. The amount to be returned to depositors will be determined according to the date on which they made the deposit and the amount that was spent as an advance from the deposit or that was considered profits. The amount to be returned to the depositor will be determined based on that and on the proportion of the value of deposits to assets.

On the other hand, Interior Minister Major General Zaki Badr told the public chamber of financial investigations operations to continue to accept citizens' statements on the holdings of the investment companies which were under a decree forbidding transactions. So far, the chamber has received 250 statements. In addition, the Interior Ministry has put together a section from state security investigations and public financial investigations to establish the truth of these statements.

A responsible source in the state affairs agency confirmed that the government is considered to be responsible for returning the money of all depositors, due to the

fact that these companies had been in violation of 1957 Bank Law 163, amended by 1981 Law 50, which prohibits the practice of banking operations by other companies, but which the government neglected to apply to these companies for several years. This confirms that the government wanted these companies to continue, in violation of the law.

Government Seen Responsible for Investment Company Crisis

45040088a Cairo AL-AHALI in Arabic 9 Nov 88 p 14

[Text] The current situation among investment companies warns of the coming of a disaster that would do away with the money of both large and small investors, and cause extreme harm to the Egyptian economy.

These companies hold in their hands the savings of more than half a million citizens, and they have deposits of about 12 billion pounds.

The latest pertinent reports indicate that the large companies among them have not yet arranged their affairs in accordance with the new law. Moreover, official reports reveal serious facts regarding the largest of all these companies, namely the al-Rayyan Company. This company, by the admission of its certified accountant, does not have any funds in banks and financial institutions in Egypt, and it has not yet submitted the official notification of full disclosure of all records. It has placed obstacles in the way of the accountants of the Central Accounting Agency, who have notified the money market agency more than once that the al-Rayyan Company was obstructing their work. Moreover, it has been announced that the company ceased operations 10 months ago, that is, since the start of the current year. The reports added that the company had asked the government that it be allowed to keep an amount of 487 million pounds abroad for itself. The elder al-Rayyan has admitted to having deposits of 1.5 billion pounds, half of which are abroad, whereas experts estimate his deposits at about 4 billion pounds.

Thus the company persisted in its deceptive manner of dealing with everybody, and in the end it confronted everybody with the facts of the matter, namely, that it was avoiding the responsibility of returning depositors' money.

This company, and others which claimed to invest money but which in fact were abusing Islam, have played tricks on more than half a million people, and have robbed them of the fruits of their life's labours. At the same time they have amassed their own hoards and have deprived the Egyptian economy of them having sent them abroad where they placed them in the hands of lenders and brokers in the gold and currency markets and elsewhere. Thus they actually drained the resources of the Egyptian economy for the good of world capitalism. And they did all that over a period of more than 10 years, right under the very noses of all the authorities.

Whatever might be the responsibility of the depositors whom these investment companies deceived with inflated profits and regular monthly income, they are in fact victims. Victims of those companies and victims of the government, which from the beginning has shirked its responsibility of protecting Egypt, its economy, and its people. In all respectable capitalist countries, the government looks after the interests of the society as a whole and lays down regulations that protect the citizens. It is not capitalistic freedom, then; rather it is the chaos of perverted, inferior capitalism; it is chaos that the government is responsible for, from start to finish.

For it is the government that from the beginning set loose the demon of the economic opening, but kept the development and administration of the Egyptian economy on a leash, and allowed vagabonds and crooks from all over the world to try their luck in our country. The investment companies arose under the aegis of this climate, and these companies have had the blessings of senior officials in the government. Indeed, they cooperated with them, for better or for worse.

They arose under the protection of the state and of state agencies, even the population agency! All the state media agencies promoted them and defended them, and senior journalists got involved and blessed them, and they blessed the journalists. The process went on with senior government men as participants. Government banks were used to give them loans at low interest rates, which they deposited with the money companies at inflated interest rates. In this favorable climate, the companies accumulated the savings of Egyptians and sent them abroad, and began to shower everybody with nominal deposits and exorbitant profits, when in fact they were spending from the core of the deposits that they were receiving. And that was going on with the knowledge of senior government men—otherwise why did they accept it and keep quiet about it?

We were the only party that was aware from the beginning of the truth behind the money looting companies. Many times we warned against this suspicious operation, and we demanded that the government step in to protect Egyptians' savings and the Egyptian economy. That was as far back as 1981, but the government did not heed our warnings, choosing instead to maintain a suspicious silence until the companies grew into centers of financial power putting pressure on the economy and politics of the country. When the government stepped in in the summer of this year, it was too late. In spite of that, it left the companies free to dispose of the depositors' money until the harsh truth was revealed. We are facing a national catastrophe by all standards. It is a catastrophe for which the government is responsible from start to finish.

Since the NPUG lays the entire responsibility for what these investment companies have perpetrated on the government, and since it stands with all its strength on the side of all the real investors who entrusted the fruit of

the sweat of their brow and their labor in life to these companies, it calls upon the government to take every decisive measure to guarantee the return of the deposits to their owners. Our party especially demands that the government begin immediately to return the money of the small depositors.

But that is not enough to protect Egyptians' savings and the Egyptian economy from what happened and from what could happen in the future. Therefore the NPUG demands that the government form a supreme national committee to be in charge of investigating and containing the extent of destruction and corruption caused by the money looting companies, and to protect the Egyptian economy from similar threats in the future. This committee ought to be comprised of the chairmen of the political parties along with the governor of the Central Bank, and due to its high-ranking composition, its lofty position, and its objective neutrality, it would be able to reassure Egyptians that what happened at the hands of the investment companies will never recur in the future.

Information Minister Discusses Television Role, Responsibilities

45040098 Cairo MAYU in Arabic 14 Nov 88 p 12

[Interview with Safwat al-Sharif, minister of information, by Nabil Abazah]

[Excerpts] He is a politician by character and by nature. His organized and ever-alert mind is capable of absorbing the problems that face him and of devising the proper solutions to them. His personality is capable of understanding the people he meets and he is capable of influencing them with his thought and his viewpoint.

Safwat al-Sharif's most distinguishing characteristic is his deep faith in democracy and in free opinion and dialogue. He has shouldered the burdens of the immense step made by the Egyptian media to move from the phase of strict censorship to the phase of full freedom.

He has been able to transform President Husni Mubarak's principles and ideas into a tangible reality which is felt by whoever holds a pen and whoever reads, hears, or watches television.

Safwat al-Sharif believes in the freedom of difference of opinion and believes that all channels between him and the journalists in the government-controlled press and in the partisan press must always remain open, because open channels will open both hearts and minds. He further believes that the struggle and the competition must be in the public interest only.

[MAYU] The proliferation of artificial satellites has facilitated the transmission of television programs. Television can now penetrate borders. Any citizen can watch any television program from any part of the world while

sitting in his village. This invasion saddles television with serious burdens. How has Egyptian television prepared for this communications invasion?

[Al-Sharif] We began drafting an information strategy in 1981 and this strategy was finally crystallized by the onset of 1982. In light of the communications revolution, strong national media capable of addressing the citizen, of reflecting the nation's culture and civilization, and of preserving the people's customs, traditions, values, and personality must be established to counter the invasion coming from the artificial satellites and invading every home. This is why I raised the slogan of information sovereignty.

[Passage omitted] This major endeavor to establish information sovereignty has taken 7 years of ceaseless effort that has enabled television transmission to reach all parts of Egypt. To achieve this, the strength of Egyptian broadcasting stations has been raised from 6,000 kw to 10,000 kw. The strength and capacity of all the television stations has been raised from 150 to 400. [sentence as published] The microwave network has been expanded from 1,200 km to 4,500 km. The old networks and towers have also been fully modernized. Seven local [provincial] radio stations and two television stations have been built. It is my opinion that the more internationalism grows, the more one needs to be bound to his environment. These local stations are the revolution of the age in strengthening the citizens' belonging and in preserving their customs and traditions.

[MAYU] There is an important issue. How can we induce the citizen not to listen to or watch foreign stations and to turn to the Egyptian radio and television stations solely?

[Al-Sharif] I am not for isolation, be it educational or cultural. I am not for blocking the communications coming to us, because Egypt has its civilization and history and because Egyptians are a genuine people who have inherited this civilization, which runs in their veins, instinctively. Moreover, Egyptian intellectuals are pioneer thinkers. They can never live in isolation from the given facts of the age or without contact with foreign cultures, be they Eastern or Western. But the Egyptian media must be competitive.

[Passage omitted] We become competitive with credibility, frankness, and truth. With these fundamental mainstays of the information message, the citizen can discover himself and his problem. We thus develop affiliation with and confidence in our information media.

[MAYU] Some people criticize the large number of foreign films shown on Egyptian television. What is your opinion?

[Al-Sharif] No more than 10 percent of the films shown by Channel 1 are foreign. But the percentage rises somewhat in Channel 2, reaching 30 or 40 percent at times, because we must present the world cultures. We do not want the Egyptian citizen to be dazzled when such programs reach him by way of artificial satellites. When we present these programs and films, we remove society's dazzlement. For example, the viewer was dazzled when the Cinema Club Program was first presented. But then the viewer got used to the program and started criticizing and rejecting it. This is how society is immunized against social maladies. It is the same as when we immunize a child against various diseases.

[MAYU] Do we need an Egyptian artificial satellite for radio and television communications?

[Al-Sharif] We are not remote from technological progress. We have our engineers and our scientists in broadcast engineering. In the early 1970's, I had the honor of forming the Arab Information Committee and the committee which studied the Arab Satellite and its requirements. We wanted one or more channels so that Egyptian television would cover all parts of the Republic. But when Egypt's membership was suspended we learned our lesson, namely, that Egyptian information must control its destiny and its means. Consequently, I built this vast microwave network and our media now cover all parts of Egypt. Therefore, we do not need an Egyptian artificial satellite.

[MAYU] How about the Arab artificial satellite?

[Al-Sharif] We welcome it strongly and hope that it will be exploited in the best manner possible, because it hasn't been so far and because it is being used to transmit messages between the Arab countries. We, as Arabs, have the capabilities.

[MAYU] What about developing the studios?

[Al-Sharif] One of the basic points in the information plan we have formulated is abundant good-quality production. This will not be possible to achieve unless the studios are enlarged and developed so they use the most advanced technology. If an image is not clear, pretty, and pure, it becomes like a poorly printed book. A new project will be implemented in 6 October City to build an open television, film, and radio production town. A presidential decree has been issued appropriating 2 million meters² on which to build this town in which the private and Arab sectors, a consortium of companies, and a holding company will participate. This project will enable Egypt to maintain its pioneership in the Arab area, especially since we are truly the pioneers with our writers, intellectuals, and artists. We do not want these people to be forced to produce abroad and not on Egyptian soil. [passage omitted]

[MAYU] One of the most significant and serious national problems we are experiencing is the problem of radicalism. How are the media confronting it?

[Al-Sharif] We must make a distinction between radicalism and adherence to religious values so that we do not create ambiguity. We are a religious society which believes in religious values. Our viewpoint is enlightened. A veil is not a sign of radicalism, as foreign reporters depict it. Egyptian women in rural areas and in popular quarters cover their head in observance of traditions and values. We offer varied religious and worship programs that bolster, strengthen, and entrench these values. But there is a group with a radical ideology. We must debate this radical ideology in programs that host ulema as well as specialists and experts in sociology and psychology regardless of whether this is done through special programs or through general programs, because the spirit of the programs generally can confront such radicalism. Fundamentally, we seek to enlighten the youth and to protect society from radicalism by immunizing society against these radical ideas which stray from the concept of Islam and from the great Islamic values.

[MAYU] How are the media tackling the issue of population growth?

[Al-Sharif] This is not just an information issue. The proof is that the latest study conducted by the Information, Education, and Communication Center for the General Information Authority confirms that more than 90 percent [presumably of those surveyed] are aware of the population problem, of family planning, and of birth-control means. Yet, this knowledge is not put to practice. This is why I say there is a missing link for which we must look. Why do the media urge and encourage the masses to adopt the small-family pattern and why isn't practice commensurate with the information provided by the media? We must look for the missing link in the housing issue and in the family-planning issue.

[MAYU] There is another vitally important issue. How can the media induce the youth to invade the desert?

[Al-Sharif] For a long time, invading the desert continued to be a (slogan) unaccompanied by thought and lacking mobilization, realism, and planning. When the development movement started in Egypt and when President Mubarak embraced and called for invading the desert, when he said that the youth should overlook employment in offices and government bureaus and march to the desert, when land was actually made available for distribution, and when success was made and problems and difficulties were encountered, the media began to reflect this reality, as well as the president's visits and the spirit of the youth. It is the media's duty to mobilize the nation's spirit, not just behind one issue but behind various objectives and issues, such as the slogan "made in Egypt." The media should mobilize

the spirit of the youth and should teach them scientifically how to cultivate because the media are an instrument of education, not just an instrument of motivation. The media can eradicate professional illiteracy, cuultural illiteracy, religious illiteracy, and so forth.

The media can eradicate the illiteracy pertaining to invading and cultivating the desert. This is one of the vocational illiteracies which the media can eradicate.

[MAYU] How do you perform your role as minister of information in light of the absence of censorship and of the full freedom given to the press?

[Al-Sharif] I have lived with the Egyptian media for nearly 7 years under the canopy of the democracy proliferated and strengthened by President Mubarak. Previously, there was press censorship and not a single word of criticism was permitted. We are now living in a distinguished phase of Egypt's history—a phase when no censorship whatsoever exists. [passage omitted]

[MAYU] What is your view of some of the excesses that have taken place?

[Al-Sharif] We are moving in the right direction. A good word of criticism bears more fruit than a wounding word of criticism. When I find a writer criticizing me with proper words that befit dialogue emanating from an educated writer, I immediately summon him, discuss the matter with him, and express my viewpoint. But if the writer goes to excess, I do not contact him. [passage omitted]

[MAYU] A final question: In your capacity as the NDP's information secretary and assistant general secretary, what is your view of party action and of the parties' activities among the masses?

[Al-Sharif] We would do all the parties an injustice if we imagine that their performance and their activities among ordinary Egyptians can be measured using the criterion of the election phases. The election phase is a phase of energetic election activity. All the parties come out to the street and stir their bases. We would do all the parties, be they majority or opposition, an injustice if we imagine that they are not present in the street because there is no heat in the street. No party can mobilize its members permanently.

During periods of calm activity, not of political tranquility, the parties continue to organize themselves, evaluate their bases and present their programs to their cadres during their meetings.

I want to say that activity cannot always be at the base level and that the parties' activity cannot be measured by the election phase when these parties mobilize all their forces.

Parties mobilize themselves in political situations that require mobilization. In ordinary times, parties get their cadres prepared and carry out party organization activities; hold limited party meetings at their headquarters; organize weekly symposiums on various issues; convene special committees to discuss the main issues so that the party, if it is a majority party, may present them to the government or, if it is a minority party, may determine how close or remote it is from a certain law or a certain issue.

Before departing, I asked Safwat al-Sharif: In two words only, what is your opinion of the Egyptian media? He answered decisively: The media are free, democratic, and national.

Liberal Party Secretary Reproaches President Mubarak

45040093b Cairo AL-AHRAR in Arabic
21 Nov 88 pp 4, 6

[Text] Open telegrams to President Mubarak: Excellency, there is no doubt that we appreciate you and respect you, and that we work to preserve your regime, of which you have said we are a part. So open your heart to us and excuse us if our frankness goes beyond the bounds of frankness. And contrary to reports, we open our hearts to you, because we see in you a human president. So hear us and bear with us, and God be with you and us.

Excellency, there is a rumor spreading like a flood to boggle the minds of the depositors in the al-Rayyan companies. It says that Field Marshal Abu Ghazalah fetched Ahmad al-Rayyan and told him: "I do not have detention camps like Zaki Badr, but I have a gun. You will not budge from here until you get the deposits of the men in the Armed Forces, complete with their profits. That amounts to 300 million [Egyptian] pounds and 100 million pounds sterling, a total of 720 million pounds." People are convinced that this rumor is true because of the fact that they used to see many Armed Forces men in the company's offices, but these have finally stopped coming. Many are upset by this matter because the Constitution has made everyone equal, even though Field Marshal Abu Ghazalah might have succeeded in protecting his men. But it is certain that you strive for equality among your people (without distinction), because they have entrusted you with the presidency of the nation. That is what is said about the rumor; God knows best.

Excellency, there is a rumor that says that your regime stands upon two feet: the violence of Zaki Badr in the street, and the violence of al-Mahjub towards the people's representatives in the Assembly. They are convinced that this rumor is true because of the fact that Your Excellency hangs on to them, even though they face popular rejection. The violence in the street has increased and become prolonged, and has reached the peaceful people of my department in al-Sharqiyah, such that they arrested Hajj Sa'd Lashin (age 68), an invalid

who was imprisoned from 1954-72. Along with him they arrested Hajj 'Abd-al-'Aziz 'Abd-al-Qadir, a retired school supervisor, and Shaykh Sabri 'Abd-al-Masih, a mosque preacher. All of these men were over 60 years of age. They do not have daggers or chains; their weapons are toothpicks. In addition, they arrested Muhammad Fawzi, who is arrested every month without having committed a crime. The legal reason for the latest arrest is that they attended the conference of Abu Kabir, which was attended by Ibrahim Shukri and leaders of the Brotherhood. Your Excellency, the human president, I know those people well; their hearts are good and their souls are pure, models of the example that faith sets. They do not believe in violence. I know that you will not accept that those of your people who are peaceful be violated; nor will you accept the persistence of bloody fingers that give the regime a bad name, a regime which, standing behind you, we work to protect. Moreover, you are accountable before God for the suffering of your subjects and the hardships of your people, so lift this oppression from them and protect them from their oppressors.

Excellency, the people are now unhappy about the price leaps, and their discontent is increased due to statements by ministers and the slogan: "Those of limited income will not be touched." And now the tabaqi [type of bread] loaf has been swept away, as happened to the half piaster loaves, and the one and two piaster loaves. Excellency, the government policy on the price increases will be exploited to strike a blow against stability, just as the crossing out of candidates in student union elections will split the universities. Demonstrations against prices will arise, and the way of the people will begin. Please step in with your wisdom to save the situation before things happen, may God grant you success.

Radicals Attack Church in al-Minya
45040088b Cairo AL-AHALI in Arabic 16 Nov 88 p 7

[Article by Sulayman Shafiq]

[Text] The security situation in the city of al-Minya has deteriorated in a way that bodes ill. The bloody clashes between the security men and the Islamic groups resumed and escalated over the past week, and the south quarter of the city has turned into a battlefield. The matter reached its climax with an armed attack by certain elements on the Church of the Virgin last Friday morning.

The city of al-Minya has recently seen intensified activities by the groups, accompanied by the distribution of leaflets which speak about high prices and the money looted from the state, while the latest one criticized the tabaqi bread [type of bread] decree.

At the beginning of last week, some of the members of the group tried to get students of the mechanical industries school in the west of the city out to demonstrate. The director of the school contacted security, which

blocked more than 200 students and citizens. However, they were not easily dispersed, inasmuch as they set fire to tires and threw them into the middle of the Cairo-Aswan road, which stopped traffic for more than an hour, amidst a heavy security presence, and shouted slogans criticizing terrorism, high prices, and senior government officials in general and the interior minister in particular.

In spite of these leaflets and demonstrations, the people of al-Minya were surprised by the attack on the Church of the Virgin in Suq al-Khadar in the south of the city at 0730 last Friday morning. One of the eyewitnesses recounted what happened: "At 0700 in the morning, the bishop of al-Minya, Abba Arsanios, came to the first mass, which included baptismal rites for some children. Then the bishop left the church at 0720, and right after he left a group of armed, bearded men attacked the church, after assaulting the police guarding the church, who turned tail and ran. The attackers had swords, bayonets, and a bottle of incendiary materials which they threw, and it exploded after it hit one of the columns of the church. The worshippers were alarmed and rushed into the church courtyard, where the group seized and attacked them. Lawyer Wahbah Hunayn was wounded in the head and foot, and another youth named Midhat, and a girl who was in the church courtyard at that time [were injured]. Ya'qub 'Abd-al-Malak, an employee in the al-Minya security directorate was badly injured, and he was transported to al-Mabarrah Hospital in al-Minya."

The eyewitness concluded by saying that this attack did not last more than a few minutes, and ended with the return of the guard. Immediately after random shots were fired, the attackers withdrew, after tossing into the church courtyard a quantity of leaflets signed in the name of the Islamic groups.

Immediately following that, security forces surrounded the church, and turned the southern quarter of the city into a hunting ground for members of the groups and their supporters. Dozens were arrested at random, and a state of extreme emergency was declared, and entrances to the streets leading to the Bandar al-Minya police station were blocked. Rumors spread about citizens being tortured without any legal basis, and about the wounding of a number of secret policemen during the round-up.

In al-Mabarrah [private] Hospital in al-Minya, where the injured Ya'qub 'Abd-al-Malak is, one of his relatives said: "Our Lord gave protection, and the bleeding has stopped." He went on: "We were afraid to leave him in the public hospital out of fear of the groups, so we made a police report and brought him here on our own." One of the doctors reported that the patient had lacerations resulting from an attack on him with a sharp instrument, which caused a wound to his scalp more than 3 cm long, and another on his right hand that was 2 cm long. The situation requires that he be treated for a week at least.

After leaving al-Mabarrah hospital, we saw an ambulance rushing south, and I learned that there had been an attack on a tourist group. One of the eyewitnesses reported:

"About half an hour ago (the clock then showed a time of 1300 Friday afternoon) here in al-Mashtubiyah Street in front of Faruk the greengrocer, there was a group of about five or six tourists.

"They were playing around with the children, when three bearded men attacked them and struck them and broke their things."

I have learned from security sources that three citizens from Asyut, members of the Islamic groups in Asyut, were arrested Friday evening at al-Minya station on a charge of attacking the church. These sources reported that the perpetrators of the church incident are from Asyut, and from that they confirmed that the influence of the groups in al-Minya is weak. They attributed the latest clashes to a desire by the groups to get out of their current crisis.

Some circles of the opposition in the city think it likely that outside parties plotting against the Islamic groups are behind these incidents. They associate this opinion with the fact that for a year the activity of the group has concentrated on social issues and combatting high prices. They feel that what happened is a surprising and unjustifiable departure from the general context of the group's activity.

As of last Sunday morning, trucks of Central Security were still ringing the southern quarter of the city, and radio patrols and Central Security were lurking in all the city squares, as if the city were a military barracks, and in a way that indicates that things have not changed.

ISRAEL

IDF To Improve Ansar 3 Following Visit by High Court Officials

44230033 Tel Aviv HA'ARETZ in Hebrew
27 Nov 88 p 9

[Article by Gid'on Elon]

[Text] It is not a normal sight to see judges of the High Court leaving their ivory tower in Jerusalem's Russian Compound, and going out to the field to gain a first-hand impression of the prison conditions of administrative detainees. At the start of September, the president of the High Court, Judge Me'ir Shamgar; the deputy-president, Judge Professor Menahem Elon; and Judge Gabri'el Bach went to the Qetzi'ot Prison [Ansar 3] to take close look at prison conditions, talk with a handful of the 2,750 prisoners, and listen to their arguments and complaints. For 6 hours, the three High Court judges toured the large prison camp, which was established in southern Israel following the disturbances in the territories.

When they returned to Jerusalem the same evening, I asked Professor Elon about the reason for the visit. He responded cautiously: "It is important that judges be seen not only deliberating an issue in a theoretical manner, but also desiring to gain an impression with their own eyes." Shamgar expressed their impressions from the visit in the recently published detailed verdict that rejected the appeal made by 17 prisoners who requested that Qetzi'ot be closed, and that they be returned to prisons in the territories. This is a special type of verdict, because it does not consider the situation solely from a dry legal perspective. Rather, it spreads out a wide canvas of personal impressions experienced by senior judges in Israel.

Shamgar writes: "We were clearly impressed with the need to solve the overcrowding problem prevailing at Qetzi'ot Camp. The practical result of housing 28 people in a joined tent (two Indian tents) is that the prisoners lie side-by-side without any space between mattresses, from one end of the tent to the other. In these particular circumstances, the impact of overcrowding poses greater difficulties than overcrowding in a tent which serves for sleeping or resting only. The climactic conditions at Qetzi'ot, especially in the summer; the structure of the temporary prison in which the tents are erected; and the prohibition against the prisoners gathering in large numbers outside of the tents are all factors which have the effect of causing the prisoners to spend most of the hours of the day inside their tents where they also receive their meals and pray. Consequently, overcrowding has an even graver meaning here.

"Overcrowding is a negative phenomenon by itself, but it also has accompanying phenomena which reduce the possibility of arranging reasonable prison conditions. Thus, for example, the absence of movement space does not allow prisoners to be able to maintain their personal possessions even though they are entitled to do so. The described conditions of overcrowding are not passing or temporary, because this is not a matter of imprisonment for a transition period, but for many months."

In a tone of criticism toward the IDF authorities in charge of the prison camp, Shamgar determines that: "The security need to confine many people at one time can explain the existence of extreme conditions of overcrowding at the outset of the wave of arrests. However, in the course of the past two months it has become clear that, because this is a matter of many detainees, the obligation has now arisen to reduce the number of people in each tent, and to create conditions in which there will be no extreme overcrowding. We understand that fulfilling this obligation requires preparations and resources, however, the fact of the construction of the camp proves that this can be done within a reasonable time.

Judge Bach followed suit: "It is not only that overcrowding weighs on the prisoners, who are required to stay inside their tents almost around the clock, overcrowding

also causes additional accompanying negative phenomena. With all due understanding of the security needs that resulted in these arrests, it must not be forgotten that this is a matter of prisoners whose freedom has been denied them without their being convicted of any criminal offenses in a regular legal proceeding. Therefore, we must not become reconciled with a situation in which the imprisonment conditions of prisoners such as these fall so far below those of prisoners sentenced to imprisonment after being convicted."

Judge Bach cites a verdict of the acting chief justice High Court, because of a resignation, Judge Haim Cohen, who during his term, determined "the right of a person in Israel who is sentenced (or is duly imprisoned) to be incarcerated in conditions which make possible a cultural human life." He also cites the ruling of High Court Judge Professor Aharon Barak, who during his term, emphasized: "A prison must not become a pen, and a prisoner's cell must not become a cage."

Shamgar is aware and cognizant of the fact that his critical statements on the difficult conditions at the Qetzi'ot Prison have a moral value primarily. He also knows that he cannot impose anything on the IDF authorities, and that he has neither the instruments nor means to undertake follow-up and supervision. Nevertheless, he calls on the minister of defense and IDF authorities to determine on their own initiative efficient follow-up and supervision methods by appointing a permanent advisory committee which would carry out constant monitoring and report to and advise the minister of defense regarding prison conditions at the Qetzi'ot installation. He recommends that the committee be headed by a military judge, and a senior jurist from the military courts martial unit, and that it include experts in the area of medicine, psychology, and prison management.

The judges were impressed during their visit by the fact that the prisoners have no complaints regarding medical care, violent and degrading behavior on the part of guards, the quality of the food, and obstacles in the way of appeal hearings. As a matter of fact, they were impressed with the expeditious movement of appeal hearings. Nonetheless, Shamgar emphasized "The fact that 28 percent of the appeals heard so far have resulted in full release or the commutation of sentences specified in the original order, buttresses the conclusion that administrative detention without effective judicial review is liable to result in errors in cases or deliberations, which amount to the denial of a person's freedom without actual grounds. Therefore, it is necessary to do everything possible fundamentally to prevent phenomenon such as these."

Shamgar believes that the primary method for efficient continuous review in the existing legal situation in which the prisoner is not brought before a jurist judge within 96 hours is for appeals to be heard as early as possible, that is, at the most, within 2 to 3 weeks of the submission of a first appeal regarding imprisonment, or a decision to

prolong a prison term. To make it possible to carry this out, he recommends that the number of jurist judges tasked with hearing appeals be increased.

JORDAN

Canadian Assistance in Oil Exploration Sought 44000205 Amman JORDAN TIMES in English 1-2 Dec 88 p 3

[Text] Amman (Petra, J. T.)—Jordan is seeking further assistance from Canada in its current oil prospecting programmes; and has agreed with Ottawa on holding a general meeting in February to present the oil situation in the Kingdom, according to Natural Resources Authority (NRA) Director General Kamal Juraysat.

In a statement upon returning from a week-long visit to Canada, Juraysat said that discussions with Canadian government officials focused on Jordan's request to increase to 32 million Canadian dollars a 19 million dollar grant which was earlier announced to help the Kingdom in its oil prospecting efforts.

Juraysat discussed with the Canadians the prospect of extending the grant agreement for one more year to allow Canadian companies to conduct oil exploration programmes.

Last year the Canadian government announced a 19 million Canadian dollar grant to the Kingdom and said that the Petro-Canada International Agency for cooperation will work through 1989 on seismic exploration activities in the Rishah area, north east of Jordan.

The original agreement provides for the agency to supply equipment, bring in experts and conduct oil exploration training and will invite Canadian oil companies to participate in exploration programmes through a production-sharing arrangement.

Juraysat said he discussed in Canada the question of inviting Canadian companies to dig for oil in Jordan and agreed with officials on convening a conference at the Canadian city of Calgary, to be attended by representatives of Canadian oil companies.

At the coming meeting, Juraysat noted, a full report on oil activities in Jordan will be presented and discussion of possible agreements will be made.

He said that Canadian companies to be contracted for the work will be prospecting on similar basis of agreements signed earlier with American and Belgian companies.

Last week Japan National Oil Corporation and the NRA signed a two-year agreement, paving the way for the corporation to conduct an oil prospecting programme in the eastern areas of Jordan.

Jordan at present produces some 500 barrels of oil per day from its Hamzah oil fields but imports nearly 60,000 barrels every day from Saudi Arabia and Iraq to meet domestic demand.

Oil exploration in the Rishah region near the Iraqi border did not reveal the presence of any oil but disclosed the existence of huge deposits of gas which is being exploited by NRA and the Jordan Electricity Authority for electricity generation.

Dead Sea Industrial Research Projects Described
44000204 Amman JORDAN TIMES in English
1-2 Dec 88 p 6

[Article by Suhayr 'Ubaydat]

[Text] Amman—The Dead Sea is to become a major resource of vital industrial components by the end of 1989, Royal Scientific Society Industrial Chemistry Department Director Dr M. Bino told the JORDAN TIMES.

The RSS is now carrying out a number of industrial research projects to extract minerals from the brines of the Dead Sea. "We are working hand in hand with the Jordanian Industrial Consortium of Engineering Companies (JICECO) in utilizing Dead Sea minerals in producing downstream chemicals," Bino said.

The RSS currently is trying to upgrade the Rusayfah phosphates to utilize it in chemical processes in conjunction with Dead Sea sodium chloride (table salt); the result would be soda ash: a vital specialty compound used in glass, chemical and petroleum industries.

"Soda ash is heavily used in drilling oil wells, so we not only plan to start producing it locally, but to export it to neighboring countries, mainly the Gulf area," he added.

The other research project on the RSS agenda is the manufacturing of potassium sulphate. "We simply have to go to the south of Jordan, where we can find millions of tons of phosphogypsum, the industrial by-product of the fertilizer industry company. Together with special components from the brines of the Dead Sea, we can easily manufacture potassium sulphate, which is widely used in the chemical industry. We also intend to use it in producing fertilizers."

"But our existing technological facilities are inadequate so we have to go to more sophisticated equipment to be able to achieve our goals," Bino pointed out.

As a non-profit organization, the RSS depends on aid from Italy, West Germany and members of the European Community in developing its potentials in applied research and staff training. The Italian government has recently equipped the in-organic section with JD 200,000 worth of latest analytical instruments and training.

The new devices will upgrade the capability of technical services given by the RSS to the private sector, particularly the industrial sector. "Royal Jordanian has already taken advantage of this new technology in solving some mechanical problems."

The X-Ray Florescence (XRF) offers its services to the University of Jordan and the Natural Resources Authority and the Jordanian Cement Factories Company. Its computer programmes increase the instrument's capacity to analyze many additional elements, which enables it to absorb the work of similar devices in other enterprises, if they happen to break down.

The Inductive by Coupled Plasma (ICP) compliments in the XRF in its capability to analyze a group of elements at the same time including concentrations as low as one part per billion.

On demonstrating the device, al-Ali explained that the ICP analyses wear metals in lubricating oils and turbine engines, water and environmental pollution detection.

"Growing concern over the quality of Jordan's environmental has prompted the RSS to set the first laboratory for the testing of pollution in the Kingdom, by means of the newly acquired devices," Bino added.

In addition to the XRF and the ICP, the RSS is adequately equipped with chromatographic analysis instruments, backed by computer. "This particular device is used for the testing and evaluation of medical gases," he said.

The Ministry of Health has accredited this lab at the RSS to control and monitor the purity of medical gases in Jordanian hospitals, that is until the technical team at the ministry has been similarly trained.

Testing medical gases is extremely important. Accidents have occurred in developed countries and elsewhere when patients were provided with contaminated gases, sometimes leading to fatalities.

"Consequently," he noted, "these instruments hugely increase the effectiveness of our testing facilities as a safeguard against the mislabelling of gas cylinders and manufacturing faults in the production of medical gases."

On the other hand, obtaining these invaluable instruments was not as important as qualifying and training the staff to use and maintain the devices properly, Bino stressed.

A number of selected researchers were trained in Italy twice before the arrival of the devices, then once at the RSS by the installation expert.

"We received the instruments in June, began to operate them in July and by September, they were being fully operated by RSS staff," Bino pointed out.

KUWAIT

Minister Announces Civil ID Card Necessity in 1989

44000210 Kuwait ARAB TIMES in English
3 Dec 88 p 2

[Article by Lima Al-Khalafawi: "Register Now for Civil ID Cards"]

[Text] The Civil Identification Card will be the only document to be accepted for all official transactions as of the beginning of next year, according to Dr 'Abel al-Rahman al-'Awadi, the Minister of Planning and board chairman of the Public Authority for Civil Information (PACI).

Al-'Awadi stressed that everyone living in Kuwait must complete registration formalities by the end of this year.

Persons not complying with this regulation face the risk of being non-entities, the official said. He stressed that those who have no record at the authority will for all practical purposes be considered non-existent in Kuwait.

Aim

The ultimate aim of the civil information system is to set up an information data bank whereby all government bodies will be linked to the system of identity cards.

When the initial registration process ends by the end of this year, the authority will have complete information about all individuals, both Kuwaitis and expatriates.

For those who complete their registration formalities by the end of this year, but have not received their ID cards no fine will be imposed. Those who do not complete their registration within the stipulated period will be fined KD20 to KD100, depending on individual situations.

Kuwait has 1,957,000 inhabitants, according to registration figures. The authority has issued 2.8 million ID cards which included renewals and data changes.

Valid

The new ID card, which cannot be forged, will be the same size as a credit card. The cards will be pink for Kuwaitis and blue for non-Kuwaitis. The size of the new card is 5.5 x 8.5cm. Changing of the present IDs will begin next March and is expected to be completed within two years. The blood group will now be typed in English.

The new ID card will be issued free of charge to Kuwaitis and at KD2 for non-Kuwaitis. KD10 will be charged for replacement of lost or damaged cards. Lost cards should be reported to the authorities within three days of cards being lost or damaged, al-'Awadi said. The ID card is to be renewed after 10 years for Kuwaitis over 15 years of age and less than 65 years old. The card is valid for the lifetime of Kuwaitis over 65 years of age.

ID cards for subjects of the Gulf Co-operation Council (GCC) are valid for 10 years or according [to] the residence permit—whichever is less. Children must renew them on reaching the age of 18.

ID cards for adult non-Kuwaitis are valid for five years or throughout the validity of the residence permit—whichever is less. Those who are under age are also required to have new ID cards on reaching the age of 18.

The new cards will be issued from Dec 17.

The registration system of individuals, besides registration of newborn children also includes divorces and marriages, the official said.

At the opening of the new offices of registration of Civil Information of the authority in al-Farwaniyah area. Al-'Awadi said the new offices are able to receive 400 persons per day for enquiries and 70 people could complete registration formalities each day.

What You Need To Apply for a Civil ID Card

Citizens and expatriates applying for Civil Identification Cards for the first time have been asked by the Public Authority for Civil Information (PACI) to provide the following documents:

- Passport with clean photocopies of pages containing the following details: personal details, personal photograph, residence permit, details of household members, date of entering the State of Kuwait for the first time.
- Four personal photographs for persons aged 11 years or older (coloured, 3x4 cm, non-glossy and not in military or work uniform). Previously, black and white photographs were needed. New regulations call for submission of coloured photographs.
- A proof of domicile (i.e., rental agreement, the housing confirmation form, prepared by PACI or an electricity receipt). Such proof along with 3 photographs for persons aged 11 years or older and Civil ID Cards of household members should be submitted for applying for change of residential address.

The underaged and persons residing with their relatives are exempted from providing this proof.

- Original and clean photocopy of birth certificate for persons born in the State of Kuwait.

- Blood Group Certificate for persons aged (6) years or older.
- Notification of fingerprints registration for persons aged 16 years or older.
- Marriage certificate.
- Photocopy of recent Education Certificate for the holders of General Secondary Certificate or higher degrees.
- Employment certificate for private sector employees or employment ID card for public sector employees.

Additionally, the applicant's residence permit must be valid for more than three months on the date of submitting the application. Individuals who share a residence with a group of people must provide a Civil ID Card or a civil number of one of the members.

All applications must carry: mother's first name, marital status, religion, job/profession, name of employer/civil number of sponsor. If the sponsor is an individual, the civil number of father/mother must be provided.

For registration of a newborn child:

- Child's birth certificate.
- Passport which shows name of newborn child and his/her residence permit should be submitted.

Foreign Loan Policy Criticized

44040124 Kuwait *AL-MUJTAMA'* in Arabic
8 Nov 88 pp 12-13

[Article by Hamad al-Ibrahim: "Question Being Asked 27 Years after Establishment of Kuwaiti Development Fund Is This: Is Our Lending Policy Serving Our Political Objectives?"]

[Text] The Kuwaiti Fund for Economic Development, which is one of Kuwait's prominent economic institutions, is Kuwait's undeclared ambassador to many Third World countries. Scores of countries strive for the Fund's attention, and try to persuade its management to participate in financing their development projects.

The Fund gained a favorable reputation worldwide as a development effort that was being made for the benefit of the Third World. Michel Jaubert, well-known French author and former minister, set aside a chapter in his book, "The Universal Challenge," to discuss the Kuwaiti Fund, which he regards as one of the most prominent steps taken by the South to develop itself in the context of the major challenge with the advanced North.

The Fund, which was established in December 1961 with 200 million dinars in capital, was called then the Kuwaiti Fund for Arab Economic Development. The Fund's capital was later increased, and at present amounts to 2 billion dollars. Until 1974 the Fund's business was limited to Arab countries. After that date the Fund expanded its area of business to include all Third World countries.

Approximately 70 countries are receiving loans from the Fund, and that does not include countries which are receiving grants. The total amount of the Fund's loans and grants is approximately 1.5 billion [currency not specified]. According to its bylaws, making a profit is not the Fund's ultimate objective. Instead, the Fund's aim is to serve the development interests of countries with which the Fund is working and to strengthen the bonds of friendship between these countries and Kuwait.

The Fund's bylaws set limits on where the Fund can do business. The Fund's operations are limited to needy Third World countries with emphasis on Arab countries. The bylaws also require the Fund's management to choose carefully those projects which seek contributions from the Fund. Projects have to be chosen carefully to guarantee their success and the borrower's ability to pay back the loan. The Fund is not to put up more than 50 percent of a project's costs except in very special cases.

The Fund deals directly with governments. Sometimes it joins international or regional institutions for development [in backing projects]. The Fund may also take part in joint projects and in nonprofit, private undertakings disposed to development.

The Fund is not subject to restrictions limiting the sectors to which it can contribute finances, albeit most of its operations are concentrated in the sectors of agriculture, irrigation, transportation, storage, and energy.

Tunisia and Jordan have been most fortunate in gaining the Fund's participation in their projects basically because these two countries are serious about implementing projects and because they make their loan payments regularly. By the end of 1987 the Fund's loan commitments will amount to 1.470 billion dinars; of that sum 750 million dinars have been earmarked to Arab countries. According to official statements by the Fund's general manager, a small interest rate is charged on these loans which are payable over 20 or 25 years. These are relatively easy terms. The Fund has had no cases of countries unable to make payments on their loans, but late payments constitute 0.6 percent of the Fund's total commitments.

A few fraternal Gulf countries followed Kuwait's lead in this regard and established their own development funds. The Saudi Development Fund is one example of such funds which work together and get involved in joint projects.

Is It Time for Change?

Kuwait's Economic Development Fund is a successful model in the process of establishing and managing serious institutions for development. This may be the right time to take another look at this Fund's progress and particularly at the policy it follows in offering loans.

It is known that making a profit is not one of the Fund's objectives. Instead, the Fund wishes to realize an ideal, noble purpose: It wishes to help the Third World develop itself without having to deal with the difficult terms of wily, Western loans. The Fund's aim also is to build a good, international reputation for Kuwait and to strengthen Kuwait's relations with the countries which receive loans and grants from the Fund.

These are the objectives which Mr Badr al-Hamidi, the Fund's general manager, was referring to when he said, "The Fund is engaged in ongoing energetic efforts on behalf of humanity's welfare. In its development activities, the Fund is striving to strengthen the foundations for constructive cooperation, to spread a spirit of understanding, and to strengthen the ties of solidarity and friendship between Kuwait and other developing countries."

This means that Kuwait is behaving in an ideal manner in a world which is not ideal. The advanced countries of the North do not offer Third World countries anything like these free-of-charge economic services. All loans offered by the United States and France, for example, are primarily political loans which ultimately serve the short- or long-term national interests of these countries. Our loans, however, are like ammunition which is fired in the air: It misses its target and does not realize a profit in the practical, political sense.

Regarding its involvement in pulling the Third World out of its economic backwardness and poverty, all of Kuwait's noble efforts in that regard amount to a drop in a sea of chaos and random actions. The South is trying to stay afloat in this sea of chaos, but the North does not want the South to make any progress.

It is time for us to set a new development assistance policy that is not based on meaningless idealism. Our new policy must rather be based on an unambiguous and serious view of strategic political goals which would serve Kuwait and serve the Arab nation and the Islamic world in general.

Why Are We Helping Our Enemies?

What does Kuwait stand to gain by taking part in building a factory in China? What does it gain by taking part in building a water dam in India or financing an agricultural project in the Philippines? What do Arabs or Muslims gain by any of that? All these countries are fundamentally hostile to Islam. They persecute Muslims

who live there. What does Kuwait stand to gain by putting a dreary country like Vietnam on the list of recipients of free financial grants?

What did we gain by offering tens of millions to some African countries? In recent years these countries did not hesitate to embrace Israel and conclude trade and military deals with it.

Why is it that in some Islamic countries we find governments and regimes persecuting their people and turning cities and villages into detention camps? Why do these governments and regimes carry their corrupt practices so far that their economies are eroded and their resources wasted? Why is it that Kuwaiti loans and aid are then delivered to alleviate and pacify conditions for these governments and regimes?

In the context of international politics, money is a very important weapon. If properly used and spent, it can serve the noblest objectives and the best projects for political reform in a region or nation.

From that premise the Kuwaiti Fund for Development is an important economic tool. If properly used, it can be used to exert political influence.

We need to outline a new development assistance policy. High-level officials in the country must set forth clear views about Kuwait's political objectives in the Arab and Islamic worlds. Kuwaiti officials must also set forth clear views about Kuwait's objectives in supporting liberties and human rights in our Arab and Islamic world. This must be done so that a foreign economic policy hat compatible with these objectives can be reached. Thus, the steps and boundaries of implementing such a policy would be seen and understood by those who are entrusted with our economic and investment institutions.

Low Enrollment in Sciences Described as Problem in Report

44000209 Kuwait ARAB TIMES in English
4 Dec 88 p 4

[Article by Diane Diaz]

[Text] Language is the major barrier keeping male Kuwaiti students from studying in Kuwait University's College of Science, according to several students. But many science teachers say the students are simply too lazy to do the work.

The students complain that they are discouraged from studying the sciences because almost all of the science courses are taught in English. Many said their secondary school education did not give them adequate training to deal with science courses taught in English at the university level.

"There's too big of a jump between secondary school and the university," one student said.

Arabic

In an informal survey of two dozen male arts students, all of them said they would have considered going into the College of Science if the courses were taught in Arabic. Some male Kuwaiti students already enrolled in the science college concurred, saying far more students would go into science if they could study in their native language.

"We are Kuwaiti and will have a job here in Kuwait. That's why we need to study in Arabic," said Fahh Sa'ad Qatan, a 23-year-old mathematics major.

However, several science teachers and some administrators argue that the students simply want to avoid the heavy workloads associated with science classes.

Dr Rasha al-Sabah, vice-rector for community service and information, said that many of the students avoid studying science because it requires far more time and work than humanities courses. She said even though a student may go through five years of schooling and spend countless hours in laboratories, "he'll still be appointed (by the government) on the same level—the same echelon—as all university graduates."

She said several Kuwaiti students see their university degree "as a passport to comfortable office positions."

"Once they have the degree in hand, this establishes their status to be appointed at a certain level of job," she said.

Controversial

The debate over low enrolment of male Kuwaitis in the science college stems from a controversial report given by the university rector on Nov 21. In his annual academic report, Dr 'Abd al-Muhsin al-'abd al-Razzaq said that men in science colleges are failing their courses or are transferring to commerce and arts colleges.

Al-Razzaq described male Kuwaiti students as non-producers who keep away from technical and skilled jobs that are necessary to the national economy. He said it comes as no surprise that most Kuwaitis seek administrative and clerical jobs that require less effort, since the government guarantees jobs to all Kuwaiti citizens and the pay scale is nearly the same for all.

Al-Razzaq also called the situation a crisis which is becoming a national catastrophe.

The report has spawned a hotbed of discussion on the issue at Kuwait University, with opinions varying from complete agreement with the rector to total opposition.

"The university gives preference to the scientific fields and constantly belittles the humanities," said one arts teacher who is disgruntled by the rector's report.

"It's his personal idea that the humanities are nonsense. But Kuwaitis like to live happily. They want to have knowledge about humanities more than science. It's only democratic to let them have what they want," he said.

The university administration is now faced with the chore of bringing about equilibrium in the science and arts colleges. To do this, Kuwait University's dean of science is calling on the government to help solve the problem of declining enrolment of Kuwaiti men in the College of Science.

Incentives

Science Dean Fa'iza al-Khwafi said the government could help bolster enrolment by offering Kuwaiti men extra incentives for studying science. For example, she said, the government could revise its grading system so that science students enjoy a higher status upon graduation than their counterparts with humanities degrees.

Fa'iza al-Khwafi says the declining number of Kuwaiti men graduating with science degrees threatens to leave Kuwait without the manpower it needs to fill sensitive scientific jobs in the future. To stave off a shortfall of Kuwaiti manpower, she said, the government should offer incentives.

"It's not fair to treat graduates of scientific colleges exactly the same as graduates of humanities," she said. "If there's no incentive, students will choose the easiest way."

The university has already made a concerted effort to attract more students to science by lowering the admissions requirements for the College of Science and making entrance into the College of Arts more difficult.

Rasha al-Sabah explained that Kuwaiti high school graduates need to score only 62 percent on their "high school leaving certificate" to apply to the science college. Kuwaiti students wanting to enter the arts college must score at least 68 per cent on the same exam.

For non-Kuwaitis, a minimum score of 90 percent is required to be considered for admission to the university.

Change

Rasha al-Sabah said the change in the admissions policy helped to even out the two colleges in terms of the number of Kuwaiti students enrolled. However, the policy has not brought a substantial influx of Kuwaiti men into the science college.

"It's very clear we have females more than males," said Fa'iza al-Khwafi.

She explained that Kuwaitis account for 80 percent of the first year students, but that the university does not set a quota on how many Kuwaiti men or women can be admitted to the College of Science. As a result, she said, there are consistently fewer Kuwaiti men enrolled in the college.

Al-Khwafi added that the best Kuwaiti men tend to leave science after their first year in favour of the more "prestigious" disciplines of medicine and engineering. She said many of the other Kuwaiti men are not high-calibre students and they try to transfer to arts or commerce after their first year.

"So at the end we don't have any male Kuwaitis," she said. "They are faced with difficulties of subjects they cannot cope with, so they leave."

Attract

Fa'iza al-Khwafi said the university will also try to attract more male Kuwaiti students by offering a variety of new majors. Next September, she said, the school will start offering degree programmes in marine science and desert science. She said applied chemistry may also be offered in the future.

The Kuwaiti students interviewed for this article admitted that this would probably encourage more students to enter the College of Science. However, they said, the students will always be discouraged by the language barrier.

OMAN

Increase in Electricity, Water Production Observed

44000235 Muscat AL-WATAN in Arabic 3 Dec 88 p 4

[Text] The production and consumption of electricity and water markedly increased in the third quarter of 1988 in Muscat and the southern province compared to the corresponding period of 1987.

The statistics indicated that the production of power in Muscat and the south during the third quarter of 1988 reached 1255 million kw/hr, while the production in the corresponding period of 1987 was 1187.3 million watts per hour or an increase of 76.7 million kw/hr.

Likewise, the production of water increased substantially as production amounted to 2722.3 million gallons in the third quarter of 1988, compared to 2715.4 million gallons for the same period of 1987, i.e., the water production increased by 6.9 million gallons.

In the same way, electrical energy production also increased. The consumption of electrical energy in Muscat and the south during the third quarter of 1988 was 1187.6 million kw/hr, while the power consumption for the same period of 1987 was 1113.2 million kw/hr, an increase of 74.4 million kw/hr.

With regard to water consumption for the third quarter of 1988, the statistics are not yet finalized although indications of increase in water production are following an increase in consumption.

It is worth mentioning that the increasing demand for electricity and water is justified due to the expansion in construction together with the noticeable increase in industrialization in both regions.

SAUDI ARABIA

Official Discusses Continued Economic Growth

44000221 Jeddah ARAB NEWS in English

5 Dec 88 p 14

[S. Sidahmad of the Riyadh Bureau interviewed 'Abdallah Tahir Dabbagh, secretary-general of the Saudi Council for Chambers of Commerce and Industry]

[Text] From his position as secretary-general of the Saudi Council for Chambers of Commerce and Industry, 'Abdallah Tahir Dabbagh is well placed to speak about the Kingdom's private sector, its problems, dreams and solutions for those problems. In the following interview Dabbagh spells out his views on a number of issues.

[Sidahmad] There is an impression that the private sector is getting more active, and that the non-oil sector has registered a positive growth. Do you agree with this and will you elaborate if you do?

[Dabbagh] Let me start with some background first. The Saudi economy is considered one of the developing economies. However, it is also an oil-based economy, which means compared to others, has a high financial ability, high per capita income and high purchasing power. Our planners, from the start and even before the inception of 5-year plans, had in their minds that depending on oil as the only source of incomes has its dangers because oil is a finite source and because of fluctuations in prices and volumes, which became apparent since 1983.

So the aim from the very beginning was to diversify the economy and diversify the sources of income. With the boom and money, we were able to lay the foundations in terms of infrastructure, public utilities and the huge projects of SABIC and Petromin, which are bearing fruits now. I think SABIC and Petromin alone are

generating an income of around SR16 billion to SR18 billion a year. And if you remember that in 1968 the total budget of the country was around SR3 billion, one can imagine the difference.

This is in addition to investments of the private sector in the three basic fields: industry, agriculture and in services, especially banking. There has been a tremendous investment in the construction field, which is unfortunately undergoing a slowdown right now, but could bounce back in future and can find export potential.

Since 1983-86, as a result of turmoil in the oil market several oil exporting countries have gone through what economists call a state of stagnation. I don't think that applies fully to the kingdom, but there was a slowdown during that time and we had a negative growth for a couple of years, but last year we saw positive figures again. This year will definitely see more growth in non-oil GDP. If you compare GDP in terms of sectorial growth, the oil sector represented at one time possibly 80 percent of the GDP. Today it is only 30 percent. In terms of the private sector initiative in investments, figures available indicate that they have grown by more than 70 percent between 1980 to 1987.

[Sidahmad] Do you have any figures to demonstrate this growth in economy?

[Dabbagh] I am talking about non-oil GDP. It was something like minus 2.7 percent in 1986, while last year it went to plus 1 percent. In 1980 private sector investments in the non-oil sector of the economy represented 24 percent only. In 1987 it rose to 46.5 percent and this is an indication for things to come.

[Sidahmad] To what extent you think there are solid basis for this growth to continue given the plunge in oil prices?

[Dabbagh] To start with, we have gone especially in 1984-85 through a period of slowdown. That was followed by an adjustment period. So business and government alike have readjusted their aims and objectives to the new circumstances. Moreover, businessmen are bringing money back and the outlook is more realistic because days of big profit margins are gone. It is a day where only serious businessman can survive. This economy is still a very solid one. It is not a big economy like that of boom era, but it is a good size economy. We have some problems for sure but they are problems that many countries would like to have. In any free economy, you find that the government spending is diminishing after some time, while the private sector picks up from there.

The government has done its share basically, not only in financing mega projects in infrastructure and industry, but also in creating a conducive atmosphere for investment. Agriculture, for instance, is booming. It is basically due to government encouragement, but investments have been made by the private sector in

agro-business and they have to continue. They may change from wheat to barley, but they have started in an era when we had the latest technology.

[Sidahmad] Does this mean that whatever happens in the oil market will have less impact on the economy?

[Dabbagh] I'd be a bit reserved. It seems that our government has put it clearly that we are not going to play the role of swing producer any more, which means that unless there is an agreement to limit production and keep prices stable, we just have to produce more whether it is 2 million barrels at \$16 or 4 million barrels at \$8. It is the same income. So I don't think the government income will be affected significantly. However, psychologically, government spending is always an indication. I don't say diminishing government expenditure won't have an effect, but it will have less effect today than it did 3 or 4 years ago. And it is not that significant to determine the private sector initiative here.

[Sidahmad] You said people are bringing money back home. Is it something to do with the crash of October '87? Can you really demonstrate that money is back?

[Dabbagh] The most important indication is that we know a lot of businesses were created in the boom era to meet the high demand. Therefore, once the boom is over, they should go out of business. But this did not happen to the scale we expected. Many companies are readjusting their objectives and replanning their strategies. When some of them lost money, they have to tap their sources abroad. If you look around you find that financing of projects goes on.

[Sidahmad] Some figures have been suggested. Do you have specific figure?

[Dabbagh] There is a figure estimated by one of the organizations that SR46 billion has come back. But the problem is not cash. Saudi banks today hold over SR140 billion of private money and they could be utilized in financing projects. So it is not a matter of liquidity. It is also said that Saudi individuals hold \$30 billion in assets outside the country. And eventually, once the right atmosphere is there they'll come back if there are projects that are economically viable. Of course, when you talk about economically viable projects, one would immediately think of the offset programs. This is a tremendous opportunity for Saudi private sector in conjunction with the Americans, the British and possibly the Japanese, to utilize an excellent opportunity, acquire technical know-how, and carry out excellent projects with a foreign partner who runs a risk and therefore would strive to make sure that these projects are a success.

[Sidahmad] Offset projects are designed to be commercially viable and export-oriented. Is it your goal now to push for exports?

[Dabbagh] It is extremely important to establish a solid, realistic mechanism for exports. Although exports are one of the best ways to earn hard currency, we are not at that stage yet and we may not be at it for some time, but I think if we don't start rolling from now in that direction, we are going to waste a good opportunity because this country is ideal for exports. Why? Let us start infrastructure, you have an excellent state of the art in infrastructure, you have a core of Saudi businessmen who were transformed from traders to entrepreneurs of world class. Most of them are young, ambitious, knowledgeable and experienced. You have capital and excellent political relations with neighboring states. All these factors, combined together, make Saudi Arabia an ideal place for many industries to be based here for export. We should act very soon to encourage and enhance exports in terms of credit finance, guarantees and linking some of our development aid and grants to Saudi products and services.

[Sidahmad] Have you taken any measures in this respect?

[Dabbagh] The center for export development which is under the auspices of the council of chambers, is really a beginning. We have done some studies through government departments and some international agencies to ascertain what is needed. The center by itself can only act as a catalyst, but not as a big motivator. We really need to set up a whole policy for exports encouragement. And here we are talking about many things, finance, gathering information, credits and role of embassies. It is a very complex process and requires more than just initiative of the private sector.

[Sidahmad] What is actually happening now?

[Dabbagh] It is a matter of awareness. We have commissioned a big study, which is being finished now in exports potentialities, what markets and so on. So we have to tie up with the Islamic Development fund to finance some exports, but the amount is limited. We are also holding some exhibitions. The lobby is there from the concerned ministries and bodies. What I'd call for is a task force combining all those with the private sector and draw up a policy of defining various tasks, the role of the government, the private sector and so on.

[Sidahmad] Is this happening now?

[Dabbagh] It is and it is not. It is planned in the minds. Everyone you talk to agrees. There is the desire, but there is no action yet.

[Sidahmad] Do you want to keep this center as such or is it planted to grow?

[Dabbagh] We hope it will grow with heavy government participation. I don't think it is realistic or fair to expect this center to do the whole job by itself. It can help in

some aspects, but to do the whole job, we have to establish a policy and we have to execute that policy and we can't do that without the government. It is a complex task that needs all help.

[Sidahmad] You mentioned some figures sitting idle in banks. Does this mean that they lack investment opportunities or that people are not aware of them?

[Dabbagh] I think it is a psychological element. We had a boom till 1983 where money was easy, profits were guaranteed and margins were great. Then we had a slowdown and many people were affected. They became very careful. They don't want to commit themselves to anything unless the picture is clear and the process of readjustment ends. However, liquidity is not a problem of the right atmosphere is there.

[Sidahmad] The banking sector is criticized for not playing the role it should may be because they have problems with non-performing loans. What do you think?

[Dabbagh] When you have a change of base, you always have a problem. That happens all the time. So is the case with banks and their problem with non-performing loans. But I think this problem has subsided now and there is a mechanism inside the Saudi Arabian Monetary Agency (SAMA) to deal with the problem. And I think banks now are eager for business and they are important in next stage as private sector should take the lead. There is more to be done definitely, but at least the situation today is better than it was few year ago.

[Sidahmad] Is it happening or you just hope for it?

[Dabbagh] I think it is happening, but not to our expectations in terms of long-term financing and investments either quickly or in the volume we are hoping for. But at least the ball is rolling. Banks have to be reassured that their money will be back also SAMA should pressure them not to depend totally on short-term import finance and to move to long-term investments and exports.

[Sidahmad] Have you planned anything for the coming businessmen conference?

[Dabbagh] The fourth conference will be held in Jeddah probably in June and here again one notices that the first two, which were held in Dammam and Riyadh coincided with the slowdown. The businessmen then were in a state of pleading for help, all discussions centered around what can you do for us. The Abha conference saw some readiness to take more responsibility, which will definitely increase in Jeddah. Our Abha conference was balanced and Jeddah will be balanced as well.

However, the three basic themes will be: (a) privatization, (b) Saudization, and (c) schemes for more private investments whether by Saudis only or through joint ventures.

[Sidahmad] Will you elaborate more on these themes?

[Dabbagh] On privatization, we want to see more of SABIC and PTT, for instance, to have private involvements in operation and maintenance. As for Saudization of jobs, it is not a problem yet, but could become one in the future if not tackled. Here again we want to tackle it from a very rational point of view because things can't be mandatory. The business community is definitely eager to employ Saudis, but they also have to compete and have reasonable expectations. In the boom era their level of expectation was high. Any graduate could become a general manager of high government official. They should not expect that any more. They should realize that they are needed, they are the future of the country, but they have to be reasonable in terms of what to expect.

[Sidahmad] Now that there are too many graduates, do you think the private sector should play a bigger role in providing job opportunities?

[Dabbagh] Absolutely. One has to be realistic. If I am running a business, it is better for me to have Saudis there because they are going to stay forever. If I get an expat, most probably he'll be coming for money, although there is nothing wrong with that. But after some years he has to go back home leaving a vacuum. There is also the nationalistic point of view as charity starts at home. But as I said we have to create a mechanism and a balanced one. You can't say such industry must have 50 percent Saudis because there are not enough Saudis in the first place. I don't think we have a state of unemployment yet. But we have job opportunities that are not taken up by job seekers as quickly as in other places.

We should develop a mechanism for Saudi employment by which private sector could absorb greater numbers in a way that would not damage that sector or put it out of business. If you make it mandatory, you may end up by putting them out of business. But people can think of other forms.

[Sidahmad] A very good business opportunity seems to have opened in Iraq. Are you planning a unified approach to have your share there?

[Dabbagh] We have already sent a GCC delegation including 110 Saudis, mostly contractors. It was mainly a fact-finding mission. The Iraqi side was extremely generous especially their investment code which encourages Arabs in particular. This gives a good business opportunity. My personal opinion is to go for joint ventures particularly in consumer and construction fields. Contracting may not be attractive because of difficulty in financing these projects as Iraq is experiencing some cash flow problems and it could be very hard for our contractors to compete with countries like Korea or Japan. But we could do in one of two ways. Either go for direct investment or enter in some subcontracting to provide supplies for some major contracting companies that are low bidding in order to establish a market.

Projects for Development of Solar Hydrogen Technology Described

44000225 Jeddah ARAB NEWS in English
4 Dec 88 p 3

[Article by Javid Hassan—"3 Solar Energy Plants Under Construction"]

[Text] Riyadh, 3 December—Work is in full swing on the construction of three plants, one of them (350 kW) in Riyadh and another (2 kW) at King 'Abd-al-'Aziz University, Jeddah, as part of an ambitious project of the King 'Abd-al-'Aziz City for Science and Technology (KACST) to develop solar hydrogen technology. The program, known as HYSOLAR, is being undertaken in collaboration with BMFT (German Ministry for Advanced Technology).

The program envisages the setting up of three plants for undertaking joint fundamental research in solar energy, providing education and training, and conducting system studies and utilization program at the three Saudi universities—King Fahd University of Petroleum and Minerals, King 'Abd-al-'Aziz University and King Saud University. Two of the plants are being built in the Kingdom, of which the largest, with a capacity of 350 kW, will be added to the existing KACST solar village north of Riyadh. The 2-kW plant will be installed at King 'Abd-al-'Aziz University.

Regarding the current status of the projects, hardware is under construction in West Germany, while contracts for local site construction have been placed. Integration will take place before the end of 1988 and the plant will be in operation early next year. Hardware contracts have also been awarded and the start-up is expected early next year. The third plant, a 10-kW R&D facility, is already in operation on the campus of Stuttgart University in West Germany.

The production of hydrogen using solar energy is one of a series of programs that have been launched to demonstrate the varied applications of solar energy. These include solar thermal research (for designing thermal devices for rural applications, such as solar stills, solar cookers, solar grain dryers, etc.), thermosiphon solar hot water systems, production of potable water from saline or brackish water etc. Some of these items are under fabrication and will be evaluated for their performance.

A solar mobile house will be installed soon. This house will have solar thermal and photovoltaic devices incorporated into it in such a manner that all the domestic needs such as hot water supply, cooking, lighting and air conditioning are met by utilizing solar energy.

As the Kingdom is among the highest sun-intensive countries in the world with almost 3,000 sun hours per year, it is very natural to think of solar energy utilization

and to look to the development of its technology. "After all, the solar program has to make hay while the sun shines," Fahd al-Hurayb, solar programs director at KACST, said.

A visit to KACST's solar village underlines the significance of the above statement. Three villages, 50 kms from Riyadh on the Makkah-Salbukh highway, are involved in an experiment to utilize solar energy in the production of electricity to agricultural villages of al-Jubaylah, al-'Uwaynah and al-Hijrah with a total population of 4,000.

Apart from exploiting solar energy, the program is also intended to facilitate technology transfer in four broad areas: rural agricultural application for solar technology; urban application for solar technology; industrial application and resources development activities.

To this end, a photovoltaic project site has been developed over an area of about 67,180 square meters consisting of four major components. This is the array field comprising 160 arrays (of 350 kW) and covering an area of 40,000 square meters. It is the largest and only operating concentrator photovoltaic array field in the world, with a power output of over 350,000 watts.

SYRIA

Officials Express Concern at Environmental Pollution

44040191 Damascus AL-THAWRAH in Arabic
25 Nov 88 p 10

[Interview with minister of state and low-ranking officials on environmental pollution by Malak Khaddam, "Researchers Sound Alarm and Demand That Ministry of Environment Cadre Be Completed"—date and place not given]

[Text] Pollution is defined as a change in the natural, chemical, and organic qualities of the natural environment. It emanates from numerous sources, the most significant of which are fuel exhausts, industrial wastes, and a number radioactive, hydrocarbonic, organic, and chemical materials. It affects the various atmospheric, aquatic, and agricultural environments.

The environment of Arab Syria suffers from the consequences of all kinds of pollution which harm man, soil, the fauna, and the flora in various ways.

What are the most successful means to treat the environment and to curtail its pollution?

Our Environment in Danger

Dr Ahmad Dib Dashshash, chairman of the [Damascus] branch of the Doctors Union, is a professor at Damascus University's School of Medicine.

[AL-THAWRAH] What point has pollution of the Arab Syrian environment reached?

[Dr Dashshash] The Arab Syrian environment suffers from the consequences of all kinds of pollution. The air is polluted with smoke, with emissions from factories, furnaces and power plants, and with vehicle fuel exhausts. Rivers and lakes are exposed to pollution by sewage and by the wastes flowing to them from the factories, installations, and plants built on their peripheries. The Syrian coastline, which constitutes a part of the Eastern Mediterranean coastline, is exposed to the same problems suffered by the Mediterranean in its entirety as a result of the pollutants that flow into it, especially sewage, oil wastes and radioactive materials which originate mostly in Europe but which are carried from one area to another by the circular movement of sea currents. This is what exposes our shores to pollution of all kinds. In the Mediterranean, water moves from the south to the north and then to the west.

Moreover, the unwise use of chemical fertilizers and pesticides pollutes the Arab Syrian agricultural environment. Add to this desertification, salination, and other causes of cultivable soil pollution.

[AL-THAWRAH] Can some preventive methods curtail the harm emanating from pollution, and how?

[Dr Dashshash] The various kinds of pollution in the country cause various kinds of harm that affect man, the soil, the fauna, and the flora. The most significant harm is the spread of acute and chronic degenerative [al-intaniyah] diseases, contagious diseases, allergies, and pulmonary diseases; the decline and depletion of the plant cover; and the spread of drought and desertification in some parts of the country.

Yes, some preventive means can curtail environmental pollution. As to how, the answer lies in coordination and full cooperation between the various circles to curtail this serious phenomenon, beginning with the organizations, such as the the Revolutionary Youth Federation, the Students Federation, the labor unions, the farmers, teachers, doctors, and engineers. All of us are responsible, and this responsibility cannot be confined to a part of the whole.

Pollution Observation and Control

Dr Husayn Ibrahim is from the Public Remote Monitoring [al-istish'ar] Authority.

[AL-THAWRAH] What are the services provided by the Public Remote Monitoring Authority to detect pollution?

[Dr Ibrahim] The Public Remote Monitoring Authority has devoted special attention to pollution observation and control. The authority has formed a committee from among its technical elements under the chairmanship of

the authority's general director to study the country's environmental pollution problems in cooperation and coordination with the Ministry of State for Environmental Affairs and with the General Meteorological Observation Directorate.

[AL-THAWRAH] What results have been produced by the study and analysis of the space photographs taken during the joint Syrian-Soviet voyage [launched] from the Soviet Soyuz-Mir Space Complex?

[Dr Ibrahim] The authority got some space photographs of the Syrian coastline and of some internal lakes, such as Quttaynah and al-Asad lakes, recently. By analyzing the photographs, it has been proven that the Tartus coastline is exposed to heavy and incessant pollution resulting from the dumping of wastes and oils and from phosphate and crude oil transportation activities. The photographs show that the pollutants flow back to the coast, thus posing a threat to marine life and undermining exploitation of the coast for tourism purposes. Moreover, some pollutants come to our shores from the southern Mediterranean coastline.

The analysis of the photographs also show the presence of pollution in Lake Quttaynah. Other photographs have shown the presence of pollution in Lake al-Asad in the form of silting because the Euphrates carries a large volume of silt and dumps it into the lake. Attention must be paid to this phenomenon and its long-range dangers must be studied. The photographs have further shown the smoke cloud created by the Homs Refinery gas-burning operations. The degree of pollution in the area can be determined by studying the direction and expansion of this cloud.

By studying the space photographs, developed in compounded colors within three spectrums of visible and infra-red rays, one can see the degree of decline suffered by al-Bayir al-Basit forests. The photographs also demonstrate the degree of residential development that has taken place in the Damascus oasis at the expense of the oasis' green acreage. This is in addition to the desertification crawling westward. Some black-and-white photographs demonstrate the soil erosion, the encroachment of desertification on al-Jazirah semidesert, and the exposure of this area to desertification.

Treating Water Pollution

'Adil 'Awad is from the Civil Engineering College of Tishrin University.

[AL-THAWRAH] What are the scientific methods to treat sewage water?

[Awad] There are numerous scientific methods to treat sewage water. Some are conventional, are used by most cities, and rely on technologically-advanced and relatively-expensive treatment units. Some are seminatural methods of sewage water treatment. One of the latter is the common and familiar method of the use of oxidation pools. Another method for treating sewage water is the use of aquatic plants, especially those found in abundance in marshes and shallow lakes. There are two ways to employ this system: Either by flooding land or by using lakes. There may be a method that combines the two systems.

With His Excellency the Minister of Environment

'Abd-al-Hamid al-Munjid, the minister of state for environmental affairs, was the symposium chairman.

[AL-THAWRAH] At the conclusion of this symposium, what are your recommendations and what are the steps that the Ministry of the Environment has taken or will take to deal with the Syrian environment and to curtail its pollution?

[Al-Munjid] It is well known that the state became aware of the environmental pollution issue only a few years ago. Therefore, we are still in the phase of speculating. Consequently, the reactions and the necessary steps taken to deal with the issue are below what is required. One should, of course, keep in mind our limited resources.

But there is never any harm in being optimistic. I speak of optimism by virtue of the fact that we have made long strides in observing pollutants and determining their sources, especially in Barada where we have formulated plans to transfer numerous plants to remote areas. We have also drafted new environmental laws to curtail the dumping of any pollutant in the external environment.

The legislation is now included in the Council of Ministers agenda. With the assistance of the Ministry of Irrigation, the Scientific Studies and Research Center, the Public Remote Monitoring Authority, and of experts from international organizations, we have been able to define in the legislation the centers of pollution and have recommended a number of solutions to deal with them. Consequently, a number of sewage water treatment plants are now under construction. We have allocated the funds needed for these plants and for laboratories to constantly monitor the country's pollution problems. As a recommendation, we hope that all the circles concerned and all the members of society will cooperate in the future to elevate our environment to a clean and healthy level.

AFGHANISTAN

Afghan-Soviet Economic Cooperation Detailed *46000054b Kabul THE KABUL TIMES in English* 8 Dec 88 p 3

[Text] Since 27 March, industrial units have been built in the Afghan private sector with an easy-term Soviet credit. This 50-million-ruble credit will go to build another 15 units, expected to improve the economy, writes G. Yezhov, candidate of economics.

Mutually beneficial contacts with Afghan entrepreneurs highlight a new turn in our economic relations, which is dictated by the national reconciliation policy. One of its aims is to reinvigorate the private and mixed economic sectors. In April 1987, intergovernmental documents were signed in Kabul to more deeply involve the private sector in the Afghan-Soviet cooperation. For the first time agreement was reached on building projects for the private sector with Soviet credits and technological assistance. Under the agreement, the Soviet organisations carry out design and prospecting, supply the equipment, materials and spares, and help with assembly and adjustment work.

The trade pattern has also been updated. Visiting Kabul last January, Soviet Foreign Minister Shevardnadze said: "We are maintaining good trade with Afghan merchants.

Opportunities are open for its rapid expansion. They are intensively being tapped in frontier trade, which is developing dynamically: from 5.3 million rubles in 1987 to over 27 million in the first 9 months of this year. Uzbekistan, Tajikistan and Turkmenia have the greatest share in it, supplying construction materials, equipment, foods, utensils, fabrics, etc.

Showing a comprehensive approach to trade and economic contacts with Afghanistan, the Soviet Union expands aid to its public sector. In recent years, two motor tools have been put into operation and the first ever fundry opened at the Jangalak Factory in Kabul. The major Pul-i-Khumri-2 hydro for the northern Afghan industry and Darunta power plant near Jalalabad have been built. In early 1987, the Soviet-assisted plants generated nearly two thirds of the country's electricity.

Agriculture is a major cooperation area. Last February a big contract was signed on technical assistance in building the Kokcha cotton-growing state farm in Afghanistan. By 1990 it will develop 2,000 hectares of irrigated land and build production facilities for construction workers and operators, as well as a livestock farming unit. The farm will produce 50,000 tons of fine-fibre cotton, or as much as the entire country does today.

Space club membership opens up broad prospects for Afghan economic development. During the joint Afghan-Soviet space flight, detailed photos of Afghan territory were taken for geological survey and siting of industries, hydrotechnical structures and communications.

The friendly Afghan-Soviet cooperation is entering a new phase. Relying on the beneficial new political thinking, it is shedding the earlier lopsided stereotypes and becoming more open to the realities. Peaceful settlement must now rely on a solid economic and social basis, and interests of the broad population segments must be taken into account. This is reflected in the long-term program for economic, technical and trade cooperation for the period up to the year 2000, which was signed in Moscow in September. In this program problems of the public and private sectors are taken into account at this high level for the first time. The new forms and content, with which we enrich our cooperation, are an earnest of its further development.

President Signs Decree Realigning Districts *46000055b Kabul THE KABUL TIMES in English* 9 Dec 88 p 1

[Text] A legislative decree issued by the Council of Ministers of the Republic of Afghanistan on dissociating the Sholgar Keshendi and Charkent districts from Sar-i-Pul Province and affiliating them to Balkh Province, was signed by President Najibullah as follow:

On the approval of legislative decree No 11, dated 23 November 1987 of the Council of Ministers of the Republic of Afghanistan.

Under the provision of Article 104 of the Constitution of Afghanistan I approve the legislative decree of the Council of Ministers on dissociating the Sholgar, Keshendi and Charkent districts from Sar-i-Pul Province and affiliating them to Balkh Province.

The Council of Ministers of the Republic of Afghanistan is assigned to present the matter to the first session of the National Assembly of the Republic of Afghanistan for endorsement.

This decree together with the legislative decree of the Council of Ministers should be sent to the Ministry of Justice to be published in the official gazette. Najibullah, President of Afghanistan.

Kabul Youth Join Armed Forces *46000055a Kabul THE KABUL TIMES in English* 1 Dec 88 p 2

[Text] Around 600 youth of Kabul city have voluntarily joined recently the ranks of the armed forces.

A source of the military commissariate of the sixth precinct of Kabul city said: During the last 7 months of the current year more nearly 3,200 eligible youth referred to the military commissariate of sixth precinct and joined the ranks of armed forces. [as published]

Official Discusses Use of Solar, Wind Energy
46000053b Kabul THE KABUL TIMES in English
6 Dec 88 p 4

[Article by Nahid—staff reporter]

[Text] Since its establishment the Research and Development Center of the new and renewable energy of Power and Water Ministry has constructed and put into operation 25 units of solar energy at a cost of 12 million Afs. The centre, has also operated with the help of solar energy a number of technical equipments including, radio, television, refrigerator and waterpump.

Engineer Lutfulhaq Hootak, head of Central Research and Development of new and renewable energy of Power and Water Ministry in a talk with the KT correspondent said: "the use of solar energy in the country is relatively a new phenomenon. Evaluation of the environmental condition shows that the shortage of power and problems of its transmission to villages in rural areas of the country, provide possibility for using solar energy so as to tackle problems of families living in the remote areas.

Experiences have proved that the use of solar energy system reduces the consumption and use of power, wood and coal, in the country. He added that the Research and Development Centre of the new and renewable energy of the RA, was inaugurated in 1985 within the framework of the Ministry of Power with help of the (UNTCED).

To implement the aim of the project, the research work and design of solar energy system was started for the first time in our country.

The centre has done the installation and montage work of the solar system for a number of state and private institutions, such as the Ministry of Water and Power, Watan Children's Home, Afghan Construction Unit and some private houses with different capacity.

The installation of 13 different heating systems of Watan Children's Home has a capacity of heating 400 litres of water at 50-60 degree centigrade.

Likewise, the solar system was installed in the laundry section of Watan Children Home in September of the current year. This heating system covers an area of 12 square metres which has the capacity of 500 litres of water.

The laundry functioning by solar energy, saves 100,000 Afs annually.

A big unit of the solar energy was commissioned in the bath of Watan Children's Home in Afshar area. The area covered by this unit which reserves power from the sun is 62.4 sqm and is made of local materials.

The hot water tank capacity of this unit is 300 litres and by using the unit, electricity worth 1,213,000 Afs. is saved annually.

Engineer Hootak, stating the above added: "In addition to carrying out research work on solar energy, this institution is also engaged in research activities on wind energy, biomass, biogas and microhydel.

Hootak went on to say "recently a number of documents and data obtained from the research work of the institution on wind energy which was sent to the UN was approved and the UN organisation promised all kinds of cooperation and support.

Many regions like Herat, Farah, Gardez, Zabul etc. have a good potential of wind. The seasonal wind can be used for the utilization of generators and wind operating pumps. We have ordered some wind operating generators and pumps for the research work. These can be installed in the windy regions for experiment. An American entrepreneur is ready to come to Afghanistan and study the possibilities of the wind energy and make investment for this system.

Our country has a good potential of microhydel, so far 136 regions of the country are studied and surveyed for installation of small water dams. The construction of these dams will solve the electricity problems. The SSA company of France is ready to come to Afghanistan and study the possibility of microhydel project in Char Asiab of Kabul. It is considered in the near future that the survey of the system will be started by French experts.

Hootak said that the centre will be established with 1.13 million Afs financial assistance of the UNTCED, which includes the training of professional cadres, supply of equipment and machinery. Also, 180,000 dollar aid was given for survey and study of wind energy and 1 million dollar aid will be rendered for the second phase of solar energy.

Likewise, the UNTCED has helped training professional cadres inside and outside the country. At present, 10 engineers are studying in India, Nepal, Jordan, Cyprus and Thailand. Two others will go for further studies to India.

For the electrification of villages and rural areas a protocol was signed with Sell company of India.

New Construction Projects Completed

46000052b Kabul THE KABUL TIMES in English
8 Dec 88 p 4

[Text] Kabul, 6 December (BIA)—Tawfiq Construction Unit established in 1987 with an initial capital investment of 14,437,000 Afs and final capital of 21 million Afs has completed two projects, so far.

BIA reports on the activity of this unit that the said unit is well-equipped with modern constructional facilities. It has completed, last year, the orthopaedic workshop project in Wazir Akbar Khan area and a project of health clinical center located in Jangalak area with a total cost of 4.8 million Afs. They are already commissioned.

The unit undertook in 1988, the construction of a nursing hostel in Kunduz province with an expenditure of 37 million Afs the work of which has progressed 60 percent. It will be completed within 8 coming months.

The same unit has contracted the construction of a peasants' cooperative store in Shiberghan city with an expenditure of 9.4 million Afs. The planned project will be commissioned within an 8 months period.

Commentary on RA Efforts for Peace

46000056b Kabul THE KABUL TIMES in English
7 Dec 88 pp 1, 2

[Text] The meeting in Saudi Arabia of Yuli Vorontsov, USSR first deputy foreign minister and Soviet ambassador in Kabul is not accidental, but a lawful outcome of the all-round efforts made for attaining an endurable peace and cessation of the long devastating war based upon the interests of the country's people, writes a political commentator of BIA.

The tragedy of the 10-year long war teaches that the continuation of war cannot remedy the wounds, pains and sufferings of our people. It is a bloody path of despotic enmity against the historic and national interests, which has no future but to be doomed and annihilated. Based upon this objective analysis of the present situation in the country, the leadership of the Republic of Afghanistan has described as outdated the military way of the settlement of the present problems in the country. Particularly after the proclamation of national reconciliation, it took all the measures towards peace and cessation of the fratricidal war based on the milestone of understanding, negotiations and consultation and embarked on the programme of work and complex measures for dialogue and understanding with all levels of the opposition.

Thanks to the responsible stand adopted and necessary concessions made by the Republic of Afghanistan, practical and fruitful cooperation took place, and the idea of negotiation and reciprocal understanding opened its way

among the opposition. On the other hand the peace initiatives and proposals advanced by the Republic enhanced its prestige and authority in the international arena.

The political programmes formulated in the country in accordance with the political pluralism and constitution, the structure of coalition government and readiness to give it a broad-based character clearly show that the consistent efforts of the leadership of Afghanistan for ensuring peace is not a tactical aim but a strategic one.

Now that the Geneva agreements have laid a firm and reliable basis for the political settlement of the issues around Afghanistan, our country and the Soviet Union have meticulously observed all the commitments and obligations as regards with the agreements. In accordance with this credible international document as well as the objective and realistic analysis of the complicated politico-military situation, the Afghan leadership has taken the path of delivery from the present problems with a responsible approach, dialogue among the involved parties, as the only correct and constructive variant.

A proof of the good will of the leadership of the Republic is the recent peace proposal made by president Najibullah in the International Islamic Meeting held in Kabul as well as the joint meeting of both the houses of the parliament on holding talks with the opposition in Holy Mecca, determining the neutrality and demilitarization of Afghanistan and the proposal raised by Foreign Minister Mr Abdul Wakil in his letter to the UN secretary general on holding UN-sponsored international conference for deciding on the neutrality and demilitarization of Afghanistan with the participation of the latter, the neighbouring countries, the signatories to the Geneva agreements, the Soviet Union and the United States.

The continuation of the present perplex situation faces a serious threat to peace and stability in the region and the world contrary to all the positive international dispositions for peace solution of the regional and world disputes—a point emphasized in the meeting of the foreign ministers of non-aligned countries in Nicosia and the 43rd session of the UN General Assembly.

Backing the present negotiation, the Republic of Afghanistan calls it a fruitful step taken for establishing peace. To achieve understanding the people and leadership of the Republic urge the opposition to abstain the armed hostilities and undertake dialogue, flexibility and concession, acting with political realism and competence. This will enable all the Afghans to live in peace free from war and bloodshed and to devote all the possibilities for the economic rehabilitation of the country and healing the wounds of the war.

Commentary Decries Detention of UNHCR Relief Caravan

46000056a Kabul *THE KABUL TIMES* in English
4 Dec 88

[Text] The government of the Republic of Afghanistan has made all round efforts for the resettling of refugees and the displaced, rehabilitating and reconstructing the country on the basis of agreements reached earlier with the concerned United Nations bodies for the delivery of the envisaged humanitarian and economic assistance to all provinces and areas of the country disregarding the political and discriminatory considerations. Of late, the UN High Commissioner for Refugees in Kabul and the UNICEF undertook the delivery of urgent materials for Panjshir valley, that included chemical fertilizer, improved seeds and medicines. The consignment carried by 18 trucks owned by the private sector and the transportation means of the UNHCR rapping the UN flags, moved towards Panjshir valley. But regretfully the caravan was attacked by armed extremist groups attached to the so-called "Islamic Party" of Gulbuddin in Sayed Bashi area on Kabul-Charikar road. The extremist group plundered the loaded goods of 10 vehicles and detained Mr Luise Barbeau, officer in charge of the UNHCR mission team in Afghanistan, who was accompanying the caravan. During the period in which Mr Luise Barbeau was in captivity of the extremists from the so-called "Islamic Party" of Gulbuddin. [as published] The concerned authorities of the Republic of Afghanistan took all round measures for an early release of the UNHCR officer and for averting any danger to his life, thus they kept a news blackout of the incidence before the release of Mr Barbeau. Fortunately Mr Barbeau was released after 4-days of detention on 30 November, and returned to Kabul.

Recorded radio conversations and other evidences at the possession of the armed forces of the country, indicate that during the detention the extremists of Gulbuddin band were in permanent contact with Peshawar and received all instructions there from.

This incident is the undeniable manifestation of flagrant and harsh violations by Pakistan of the provisions of the Geneva Agreements, the resolution of the 43rd sessions of the UN General Assembly on the political settlement of issues around Afghanistan and runs counter to the spirit of 12 October (1986) conference of donor countries in the humanitarian and economic assistance program of the United Nations for the resettlement of the refugees and rehabilitation of war-damaged economy.

The attack on the caravan carrying the relief goods to the needy people of Panjshir, indicated deep contradictions and feuds among the extremist groups, and creates serious danger to the realization of the humanitarian and economic assistance of the United Nations to the afflicted areas of the country. While denouncing this plundering act of the armed extremists, we express our deep concern over the repetition of such deeds in the

future. As far as the government of the Republic of Afghanistan is concerned, it would spare no efforts in fulfilling its commitments before the United Nations and other concerned international institutions for the realization of the humanitarian and economic assistance for the resettlement of refugees and the displaced, rehabilitation of economy and heeling the war damages.

Foreign Minister Abdul Wakil, sent telegrammes to Javier Perez de Cuellar, UN Secretary General, Prince Sadruddin Aga Khan, coordinator of UN humanitarian and economic assistance to Afghanistan and Jean Pierre Hocke, UN high commissioner for refugees.

The messages called their attention to the implementation of UN Humanitarian and Economic Assistance Programme and urged the government of Pakistan, the armed Afghan extremist groups support, to faithfully observe its commitments towards the Geneva Agreements and the resolution of the 43rd sessions of the UN General Assembly.

Likewise, the 136th note of the Foreign Office on the said incident was submitted to the UN Good Offices Mission in Afghanistan and Pakistan asking it to assess the case and inform at the soonest the Republic of Afghanistan and the representatives of the UN Secretary General of the findings.

According to another report, in a briefing held Thursday afternoon in the Stor Palace with the participation of press attaches of friendly countries in Kabul, local and foreign journalists, the head of the press centre of the ministry presented a detailed picture of the attack on the trucks carrying UN humanitarian assistance by the armed extremist groups and answered questions there on.

INDIA

Rajiv Calls Naga Militants for Talks

46001197 Bombay *THE TIMES OF INDIA* in English
3 Dec 88 p 13

[Text] Kohima, 2 December (UNI)—The Prime Minister, Mr Rajiv Gandhi, said today the Union government was prepared to discuss the problems of the under-grounds within the constitutional framework but would not tolerate any attempt to disrupt peace.

"We have an open mind to discuss issues but would not compromise with disruptive forces. Any attempt to disrupt peace would be sternly dealt with," the Prime Minister said while addressing a function in connection with the silver jubilee of Nagaland's statehood.

He appreciated Nagaland's tremendous progress since 1983 and said a peaceful atmosphere was needed for further development of the state.

He urged the people to guard against disruptive forces and rededicate themselves to the task of nation building.

Today's Nagaland could not be compared with what it was 25 years ago, he said adding that the state would serve as an ideal for the rest of the country in development work.

He said every village was linked with roads, television and radio network. Railway services had improved considerably and air services extended to Dimapur.

Mr Gandhi made a special mention of the contribution by women towards the spread of education in Nagaland.

He said Nagaland had set up an example before the country in respect of rural development by involving the masses in the process of planning and implementation and percolating the benefits of development to them through village development boards.

Such spectacular progress had been possible because of the peaceful situation during the past 25 years, he added. He said a north-eastern zonal cultural centre had been set up at Dimapur. This would also ensure the development of Naga culture.

He said the seventh plan allocation for Nagaland had been increased to Rs 400 crores, raising the per capita allocation to Rs 4,000 in view of the state's resource constraints.

This apart, the Centre had granted another Rs 267 crores to meet the non-plan expenditure during the seventh plan.

He urged the people to lay emphasis on development of agriculture through use of improved technology and doing away with shifting cultivation.

Mr Gandhi suggested that grant of permanent right over land to individuals would motivate the people to switch over to wet cultivation. This would benefit the farmers and help forest conservation. The Centre would provide all possible assistance to the state in its attempt to switch over, he said.

He said the entire country had been divided into several agro economic zones so that the high yielding varieties of crop and adequate technologies suitable for different areas could be evolved.

The Prime Minister announced that a regional coal mining school would be set up at Dimapur to train youths in Nagaland and neighbouring states.

A bill would be presented in the next budget session of Parliament for setting up an agricultural university in the state, he added.

Namboodiripad Opening Speech

46001201b Calcutta THE SUNDAY STATESMAN
in English 4 Dec 88 pp 1, 7

[Text] Mr E. M. S. Namboodiripad, general secretary of the CPI(M), cautioned the bourgeoisie Opposition parties against confining their task to merely dislodging the Congress (I) from power at the Centre. They should come together on the basis of a common programme and start a movement among the people, he said. Mr Namboodiripad was inaugurating the 16th West Bengal State Conference of the party at the Salt Lake stadium.

The CPI(M) general secretary said his party was equally interested in removing the Congress (I) from power. Unfortunately, the bourgeoisie parties, which had come increasing closer to each other during the past 3 years, were devoting their entire energy to exposing the corruption of the Congress (I) leaders in the government.

Instead, they should work out a common programme on the basis of which movements should be started among the people to earn their confidence that the Opposition parties could provide a viable alternative to the Congress (I).

Mr Namboodiripad was aware that these Opposition parties had reservations about framing a common minimum programme. But the Marxist leader hinted that the party give priority to preparation of such a programme. As for the CPI(M), it would like the resolution of the meeting of the Opposition parties held in Calcutta in 1984 to be the basis for preparing the programme.

The CPI(M), according to Mr Namboodiripad, preferred to have the proposed set of common programmes spell out the Opposition parties' thinking on the world peace movement against the backdrop of nuclear holocaust. They should also accept the policy of non-alignment in international politics. The socio-economic policies which the combination of Opposition parties stood for should also be clearly started in the programme.

The CPI(M) was, however, against the inclusion of the Bharatiya Janata Party in the Opposition combine because it was "communal, anti-Soviet, anti-China and against the movement for peace against the threat of nuclear arms."

Mr Namboodiripad regretted that some Opposition parties still favoured an electoral understanding with the BJP. Significantly, however, both the National Front and the Janata Dal had kept a safe distance from the BJP and "other communal parties," he added. Neither of them had included the BJP in their combinations.

The CPI(M) leader had a word of praise for the Congress party and its government for supporting freedom struggles in other countries and pursuing the policy of non-alignment. The congress party, before independence and even afterwards, was adhering to the policy of non-alignment, he said.

On the question of non-proliferation of nuclear weapons, Mr Namboodiripad welcomed the initiative taken by the Soviet Union under the leadership of Mr Gorbachov. But the treaty signed between the United States and the USSR some months ago provided that only 5 percent of the nuclear weapons would be destroyed. And the United States, he said, was going ahead with its preparation for Star Wars. However, the limited progress made in the direction of nuclear disarmament was having its impact on non-aligned countries too.

In an obvious reference to the CPSU, Mr Namboodiripad said that attempts were being made to overestimate the beginning made in the direction of eliminating the nuclear arsenals of the superpowers.

The CPI(M) leader praised in general terms of the functioning of the Left Front and Left Democratic Front Governments in West Bengal and Kerala and also the Left Government in Tripura before it lost power after 10 years of rule. These governments, besides discharging their usual responsibilities under severe constraints, were helping in mass movements too.

More on Speech, Conference Presidium

46001201c Calcutta *THE TELEGRAPH* in English
4 Dec 88 p 1

[Text] Calcutta, 3 December: The CPI(M) today toned down its attacks against the prime minister, Mr Rajiv Gandhi, saying that the corruption charges against him were not the main factor behind their demand for the replacement of his government. "We do not think that the corruption charges should be highlighted as the prime reason for having an alternative government," Mr E. M. S. Namboodiripad, party general secretary, said while inaugurating its 16th state conference at the Salt Lake Stadium here today.

Making the BJP, rather than the Congress(I), the focus on his party's political attacks, Mr Namboodiripad said, "Some bourgeois Opposition parties like the BJP are making corruption the only issue against Mr Gandhi and keeping mum about his policies and programmes. There is no doubt that the sooner this corrupt government is thrown out of power, the better for us. But is that all? We think that a government committed to an alternative socioeconomic policy for the uplift of the masses can only be better than the Rajiv Gandhi government."

The CPI(M) leader pointed out that the BJP was anti-Soviet, anti-China and anti-socialist. "All they want is to make India a loyal follower of the United States," he said adding, "they also want to see India turning away from

the USSR. For them, the word 'imperialism' does not exist. All they are concerned about is opposition to Mr Gandhi, even though at times that means opposing peace movements. The BJP is anxiously and deliberately working to disrupt movements for world peace." The CPM had to keep itself distant from such a line, he added.

Mr Namboodiripad said the peace movement is "definitely not a movement against the Rajiv Gandhi government, although the stir is being organised by non-Congress(I) Opposition parties and the Congress(I) has lost the support of the majority of the people in the country." He urged party members to bring to their fold "even those elements in the Congress(I) who are in favour of peace."

Describing the Communists in the country as "inheritors of the rich heritage of anti-imperialist struggle in pre-Independence India," Mr Namboodiripad expressed his satisfaction that the Centre was still pursuing a policy of friendship with the Soviets. He was happy that the Afro-Asian Peoples' Solidarity Conference, which was inaugurated by Mr Gandhi in New Delhi, was also addressed by the West Bengal chief minister, Mr Jyoti Basu.

The CPI(M) leader appealed to the secular Opposition parties to chalk out "a united programme" to defend the "foreign policy for peace and non-alignment" of the present government, but also to offset the "authoritarian and anti-people socioeconomic policies" of the Congress(I). "The job is not easy," he said for some Opposition and leftist parties have already taken a tough stand. "But we also notice that trends for united movements are growing, as evident from the formation of the National Front and Janata Dal. None of these combines has taken the BJP with it. Still, there are people in them who want some kind of understanding with that party," he said.

Before the conference started, Mr Saroj Mukherjee, state CPI(M) secretary, announced the names of members of the presidium. While Mr Benoy Chowdhury, Mrs Anila Debi, Mr Ratanlal Brahmin, Mr Farooq Azam, Mr Bikram Tudu, Mr Nirupam Sen and Mr Inul Haque were named presidium members, Mr Namboodiripad and Mr B. T. Ranadive were attending the conference on behalf of the party politburo. Mr Jyoti Basu was among the party leaders who sat on the dais. Mr Chowdhury read out a resolution expressing condolence at the death of national and international leaders and personalities, and the list included not only Communist leaders, but also U.S. scientists, Indian artistes and some newsmen.

The Salt Lake Stadium wore a colourful look from early morning onwards. Party workers presented impressive marchpasts and sang songs. The conference was hosted by the North 24-Parganas district unit of the CPI(M).

Papers Report on CPI-M West Bengal State Conference

46001201a Calcutta *THE STATESMAN* in English
5 Dec 88 p 1

[Article by Ashis Chakraborty: "CPI-M Call for Poll Preparedness"]

[Text] The 16th West Bengal State Conference of the CPI(M) has called upon the party cadre to get ready for the parliamentary poll in right earnest. The government of Mr Rajiv Gandhi may announce the poll decision "any time now." The party expects this state of preparedness to help fight the anti-Left Front "slander campaign." The state unit secretary, Mr Saroj Mukherjee, told a press conference on Sunday that delegates felt "fully confident" of successfully fighting the Centre's "conspiracy" to topple the Front Government in the state.

The political-organizational resolution presented at the conference called upon the members to strengthen the party further as the Congress (I) government at the Centre and other "vested interests" would carry on the "vilification campaign." To meet this task, the resolution highlighted the importance of Left unity.

A separate resolution on Left unity, to be moved by Mr Mukherjee and seconded by Mr Jyoti Basu later at the conference, appealed to other partners of the Front not to forget "for a moment" that the Congress (I) was the "main enemy." The resolution noted that unity among the partners had been impaired gradually since the last Assembly elections. The last panchayat elections saw some of the Front partners unleash a "malicious campaign" against the CPI(M). The resolution claimed that the CPI(M) emerged stronger in the panchayats as it had honoured the Front's five-point formula on seat distribution everywhere "except in a few areas." It alleged that the Congress (I), having failed in other strategies, was not trying to "penetrate" the Front.

Releasing the draft resolutions at the Press conference Mr Mukherjee said that there was unanimity in the discussions on the political-organizational resolution. The delegates felt that the State unit had moved in the right direction since the 12th party congress. According to him the conference also reposed "full faith" in the present leadership of the State unit. Except for a few local committees, the elections to the majority of the local, zonal and district committees were unanimous. According to him, the State unit has 400,000 "active party cadres."

Mr Mukherjee claimed that the past 2 years had witnessed significant advances in workers' and peasants' movements. He referred to the Leftists' rally in Delhi last December to substantiate the claim. The separate resolutions on trade union and peasant wings of the party, however, pointed out serious lapses in these two fields.

On the labour front, closed and locked-out units posed the most serious challenge to the trade union movement in the State. About 150,00 workers had been rendered jobless. Besides, the resolution expressed concern over mounting unemployment in the State and held the Centre's "discriminations" responsible for the situation. The resolution on the peasant movement expressed unhappiness over the slow progress in distribution of surplus land in recent years. It suggested that a specific programme be drawn up to expedite this work immediately after the 13th party congress in Kerala later this month.

While various resolutions claimed success for the Front Government in many fields, Mr Mukherjee said that the delegates, while discussing the political-organizational resolution, had also pointed out some lapses in the working of the party as well as the government. Asked to elaborate, he said these related to corrupt practices by some panchayat functionaries. "But we have driven such elements from the party." When a reporter wanted to know if the Bengal Lamp issue figures in the discussions, he replied in the negative and added, "there is no confusion among the delegates over this."

While another resolution on Darjeeling warned the people against the danger of secessionist tendencies, there was no mention whatsoever of the communal situation. When a reporter drew Mr Mukherjee's attention to the party general secretary, Mr E.M.S. Namboodiripad's attack on the BJP in the inaugural speech on Saturday, Mr Mukherjee said there was no inconsistency in this regard. "We have pointed out the twin dangers of authoritarianism and secessionism," he added.

Reaction to Namboodiripad

46001201g Bombay *THE TIMES OF INDIA* in English
6 Dec 88 p 15

[Text] Calcutta, 5 December—The CPM general secretary, Mr E. M. S. Namboodiripad's exhortation to the delegates at the state party conference to work along with the Congress and other opposition parties to strengthen the peace movement in India has caused a flutter among the local CPM leadership.

The West Bengal Left Front has been against the inclusion of the Congress in the state unit of the all-India peace council.

Mr Namboodiripad, in his inaugural address at the 5-day conference of the state unit, which began on 3 December, made an indirect reference to the attitude of the state Left Front when he said some of the opposition parties had a feeling that the peace movement against nuclear arms was an adjunct of the Congress since the Prime Minister Rajiv Gandhi, was involved in it.

He felt the movement was also not an anti-congress one and the Congress, the CPM and other parties could take part in it. He stated that at the recently held Afro-Asian solidarity conference in Delhi, the prime minister had given the inaugural speech and Mr Jyoti Basu the concluding one.

Asked why no representative of the Congress had been included in the West Bengal delegation for the solidarity conference, Mr Saroj Mukherjee, secretary of the state CPM unit, said the Congress had never taken part in any peace movement in the state nor had it held any meeting in support of peace movement.

It is learnt, that the state unit of the peace council was reconstituted about 2 months back. The CPI had all along been associated with the peace council, but the CPM had joined only later on. Mr Biman Basu of the CPM and Swathi Guha of the CPI are the joint conveners on the reconstituted council in which the Congress has not been included.

Mr Mukherjee said though it had been possible to include the Congress in the peace council at the central committee in Delhi, it had not been so in the state as the Left Front constituents objected to the inclusion of the Congress. Only the representative of the nine partners of the Left Front had been included in the state committee, he added.

Informed sources said, however, that objection was raised by some of the smaller partners at the behest of the CPM leaders who themselves were opposed to the inclusion of the Congress in the committee since the CPM's main enemy in the state was the Congress. Any joint movement with the Congress at the state-level, even if it was for peace, might create confusion among the party workers and supporters, they felt.

Meanwhile, Mr Mukherjee told newsmen here today that the delegates at the conference wanted the state unit to give a "clarion call" to oust the Rajiv Gandhi government. The conference would adopt a resolution to this effect, he added.

Any attempt by reactionary forces, like the "communal, separatist and casteist" parties, to support the Rajiv Gandhi government would have to be resisted. The Left, democratic and secular parties were likely to join the CPMs movement.

On the discussion at the conference about the performance of the Left Front government, he said there had been some criticism. While admitting that the state government had done well in ameliorating the distress of the weaker sections of the society, it was felt there was scope for improving its performance.

He would refer to the performance of the state government in his reply to the delegates and the chief minister would also supplement this point in his address.

Asked what sort of criticism had been levelled against the state government, Mr Mukherjee avoided a direct answer and said such criticisms were nothing new for a communist party. If the party's performance could be criticised, there was no bar in criticising the performance of the state government run by a front in which the party was a partner, he added.

Basu at Open Meeting

*46001201f Calcutta THE STATESMAN in English
8 Dec 88 pp 1, 3*

[Text] The open session of the CPI(M) reiterated its call to the people "desperate for a change" to dislodge the Rajiv Gandhi Government. In keeping with its decision at the 16th State conference of the party, leaders launched a scathing attack on the Congress (I) at the Centre. Addressing an estimated 1.2 million CPI(M) supporters, Mr Jyoti Basu said: "It is a historic moment in time—a time for change. We have to capture power in Delhi and install "a people's democratic government."

The tone of the meeting was set by Mr Saroj Mukherjee, secretary of the CPI(M). Both Mr B. T. Ranadive, Politburo member, and the Chief Minister built up the tempo stridently coming down on Mr Rajiv Gandhi. The need for Left unity and an alliance among Left democratic and secular parties was stressed, so that the "corrupt Rajiv regime could be replaced."

The vitriolic speeches made with an eye to the next Lok Sabha elections, preparations for which seemed to have begun in right earnest at the open session, were punctuated with introspection. All three party leaders indulged in soul-searching. While Mr Saroj Mukherjee talked of the need for discipline within the CPI(M) the Chief Minister pointed out that the leaders and workers of the CPI(M) should be humble. "The people have reposed a lot of faith in us for we had made promises. They have returned us to power three times in succession and they have expectations. This is something which scares us." Mr Basu said the Left force had been given immense power and there should be no show of arrogance from leaders and members. Mr Ranadive cautioned the party of those forces trying to wreak Left unity from within.

All the three leaders warned the audience that if the Congress (I) came back to power at the next elections the country would be doomed. They welcomed the emergence of the national front and the merger moves among the Opposition parties. Mr Ranadive felt that an atmosphere needed to be created by progressive democratic forces to usher in a change. "There are forces opposed to the Congress(I) apart from us, some of them are capitalist-minded. And some happen to be talking too much instead of working for the emergence of a strong Opposition.

The prospect of dislodging Mr Rajiv Gandhi's Government had brightened and if it happened the country will see the birth of a new era. "We believe that the election

is a form of class struggle as through polls we can heighten the political consciousness of the people." Mr Basu said that the CPI(M) had grown through sustained struggle and "we think that the elections are also a form of political agitation." The road to installing a peoples' democracy in India is long and arduous and it will not be handed to "us on a platter. It will have to be snatched." The Chief Minister said that those opposing Mr Gandhi were trying to unite. But the CPI(M) had cautioned them against forging ties with those forces which mix politics and religion. The National Front had sent its 72-point programme to the Left parties and "we in turn have asked them to take into account the programmes chalked out at the Calcutta conclave of Opposition parties."

The subtle difference between the way the State Committee of the CPI(M), and the party general secretary, Mr E. M. S. Namboodiripad, sought to dislodge Mr Gandhi, which "the media played up," was explained by Mr Jyoti Basu. "There was no difference of opinion." EMS had said that exposure of Mr Rajiv Gandhi's corruption was not the only thing, "but a section of the Press put a different construction to it and said it was not the main thing." He pointed out that faced with a challenge from Left, democratic and secular forces Mr Gandhi had begun to retreat. During his Assembly election campaign in West Bengal in 1987, the prime minister had wanted to demolish the red citadel. "He made a mistake. It is not a red citadel but a people's citadel which is not easy to break. It does not behove a person into politics for just 5 years to talk in such a fashion," Mr Basu added.

The Chief Minister pointed out that the people in the Hindi belt suffered from a lack of awareness. "This is not right. There are signs of erosion among people in states ruled by the Congress(I)." Mr Basu pointed out "we have to answer questions raised by the people and we will not be able to blame everything on the Centre." Referring to the "injustice of the centre towards the State" the Chief Minister said lack of approval for the petrochemical complex in Haldia is a kind of a blockade. "But we have self-respect and won't go begging." The Bakreshwar thermal power plant get off the ground and it will be a historic beginning. [sentence as received]

On the mudslinging at himself and his party, the Chief Minister said it was a part of the grand design to disintegrate the Left front. Hatched with the help of the intelligence people, ("I have documents," he claimed) "the idea is to discredit us."

The Chief Minister's tirade against Mr Gandhi's Government took in the defeat of the CPI(M) in Tripura "where the Army was sent in 3 days before the poll," in blatant violation of democratic norms. Later reports suggested that the RAW had been used to dislodge the Leftists, he added. Mr Gandhi's promises "which he never kept" in economic, social, cultural and educational spheres came in for criticism. "The prime minister's assurances have no value." When he speaks of "garibi hatao" he fails to acknowledge that more and more people are living below the poverty line.

Mr Basu dwelt on the Bofors controversy and he referred to the changing stance of the prime minister,—from the initial denial to a reluctant admission that a firm which was not Indian had received it.

CPI, CPI-M Deny Move To Form Third Front
46001202 Calcutta *THE TELEGRAPH* in English
8 Dec 88 p 1

[Article by Manini Chatterjee]

[Text] New Delhi, Dec. 7—Both the CPI and the CPI(M) have denied that the discussions taking place between the Left and Left-of-centre parties was a move towards forming a "left and democratic front" but admit that it is in the nature of a "pressure tactic" on the National Front to adopt a more clearcut programme.

While the official position taken by the CPI and CPI(M) on the issue is almost identical, there appears to be a shade of difference in the thinking of the two parties, it is learnt. For the moment, however, the CPI leadership is also stressing the point that there is no move to set up a third front.

The issue first came up when a couple of news reports suggested that the meeting between the CPI, CPI(M), Congress(S), Mr Bahuguna and Mr Ram Dhan which took place at the Congress(S) leader, Mr K. P. Unnikrishnan's residence last week was the first move to set up a Left democratic front.

Denying any such move, the CPI(M) Politburo member, Mr Harikishen Singh Surjeet, in an interview, said, "The discussions we held were not to create any front nor to come in the way of the Opposition unity being forged, but only to give a focus and highlight the programmatic issues."

Similarly, the veteran CPI leader, Mr M. Farooqi, said, "We are not thinking in terms of a front. We only feel that the National Front and Janata Dal programmes are very vague on many issues and we want to popularise a Left and democratic programme."

Elaborating on the vagueness of the centrist parties' programme, Mr Surjeet said, "Our main concern was that the Opposition parties are more keen on personal adjustments than taking up programmatic issues. Our object is to influence these parties to take up such issues to gather force to defeat Rajiv Gandhi."

Mr Surjeet further said, "Our parties have already welcomed the formation of the National Front and Janata Dal. Our approach towards them is positive and we wish them well. But at the same time we feel that they can succeed in defeating Rajiv Gandhi not merely by exposing corruption scandals but also taking up the question of national unity and India's role in world peace."

The Left parties' main objective appears to be to ensure that the centrist parties take a clear stand in welcoming India's nonaligned, anti-imperialist foreign policy and start a more vociferous campaign against communal forces in general and the BJP in particular.

CPI-CPIM Difference

Though both the Left parties have officially welcomed the National Front and Janata Dal, there is a slight difference in approach mainly as a result of the internal differences within the CPI over the issue.

While the official position is to attack the BJP alone and ensure that the National Front keeps away from the BJP, sections of the CPI also have strong reservations against certain members of the Front such as the Andhra Pradesh chief minister, Mr N. T. Rama Rao, and the Haryana chief minister, Mr Devi Lal.

These sections of the CPI, unofficially known as the right wing of the party, are wary of joining hands with the National Front. Some of them continue to feel that the Congress(I) because of its progressive foreign policy and ostensibly anti-feudal rhetoric is preferable to a conglomeration of feudal, regional forces.

However, a return to "Dangeism" (that is open alliance with the Congress) is impossible under the circumstances and therefore a separate left democratic front in contrast to the centrist National Front would be preferable to this section. It is learnt that the right wing section of the CPI is pushing this line and preparing the ground for such a front to take off.

Significantly, Mr Farooqi too did not rule out the possibility of such a front in case the leftist campaign had no effect on the centrists. "We will cross that bridge when we come to it," he said guardedly.

The CPI(M) maintains that even if the National Front eventually has seat adjustments with the BJP, it will not form a separate front as such because it would only help the Congress(I). In such an eventuality, the Left parties would rather fight it alone and "look for allies" in areas where they are not strong.

The present tactic, however, is to exert pressure on the centrist parties not only to eschew the BJP in toto but also adopt a definite programme instead of depending on Bofors to tide them through the next elections. It is an uphill task, they admit, but remain unwilling to give up the battle at this stage to form a third front.

Mukherjee Meets Press

46001201e Bombay *THE TIMES OF INDIA* in English
7 Dec 88 p 13

[Text] Calcutta, 6 December—The secretary of the state unit of the CPM, Mr Saroj Mukherjee, today justified the call of the state conference to oust the Rajiv Gandhi

government at the Centre, saying that in the event of the ouster, there was no possibility of a mere reactionary government coming to power at the Centre.

He told newsmen here today that it was the party's analysis of the political situation in the country that the reactionary, communal and divisive forces were not that powerful to come to power. He felt an alternative secular and democratic force might capture power in such an event. However, he did not say which were the parties he considered secular.

The recent events in the country had shown that the left and democratic forces were growing and if the national front and the left forces could join hands, there could be an alternative to the Rajiv government, he said.

Interestingly, both Mr E. M. S. Namboodiripad and Mr B. T. Ranadive in their speeches at the state conference had stressed that the left forces in the country had become powerful through recent mass movements. It had now become a reality that a powerful left movement could be built independent of the cooperation of the secular forces.

Political observers here feel that Mr Mukherjee's emphasis on the "clarion call" of the state conference to oust the Rajiv Gandhi government was an attempt to remove the slight confusion created by Mr Namboodiripad's inaugural address in which he lavished unusually high praise for the anti-imperialistic tradition of the Congress since 1928.

Mr Namboodiripad had said that in the post-independence period, too, the Congress had carried forward the anti-imperialistic legacy to defend peace non-alignments and the policy of peaceful co-existence. "We have inherited this heritage of the congress and the policy of cooperation with the Soviet Union is an extension of that legacy."

Mr Namboodiripad gave unstinted support to the foreign policy of the Government of India and to the Indo-Soviet Delhi declaration. His criticism of the domestic anti-people policy of the Rajiv government was eclipsed by the admiration he expressed for the anti-imperialistic foreign policy and the movement for peace of the central government.

Though he said his party would work for the removal of the Rajiv Gandhi government for implementation of progressive socio-economic policies, the attack against the government lacked the stridency of the one against the BJP and other bourgeois opposition parties, like those in the National Front and the Janata Dal. He said there were forces within these opposition parties which were keen on having an electoral alliance with the BJP. The CPM, he said, was against any alliance with communal and casteist forces like the BJP.

State Committee Named

46001201d Calcutta *THE TELEGRAPH* in English
7 Dec 88 p 1

[Text] Calcutta, 6 December—The CPI(M) has dropped the former state minister and important party leader from Nadia, Mr Amritendu Mukherjee, along with a number of other senior members, from the state committee which was constituted at its 16th state conference here today.

The party today announced the names of 93 members of the committee including 13 new members. Important among the new entrants are Mr Somenath Chatterjee, MP, Mr Saifuddin Chowdhury, MP, Ms Anila Devi and Mr Baren Basu. Mr Narayan Dutta, a senior journalist with the party daily GANASHAKTI, has also been inducted into the committee. It will have six more members who will be chosen later.

According to party sources, the new state secretariat will be formed after the CPI(M)'s congress to be held in Trivandrum in the last week of December. The state committee will hold a meeting to elect the new secretariat which is likely to have two new members. Mr Lakshmi Sen, secretary of the party Calcutta district committee, and Mr Ksudiram Bhattacharya, secretary of the South 24-Parganas district committee, are likely to be inducted into the secretariat.

Delegates to the state conference today reelected Mr Saroj Mukherjee as the state secretary of the party. Mr Sailen Dasgupta, state secretariat member was elected treasurer of the party. Mr Anil Biswas, editor of GANASHAKTI, retained his post.

The reshuffle in the state committee indicates a determined bid by the party leadership to iron out dissension within the organisation.

Mr Amritendu Mukherjee, is however, learnt to have lost his berth in the state committee because of the party's poor showing in the last municipal poll at Krishnagar in Nadia.

The veteran freedom fighter, Mr Ganesh Ghosh, who has been admitted to a city hospital, has been dropped primarily for his age. But the exclusion of Mr Radhika Banerjee, former state minister, Mr Gopal Bose of North 24-Parganas and Mr Manik Jha of Malda, was a veiled hint at the consequences that would befall those who engage in dissident activity. Others dropped from the state committee are Mr Naren Sen, Syed Sahedullah, Mr Jaykesh Mukherjee, Mr Kamal Sarkar and Mr Shashanka Kar.

An important leader from Darjeeling, Mr Sandopal Lepcha, has been included.

MiGs To Be Phased Out From 1992

46001196 Bombay *THE TIMES OF INDIA* in English
3 Dec 88 p 19

[Text] New Delhi, 2 December (UNI)—The Indian Air Force will phase out the MiG-21 fighter jets from 1992.

This was indicated by chief of air staff, Air Chief Marshal S.K. Mehra today in an informal chat with newsmen aboard "Rajdoo."

Several versions of Mig-21s were first inducted to the I.A.F. way back in 1963. Later, India started manufacturing them domestically under licence from the Soviet Union.

It later stopped production of the latest version of these versatile "MiG 21s."

He said the recent accidents of MiG-21s were due to "technical reasons."

The air chief was in favour of developing indigenous aircraft to replace the "work horses" instead of importing them in large numbers.

Keeping the future requirements of the Air Force in mind, he said "force multipliers" like electronic warfare equipment, radars and new weapons have to be added. There is no use of enlarging the squadrons, he added.

In this connection, he said the Air Force was extending full support to the Defence Research and Development Organisation (DRDO) in manufacturing the Light Combat Aircraft (LCA). The LCA is not a deep penetrating aircraft. Its basic duty would be air surveillance. He was hopeful that by 1991-92 it would be ready for trial runs.

Asked to comment on the Controller of Auditor General's criticism in the inordinate delay in the LCA project, the air chief said even in European countries it took 10 years for a new aircraft to join the squadron. "We were given the go ahead" for this project only in 1982-83, "he said.

The air chief said the LCA project was aimed at meeting India's equipment of 2000 A.D.

Air Chief Marshal Mehra said the Air Force has every reason to be satisfied with its role in recent Maldivian operations. "The Male air field was in 'friendly hands.' Had it been occupied by the mercenaries, we would have changed our operational methods for which a separate drill was also carried out.

Similarly, he said the Air Force had done a commendable job in Sri Lanka. The air-lifting there was the largest in the world after the Berlin air lifting. "It was an immense effort," he said.

Asked about steps being taken for furthering the Air Force-Navy co-ordination in operations, the air chief said co-ordinated efforts by the two wings of the armed forces in Male and Sri Lanka reflected the close co-ordination they have.

Regarding accidents, he felt that the bird menace was the main trouble in India, be it the I.A.F. or Indian Airlines. Concerned authorities should take speedy remedial measures without any delay to save aircraft, he said.

Western Naval Command Chief Talks to Newsmen

46001184 Bombay *THE TIMES OF INDIA* in English
1 Dec 88 p 3

[Text] Bombay, 30 Nov—Financial constraints have delayed the designing of a third aircraft carrier for the Indian Navy at the naval design unit in New Delhi, Vice-Admiral S. Jain, flag officer command-in-chief of the Western naval command, announced here yesterday.

Speaking to newsmen aboard the second aircraft carrier, "Viraat," he said once the design was approved the navy's architects, engineers and electrical experts would take 9 to 12 years to build one indigenously by 1999 at the Cochin shipyard.

He dismissed suggestions that the Indian Navy had yet to become a "blue water" force as "academic and theoretical" and asserted that it was a defence-oriented arm which had proved its prowess in the Sri Lanka and Maldives operations.

In Sri Lanka, he said, the navy was involved in patrolling the island nation's coastline to plug arms flow, cut off outside support and prevent the occurrence of terrorist activities.

The navy took a "quantum jump" when it acquired a nuclear-propelled submarine, "Chakra," on loan from the Soviet Union. The submarine had great training value and had been exploited maximally since its arrival.

About the light combat aircraft, Vice-Admiral Jain said once the LCA was designed and developed it could be used for naval operations if the country opted for conventional carriers with a catapult.

While denying having seen a news item that Pakistan was planning to acquire her first aircraft carrier, he said it would be an easy target for the Indian Navy as the Pakistani coastline was a small one which had just one harbour, Karachi, and hence would be compelled to operate within circumscribed limits.

The construction of a Kilo-class submarine, "Sindhuratna," has been completed in the USSR and the vessel will be assigned to the Western naval fleet and be the first to be based in Bombay. The submarine is expected to arrive in Bombay in February.

Turning to what he described as "an event of the decade," Vice-Admiral Jain said an armada of 86 warships presented jointly by the eastern and western naval commands will be reviewed by the President, Mr R. Venkataraman, in his capacity as the supreme commander of the armed forces off Bombay on 2 February.

Accompanying the President will be the Prime Minister, Mr Rajiv Gandhi, the defence minister, Mr K. C. Pant, and other dignitaries.

He, however, regretted that he was compelled to take an "unhappy decision" of discontinuing the practice of public exhibition of warships at the naval dockyard for "security reasons."

The "beating the retreat" item held traditionally at the Gateway of India had been postponed to 2 February for the presidential review.

Another important event was the inauguration of a naval maritime museum in the premises of the Prince of Wales Museum by Mr Gandhi shortly after the presidential review of ships on 2 February.

The highlights of the Navy week celebrations will include a band concert of Indian and western music at the Homi Bhabha auditorium on 2 and 3 December, a regatta at the naval sailing club on 4 December and climaxing with a "Navy ball" at the Western naval command mess on 10 December.

Referring to the problem in the naval dockyard when workers allegedly smashed windows and burnt a scooter, in September last year, Vice Admiral Jain said "it was a spontaneous agitation" and matters had been talked over with union leaders and settled amicably. The result has been that productivity had soared upwards, and overtime claims brought down to zero enabling the government to effect a saving of Rs 1.5 crores.

Explaining the navy authorities' attitude to the widows of men who manned the "Kukri" which went down in the 1971 Indo-Pakistan war, he said a hostel was built for them for a transition period of two years on compassionate grounds while seven out of the 17 widows or their children owned accommodation. They were offered payment of the full amount towards securing alternative accommodation.

Paper Report on Developments, Plans in Navy

Interview With Admiral

46001200 Bombay *THE TIMES ON INDIA* in English
4 Dec 88 p 7

[Text] New Delhi, 3 December—Work on the designing and building of a second aircraft carrier for the Indian Navy, indigenously will begin early next year.

Two other major projects of the Indian Navy for the coming year include putting to trial the first indigenously-built SSK class submarines and establishing a sophisticated communication link between submarines at sea with shore through the new VIF station in Tamil Nadu.

Details of the shape of things to come in 1989 and major achievements of the Indian Navy in 1988 were given by the chief of naval staff, Admiral J.G. Nadkarni during an informal pre-navy day chat with defence correspondents here.

Admiral Nadkarni said that negotiations with two major foreign shipyards were in progress for collaboration with the aircraft carrier project design and an agreement was expected to be signed by the end of this month. The aircraft-carrier will be of 30,000 dwt and would be built at the country's largest shipyard in Cochin. A second aircraft carrier was considered necessary to ensure round the year availability. The country would then have at least two carriers available. As about 40 percent of the time of a carrier is taken in maintenance every year, one aircraft carrier would be operationally available all the time.

The naval chief also said the SSK class submarines would be entering trial early next year when the VIF station at Tirunneveli was also expected to be functional.

Major Achievements

He considered the induction of INS Chakra, the nuclear-propelled submarine on lease from the Soviet Union and the great Sri Lanka sea lift as the major achievements of the Indian Navy in 1988.

Answering questions, he said that fossil fuels would not last forever and the navies of the 21st century will all be propelled by nuclear power. The acquisition of the Chakra mainly for training purposes, was very important because the Indian Navy did not want to be left out when the major change in naval propulsion came about.

He recalled the great naval tradition of India. Indian-made wooden men-of-war had participated even in the Battle of Trafalgar. But when the world changed to the iron-hulled ships, India did not follow the shift for some reason and for more than a century, it ceased to have a place on the naval maps of the world.

He indicated that the introduction of the indigenously-built SSK submarines was part of the plans of the navy to introduce fifth generation warships. These will include type 15 and type 16-A warships.

Among the shore-based programmes of the navy, three major ones included the construction of the Karwar naval base, the naval academy of Ezhimala in Kerala and the naval air base at Arkonam.

Answering reporters questions, the naval chief asserted that the Indian Navy was second to none in the region and it was not right to compare it with the Pakistani navy in terms of superiority.

More Details on Interview

46001200 New Delhi PATRIOT in English 4 Dec 88 p 5

[Text] Chief of Naval Staff Admiral J.G. Nadkarni, has said negotiations are on with several countries for the acquisition of Airborne Early Warning (AEW) helicopters for the Indian Navy as part of its efforts to strengthen the naval aviation capabilities.

The proposal to purchase these helicopters, which will enhance the navy's detection capability is under 'active consideration,' Admiral Nadkarni told PTI in an exclusive interview on the eve of the Naval Day.

He declined to disclose the countries with whom negotiations are in progress and when the contract would be signed facilitating the supply of these helicopters.

Admiral Nadkarni foresaw navy having a strong air arm by 1990 so as to intensify the surveillance and to provide maritime reconnaissance in the Indian Ocean and the Bay of Bengal.

Replying to a question on the threats posed by the proposed induction of the sophisticated PC-3 Orion Maritime reconnaissance aircraft into the Pakistan Navy, Admiral Nadkarni said 'we have analysed the implications of Pakistan having such an aircraft.'

"We are taking counter measures to ensure that no threat is posed to the Indian fleet and that any threat is countered effectively," he said.

The Orions can give the Pakistan Navy an enhanced capability of detecting the Indian fleet at sea and can particularly keep the north Arabian Sea under active surveillance.

Admiral Nadkarni said the Indian Navy's own anti-submarine warfare and maritime reconnaissance capabilities have received a considerable boost with the induction of five long range patrol aircraft TU-142M in April this year.

Asked about Chinese Navy's forays into the Indian Ocean, Admiral Nadkarni said any threat by it to the Indian fleet appears to be unlikely though it is 'perfectly easy' for them to operate their submarines in the Indian Ocean.

Noting that the Chinese Navy did send some of its ships in 1985 into the Arabian Sea and Bay of Bengal, he said it has the capability to undertake operations at a considerable distance from their ports.

Admiral Nadkarni also underlined the need to develop a Blue Water Navy for securing the country's strategic and commercial interests.

"It is important for the Indian Navy to have large ocean going ships with good firepower and endurance and smaller craft like missile boats and minesweepers. Side by side, it should have a strong air arm capable of long and medium range reconnaissance and anti-submarine warfare capabilities," he said.

Admiral Nadkarni said the navy should also have the capability of operating at considerable distance from its shores which could be about 2,000 km from the coast.

Replying to a question, he did not favour setting up of a Marine Corps saying the army's amphibious brigade and the Indian Marine Special Force were doing the tasks that are visualised for such a corps.

Asked about the HDW submarines, he said Government would not "exercise the option" of construction of more of these West German submarines in the country.

The change in the rupee-deutsche mark exchange rates do not make the price and terms favourable and construction of the HDW subs cost-effective, he said.

While two HDW submarines were acquired from West Germany last year, another two subs are being manufactured with West German design and equipment and are expected to be ready by early 1990.

Facilities for Nuclear Sub

46001200 Calcutta *THE TELEGRAPH in English*
5 Dec 88 p 5

[Article by S. Srinivasan]

[Text] Vishakapatnam, 4 December—The Indian Navy which has entered another phase of modernisation with the acquisition of the nuclear-propelled submarine Chakra, from the Soviet Union has adapted admirably to the new technology.

The Navy has set up a special safety service in a four-storey complex on one of the jetties at Vishakapatnam. The super secret complex has facilities for monitoring the radiation levels in the surrounding environment. It also houses a radio chemical laboratory and a radio biological laboratory where radioactive liquid samples from the submarine, air, sea water and marine growth are analysed.

The complex is built on the basis of Soviet project report and it is divided into two parts. The first two storeys of the building house monitoring facilities. All personnel who work in risk areas are issued protective clothing and

dossimeters. Submariners boarding the vessel need to undergo a special regimen. They are all issued a dossimeter before leaving for the dock. This is a mandatory requirement.

Again, when the sailors return from their assignment they are asked to undergo a specific exercise. A special "body monitor" examines 15 points of the body from head to foot for beta contamination. Nobody can leave the "red zone" unless the monitor clears them. In case any part of the body is found "dirty," the audio and visual alarms get activated and the metal barrier prevents the person from moving out of the "red zone."

The radio chemical laboratory in the complex has "shielded environment" facilities where chemical analysis is done. The laboratory has special 0.3 micron filters for screening radioactive elements.

The commander of the submariner, R. Ganesh, explained that the reactor shuts off when it comes to the dock. Nuclear wastes are disposed off through various foolproof measures.

The flat officer commander-in-chief of the eastern naval command, Vice-Admiral S.C. Chopra, who described the induction of Chakra as a major even for the Indian Navy, said there was no question of anybody getting exposed to radiation as the measures were quite stringent. He said the Indian Navy was now confident of running a nuclear-powered ship.

The nuclear propulsion has an important advantage both in terms of time and space. The nuclear submarine can go underwater at the same speed as surface ships. It need not surface for months together as it does not need oxygen for the propellant. In the conventional submarines about 425 batteries are used, each of the size of a standard refrigeration.

For the Indian Navy the nuclear submarine is a force multiplier in the Indian Ocean and its capability is to be taken into consideration even by the super-powers. Vice-Admiral Chopra said they were setting up a very low frequency transmitting system and this will be ready by the end of the year. A 250-metre steel structure has come up near Trinaveli for the purpose.

The system was necessary because the long wavelengths in normal communications cannot be received quickly under water. A submarine has to come up frequently to receive these signals. With the new system messages will be received under water through an antenna trailing behind the submarine at a depth of 30 feet.

ONGC Sets Up Consortium for Indigenization
46001188 Calcutta *THE TELEGRAPH in English*
1 Dec 88 p 8

[Text] Sibsagar, Nov 30 (UNI): A consortium of Indian companies including Hindustan Shipyard Ltd, Mazgaon Dock's Ltd, Burn Standard Company Ltd and Larsen and Toubro Ltd, has recently been formed at the initiative of Oil and Natural Gas Commission (ONGC).

An ONGC spokesman said here today that the purpose of forming the consortium was to enhance the extent of participation of these companies in oil exploration and oil production activities, and optimise the utilisation of available indigenous capacities and expertise in Indian oil industries.

The consortium has been formed within the framework of the Confederation of Engineering Industry (CEI) working group, set up by ONGC in 1982, the spokesman said.

Besides, ONGC has also taken initiative to give rate contract for such items to indigenous companies, who have already proved their expertise and capacities after successful trial operation by ONGC.

The spokesman said several measures had been taken by ONGC to generate necessary awareness of creation of special indigenisation cells, distribution of specially prepared brochures and holding of seminars and workshops.

One of the measures included setting up a joint ONGC basic chemicals pharmaceuticals and cosmetics export promotion council with the object accelerating the process of indigenisation of oil-allied chemicals.

This has reduced the amount spent in the imports of these chemicals from Rs 60 crores in 1983-1984 to Rs 34 crores in 1987-1988.

As a result of these efforts, more than 50 percent requirement of equipment and materials, including a large number of capital items required in the oil sector, are now being supplied by the domestic Indian companies, he added.

The ONGC's efforts have created employment opportunities for three lakh persons and generated additional capabilities and capacities in the manufacturing sector worth Rs 100 crores.

Besides, the efforts have resulted in cumulative saving of foreign exchange worth Rs 3687.6 crores till March 31, 1988, the spokesman added.

IRAN

Karrubi Reportedly Forced Aside

46400042b London KEYHAN in Persian 8 Dec 88 p 12

[Text] While the trials of the leaders of Nabovat Foundation who are being accused of stealing and misappropriating billions of rials are still continuing, last week Hojjat ol-Eslam Mehdi Karrubi, deputy speaker of the Majles was forced to resign from his post as the director of the Martyrs Foundation. Karrubi is one of the officials of the Islamic Republic who is adamantly opposed to closer relations between Iran and the United Kingdom or that of the United States. There has recently been a rift between him and Rafsanjani.

IRI-Saudi Negotiations on Hajj Dead Blood Money Reported

46400041b London KEYHAN in Persian 8 Dec 88 p 1

[Text] Secret negotiations are under way between Saudi Arabia and the Islamic Republic for the Riyadh government to pay heavy blood money for the Iranian hajj pilgrims killed last summer.

This report was published in detail by the weekly OBSERVER last Sunday. According to this weekly publication, the negotiations began three weeks ago in Geneva, and the Saudi representatives have agreed in principle to pay the blood money. However, now the discussions concern the amount and the number of those killed. The Saudi Arabian officials have agreed to pay \$1.5 million for every person killed. According to Saudi figures, 275 persons were killed, but the Islamic Republic claims that 650 were killed and is asking for \$2 million for each.

The delegations of the two countries are headed by Mohammad Javad Larijani, deputy foreign minister of the Islamic Republic, and Prince Bandar Ibn-Sultan, the Saudi ambassador to Washington and a nephew of King Fahd. These negotiations will in the meantime result in the renewal of political relations between the two countries.

Saudi officials still insist on what they announced on 31 July last year, that 275 Iranians were trampled to death and 85 Saudi Arabians were also killed and 692 injured. But the Islamic Republic claims that as a result of the shooting by the Saudi military and police, 650 Iranians were killed and 2,000 were injured.

Paper on Flight of Pasdaran to Turkey

46400042c London KEYHAN in Persian 8 Dec 88 p 12

[Text] The flight of the Pasdaran [Islamic Revolutionary Guards Corps] to Turkey and Pakistan still continues. Since the cease-fire went into effect, the flight of some of the Pasdaran from their assigned units have begun. According to the reports from Tehran, after the decision by the Islamic Republic with regard to curtailing the number of guards corps in the army, because of the concern of the Pasdaran for their future in the event of a change of the regime, and for protecting themselves from the wrath and anger of the people, the Pasdaran try to dissociate themselves from the said corps. However, since the conditions for resignation are extremely difficult, they are forced to flee. The same report also indicates that during the past 2 weeks intense fighting and skirmishes have occurred between the Pasdaran and the Baluchi armed groups around Zahedan and Saravan and about 300 individuals from both sides have lost their lives.

Report on Young King's Trip to Europe
46400042a London KEYHAN in Persian 8 Dec 88 p 12

[Text] Last week, at the inception of a new phase of campaign against Khomeyni's regime, Reza Pahlavi, the king of Iran, started his European trip as of Tuesday, 29 November. This trip took place for the purpose of meeting with Iranians residing in England, Germany and France and also for carrying out negotiations with the Western statesmen and holding talks and interviews with the mass media.

On Friday, 2 December, the King of Iran took part in the gathering of the Iranians who reside in England. At this gathering—which for certain restraining reasons only 600 individuals were invited—Reza Pahlavi made an hour-long speech, the text of which also appears in this issue.

At this gathering, Reza Pahlavi met with an overwhelmingly enthusiastic welcome by the audience and as a result of a stirring display of emotions by the crowd, tears came to the monarch's eyes.

At this gathering, the speech of the Iranian king mostly dealt with the explanation of the problems and the adversity brought about by Khomeyni's regime for the people of Iran. Although it was predicted that at this meeting some new issues and the monarch's programs for combatting the regime would be presented to the people, on the contrary, no mention was made of any serious programs and reorganization of the campaign at all.

At this meeting also the news concerning the opposition of the West German Government to the young monarch's trip to that country was made known to the audience.

Before leaving London, the king of Iran had two television interviews with the ZDF and ARD channels of West Germany which were broadcast in that country.

The disturbing and harsh reaction of the Islamic Republic with regard to its protest to the monarch's trip to West Germany and also the protest of Khomeyni's regime concerning the broadcast of the interviews from BBC radio, and the illogical step by the West German Government to prevent the young monarch's trip to that country, all focused the attention of the various Iranian and foreign circles to this matter with certain global reverberations. For this reason, as far as possible we have been trying to prepare and present the various news regarding the subject at hand to our dear readers of KEYHAN.

On 29 November, a few hours after his arrival in London, the young monarch in an interview with ABC-TV of the United States, directly called the Islamic Republic regime as vain and impetuous, and further

announced that the Tehran regime after so many consecutive defeats has lost its supposed or self-conceived constitutionality. He asked the Islamic Republic to let the Iranian people decide the regime of their choice through a general referendum, with the supervision of international forums. At this interview he promised that the result of such a free referendum, no matter what, would be acceptable to him. Other press and radio conferences of the Iranian monarch in England met with warm enthusiasm, particularly his interview with the BBC Radio—which also can be received quite clearly in Iran—incited the anger of the Islamic Republic's authorities and caused their harsh reaction.

In his interview with the BBC World Radio, Reza Pahlavi announced that today the Islamic Republic is in its weakest position and in his opinion it is the right time for the various groups opposed to the Islamic Republic's regime, to work together to the best of their abilities in order to derail that regime. He announced his readiness for the creation of a unified national body composed of all the regime's opposing groups. Furthermore, he emphasized that in the future after the derailment of the present regime the Iranian people should be given the right to choose their own preferred regime with complete freedom.

In response to the BBC correspondent, the Iranian monarch emphasized that the struggle for liberating the Iranian society from the yoke of the present self-interested government—which has trampled on all the basic rights and freedom of the Iranian people—is not going to be easy. He further added that he has every intention of continuing this struggle until the attainment of the final victory.

In answer to the question whether or not there will be a need for an armed struggle in order to topple the Tehran regime, the young monarch stated: I hope that the course of the transfer of power will take the least resistance and victims. However, the national forces must be ready to carry out their struggle for the derailment of the regime even if an armed struggle will become necessary.

The Iranian monarch in response to the question whether or not there will be a chance for the return of a constitutional government to Iran and whether he will be invited to return to the country as a king, stated: My first and foremost intention is not the return of monarchy to Iran. I belong to the future and not to the past. I've learned from the mistakes of the past and will present a new form of monarchy to my countrymen. Today my goal is to bring about a situation whereby the Iranian people will be able to freely decide their own future. Under such circumstances, it will be only the nation of Iran who will decide its own future. Of course a constitutional monarchy is one of the possible routes which can be chosen by the Iranian people. However, I do believe that the Iranian nation as a whole, has tested the significance of the traditions, stability and permanency under the constitutional government and also it is my

conviction that with the amendments which will be made in the constitutional government—to fit the 21st century conditions—this type of government could be the best guarantor of the rights and freedom of the Iranian people. Reza Pahlavi further emphasized that monarchy is not an ideology, but it is an institution which guarantees the rights of all the people of Iran under a single umbrella.

The Iranian monarch in another part of his interview with the BBC stated that the internal struggles and differences between various groups opposed to the regime, increases each day. This regime has been defeated in every and all aspects of nation's affairs and administration and in order to postpone its final downfall, it resorts to such tactics as neither war nor peace with Iraq. Under the auspices of the present regime there is no hope for the future of Iran and reconstruction of the war-inflicted destructions. This is a doomed regime and for this reason I think there is good opportunity for all the national forces, particularly the national-oriented religious groups—who are expressing their opposition to the regime by the people—in order to prepare the grounds for its eventual downfall.

The text of this interview was broadcast by BBC's Channel 4 and also its world radio affiliate several times.

Interview With BBC in Persian

Reza Pahlavi also had an interview with the Persian-language broadcasting section of the BBC Radio. In this interview—which was also broadcast in Iran—the Iranian monarch explained his goals and programs for the people of Iran. The broadcast of this interview during last Friday's program of World News, provoked the Islamic Republic's sensitivity regarding the trip of the young king to England calling the approval of the British Government concerning his trip to England as an interference of that government in the internal affairs of Iran. According to a REUTER report, the Islamic Republic officials harshly protested to the British Government and stated that this action might jeopardize the exchange of ambassadors between the two countries. IRNA from Tehran reported that the broadcast of this 6-minute interview with Reza Pahlavi in Persian from BBC Radio was interference in the internal affairs of the country.

According to REUTER, in his interview with BBC, Reza Pahlavi had asked for an armed uprising against Khomeyni's regime. While the young king had said: If the Tehran regime decides to use arms against the people's movement, then there would be no other choice except an armed defense against that government. The British press interpreted the protest of Khomeyni's regime to the trip of Reza Pahlavi to England as an indication of the sensitivity and concern of that regime towards the activities of the opposition groups—particularly the constitutionalists.

Likewise, during his stay in England, Reza Pahlavi also had interviews with the INDEPENDENT, the GUARDIAN, and the DAILY TELEGRAPH newspapers of the UK, and also the TIMES and LIFE magazines and the BOSTON GLOBE of the United States.

In addition to his press interviews, the Persian monarch also visited the Royal Institute of Foreign Affairs [Chatam House] and the Institute of International Strategic Research of London and met and chatted with the top officials and members of the board of directors of the aforesaid institutes, explaining his future goals and programs.

Similarly, the young monarch took part in a party given by the Society of Iranian Friends where he met with 15 members of the British parliament. Furthermore, upon an invitation by the British Conservative Parliamentary Party, Reza Pahlavi attended a session of the House of Commons and met and talked with a number of house members and other foreign and Iranian personalities explaining his programs.

Gathering in Germany

Reza Pahlavi's trip to West Germany had been arranged as of 2 months ago with the agreement of the West German authorities.

According to statements made by Mr Ahmad Qoreyshi, director of the political office of the Iranian monarch, even some of the high officials of the West German Government had asked in writing to meet with the young king during his stay in that country—with the date and time of each meeting being agreed upon by both parties. Even in the afternoon of 1 December, an hour before the West German Government announced its opposition to the trip of the monarch to that country, the director of Foreign Affairs Commission of the West German Parliament sent a telegram to the young king asking for a meeting—in addition to all these the preparation for this trip had been made 1 month ago with the help of West German police. Nonetheless, at the last hour before the departure of Reza Pahlavi to West Germany, officials of that country formally informed the political office of the Iranian monarch of their opposition to his trip and the news was also broadcast by various West German radios.

About 8,000 Iranians from various parts of Germany were getting ready to travel to Cologne to meet with the young king, but after hearing this news and the apparent weakness of the West German Government, they became totally stunned.

It had been predicted that the large gathering of Iranians in Cologne with the presence of the young king would prove a spectacular opportunity to impress the mass media of the world. For this reason, the Islamic Republic which had cause for concern, took advantage of West

German Foreign Minister Genscher's presence in Tehran and after signing several economic agreements, had asked that government to deny admission to the young king.

The awkward gesture by the Islamic Republic and the inappropriate action of the West German Government not only did not decrease from the publicity effect of Reza Pahlavi's trip to Europe, but it somehow was given a worldwide dimension, so much so that West German televisions interviewed the monarch in London and broadcast part of this Iranian gathering in London.

The Iranian constitutionalists residing in West Germany who were very upset with the inappropriate treatment of the West German officials—gathered at a specified hour on 4 December in Cologne and a pre-recorded speech of the Iranian monarch was broadcast for the large gathering. Similarly, Reza Pahlavi sent a direct telephone message to the said gathering the text of which also appears in this issue.

Despite the notion of the Islamic Republic's officials, this large gathering, which was formed according to the original format, without the presence of Reza Pahlavi—indicated the decisiveness of the constitutionalists and encouraged Iranians to form similar gatherings more often. Upon the conclusion of this large meeting 50 Iranians, as a gesture of protest to the inappropriate actions of the West German Government, went to the large and famous Cologne Cathedral and staged a hunger strike.

As night drew nearer, West German police contending that so far no one had used this cathedral as an overnight site for staging a hunger strike, transferred all the strikers to the nearby railway station and allowed them to go back to the cathedral the next morning. However, Mr Qoreyshi, with the announcement of the young king's message, asked them to stop the strike and go back to their businesses. The harsh protest of the Iranians and their hunger strike was also given footage in the West German press and television.

At the end of the large gathering in Cologne a communique was distributed in which the complete belief of the participants in the constitution, national autonomy, democracy and social justice was emphasized; and at the same time Khomeyni's regime was condemned as an anti-Iranian, despotic and reactionary regime.

Likewise, in this communique, foreign government support of Khomeyni's regime was censured and all the international plots for disrupting the trip of the young monarch to West Germany was condemned. In a like fashion, in the same communique all the participants expressed their willingness for peace with Iraq based on the 1975 agreement and at the same time they emphasized that the Iranian nation will never forego its just

rights. Furthermore, the bond between the Iranians residing in West Germany and our suffering and unfortunate countrymen in Iran was also emphasized in the aforesaid communique.

Young King Addresses Monarchists in England
46400045a London KEYHAN in Persian 8 Dec 88 p 13

[Text] I thank you, my dear brothers and sisters, for the demonstrations of your feelings.

I know that these enthusiastic feelings, all of these proud emotions, are all for the sake of Iran, with thoughts of the homeland.

They are full of the thoughts of and for the sake of a homeland that has not been far from the hearts and minds of you and I, not even for a moment.

These cries of yours are the cries of the unity of a nation that has suffered blows in these sinister years, but has not retreated. It has suffered pressures, but has not bowed down.

These are your resonant calls for the freedom of a nation that today is imprisoned within the four walls of its own home, in its own homeland. This call is the sign of your eternal ties with Iran.

I thank you for lighting my eyes with such a sea of familiar faces after 10 years of being away from the homeland. My heart has received new warmth with your expression of enthusiastic and sincere feelings.

I have no doubt that millions of Iranians will at the first opportunity hold hands in all cities of Iran, in all its streets and squares, and like you, cry out for freedom.

Know that you are not alone. You are an inseparable part of the body of a nation. Your voice is the voice of 50 million Iranians.

When any Iranian anywhere in the world speaks of the independence of the homeland and the freedom of his nation, he is a representative of Iran; he is the spokesman of the nation.

This mission of yours is one to be proud of, that in a period in which the existence and dignity of Iran, the rights and liberties of the children of Iran, have been sacrificed by a criminal autocratic government, you are the resonant voice of your fellow countrymen, and with all your power, you will inform the world of their true goals and wishes.

But know also this, that if, despite all the crimes of the regime of Khomeyni, Iran is alive and in place, it is because hundreds of thousands of our fellow countrymen have been sacrificed for the homeland.

As long as Iran is alive, until eternity, the memory of this self-sacrifice and bravery will also be alive.

Once again, we bow to the greatness of their self-sacrifice. We greet the pure souls of the martyrs of Iran, and out of respect for them and their families, in memory of those who lost their lives and are always alive in our hearts, let us rise and observe a moment of silence.

My dear countrymen:

So much self-sacrifice is unmatched in the long history of our country.

But by no logical means does the preservation of the independence of Iran and the guarding of the territorial integrity of Iran require so many victims and so much destruction.

The defense of Iran, and, for that matter, against a neighbor such as Iraq, did not require the destruction of the human and economic resources of the country for 8 years.

The defense of Iran did not require that, after 8 years of destruction and bloodshed, our country sit at the negotiating table from the weakest possible position, without those responsible for this great tragedy and crime being punished.

It was the leaders of the regime who needed to make the war a pretext for their incompetence for 8 years to cover up their crimes.

For 8 years, they said that the war would continue to the last drop of the blood of the nation, until Jerusalem was free, Karbala was free, and the government of Iraq was overthrown.

They refused the mediation of other countries. They cursed the resolution of the Security Council. They did not accept the offer of payment of compensation by Arab countries. They considered anyone who said that the war must end when the conditions are favorable to Iran an infidel and traitor. They opened the way for the naval ships of other countries to the Persian Gulf. They sent the Iranian navy, which had become strong over the years, into an unequal war and practically sacrificed it. They instigated the Arab countries to fight and unite against Iran.

They so dried up the arms resources of the Iranian army with their mad policies that by the end of the war, the Iraqi forces could attack anywhere in Iran.

Then, precisely when Iran was left alone and defenseless, they came to their knees and requested a cease-fire and peace.

But the black report card of this regime is not merely the result of this tragedy. The calamities that have befallen this nation and country in these 10 years did not start with the war and have not ended with the end of the war.

In these 10 years, not only have the people of Iran not taken any step forward on any level in their political, economic, cultural and social life, but they have been driven backward years and miles.

In 10 years, nations advance a hundred years. Our nation, as well, like any other living nation, has wished and still wishes to be a proud and honorable member of the international community. It wants to take advantage of its rich national resources, as is the right of any independent nation.

Our nation, as well, wants to provide for its needs as much as possible with its own farms and factories and not to be in need of others more than others are in need of it.

But in these 10 years, what other gift has the regime of Khomeyni brought to this nation but blood and tears, and what window of hope has it opened?

In these 10 years, what has the destructive regime left behind of the great gains that the nation had gathered through its efforts in the course of generations? What national investment, what building, what historical memorial of this homeland has been safe from the thievery of the regime and the barbaric plunder by its agents?

Today, what Iranian farmer or worker, what Iranian employee or laborer does not have a bleeding heart from the chaotic situation of this 10-year tragedy and does not consider himself a victim of this tragedy, because of what these usurpers have stolen from him: his rights, his peace and tranquility?

Who can even imagine or measure the deadly blows that this regime has inflicted on the educators, the rights of academicians, the institutions of education and the freedom of thought and expression.

Why should Iran be unable to sell oil, its most valuable natural resource, at a fair price in the world and use its gains to eliminate the essential needs of the society? Why should Iraq, with a population and area one-third that of Iran, claim equality with us in oil production?

Why should Iran, a country which yesterday was the strong member and the determining factor of balance in OPEC, today, be alone with its hands tied, forced to submit helplessly to the decision of other OPEC members, as it does?

Has the Iranian nation changed its nature?

Have the armed forces of Iran been negligent in self-sacrifice for the sake of the homeland? Have they given too few victims?

Why should Iraq receive compensation today instead of paying compensation to Iran and even claim sovereignty over the Arvand River?

Is Iran not the same country that in 1975 was able to gain its rightful and historical claim over the Arvand River through the signing of an official treaty?

Why has our powerful army lost its capability to defend the homeland?

Why, at the end of the 20th century, should Iranian women change into citizens without rights and dignity and be deprived of all their human and other rights? More importantly, why, when our neighbors, our Muslim neighbors, including Turkey and Pakistan, witness the sapling of freedom and the establishment of popular governments, should our nation, a nation which became the leader of freedom and justice in the region about a century ago, struggle so in the claws of the most autocratic government in its history?

There is no end to such questions, and the tragedies and destruction that have occurred in these 10 years to the people of Iran and the vast, rich country of ours are unbelievable.

It is unbelievable that in a country whose economic growth is known throughout the world, in a country with such rich resources, such talented and experienced manpower, today there is such helplessness and so much chaos. More unbelievable is that, despite all the destruction and poverty, nearly half of the work force in the country is unemployed, and half of the factories and workshops of the country are closed or partially closed.

Today, which stratum or class in our society of 50 million people has not been a victim of the bad policies, enmities, and crimes of this regime?

Can it be said that millions of noble, hard-working government employees have not been victims?

What has happened to them is unbelievable.

In these 10 years, the problems of living and job insecurity have put them in a tight spot the likes of which cannot be found in contemporary Iranian history. In these 10 years, the criminal leaders of the regime have not found any victim weaker than government employees. Instead of spending some of the general revenues to provide for the needs of this hard-working class, they have given it either to terrorist governments and arms dealers or have spent it on exporting their sinister revolution and their own private waste.

Can it be said that the brave Iranian nomadic tribes, these historical guardians of the nation's borders, have not been victims of this tragedy?

From the very beginning, the leaders of the regime of Khomeyni began the first civil war against the patriotic nomadic tribes of Iran in the west, the east, the north and the south of the country, and mercilessly and without any reason, spilled the blood of thousands of them. This futile enmity still continues.

Can we hope for the end to this civil war before the fall of the criminal regime?

Can those responsible for this uncontrolled fratricide be allowed to continue tearing Iran and the Iranian people to pieces?

The Iranian merchants and tradesmen must also undoubtedly be considered among the victims. They, too, due to the daily pressures and threats resulting from the contradictory economic policies of the regime, have not been and are not sure of their present nor of their future.

And is there anyone who does not know that the capable Iranian army has also been one of the great victims of this tragedy?

If the army had not been sacrificed, Iran would not have been the victim of Iraq's aggression and the destructive 8-year war.

Mass executions and the dismissals resulting from personal grudges at the beginning of the domination of the Khomeyni regime tore apart the army and made the enemies of Iran greedy.

But the enmity of the regime against the army and patriotic military did not stop here. Throughout the war, even at moments when the brave officers and soldiers of Iran showed epic proportions of self-sacrifice and ability, defending the pure soil of Iran with their claws and teeth, the criminal leaders of the regime did not stop their treacherous interference and endless hostilities.

They tied the hands and feet of the military and did not allow these self-sacrificing forces to punish the enemy for its aggression.

My brothers and sisters:

The Iranian nation is a collection of all these victims. All members of the nation, without exception, have known the bitter taste of this tragedy and have seen the results of destruction, bloodshed, inexperience and incompetence throughout their beloved country.

It is not without reason that every day more than ever before they voice their protest with more resonance.

It is not without reason that they no longer fear for their lives and no longer fear the threats and barbaric acts of the regime.

The sound of the roaring and the cries of our nation can already be heard.

This nation will rise up and break down this building of oppression and injustice.

Not only the Iranian people, but many of the first founders and defenders of this regime have now become aware of the horrible dimensions of this tragedy.

Rest assured that many of those who supported this regime on the basis of faith and belief, and thought that by cooperating with it they were acting in the interests of the country, have today changed their minds and regret their judgment.

I know that many of them unwittingly and out of desperation are silent, but at the first opportunity, they will return to the bosom of the nation and will pay their debt by helping to reconstruct the country, because they consider the Khomeyni regime neither a republic, nor Islamic, nor Iranian.

Rest assured of the discontent of the majority of the clerics as well.

They have witnessed how the usurping and autocratic regime has harmed the foundation of religion and the dignity of the clergy.

They know better than all how the barbaric behavior of the regime has weakened the religious beliefs of many Muslim people of Iran. They know how the regime has tainted the name of Islam and the Shi'ite clergy with its corruption and greed. They are worried not only about Iran but about the fate of their ideology and beliefs.

The true clerics of Iran are not and have never been afraid of the establishment of a government of law and justice and the establishment of national rule and determination.

In the anti-dictatorial movements of the people of Iran, they have been alongside the people and wish for more freedom, welfare and progress. And rest assured of the discontent of most of the Guards.

They are the children of the nation and every day realize more how the regime has made them the shield for its calamity, either through trickery and ruse or threats and pressure.

They know well that the hands of many of the leaders of the regime are stained with the blood of the innocent, with corruption and treason.

I am certain that these children of the nation, too, are awaiting the opportunity to guard the oppressed and innocent nation, instead of defending this polluted regime, instead of protecting these leaders who lead nowhere. They know that forgiveness and love are in the veins and skin of the Iranians, who by nature do not want revenge and bloodshed.

It was only the leaders of the revolution who engaged in torturing and killing, in massacres of large groups of people, and who upset and shocked not only the Iranian nation but all the nations of the world with so much mercilessness. For this reason, the movement of our people will be a movement against violence and injustice, against revenge and bloodshed.

What the nation wants is not a repetition of the heinous acts, the injustice and the fratricide of these 10 years.

What the nation wants is not the perpetrations of disunity, enmity and prejudices of these 10 years.

What it wants is to treat the wounds that have inflicted its body over these 10 years.

This grand old family wants its children to become one and to be one and is eager for peace and reconciliation. It does not want the settling of political accounts and private enmities.

Patriotic men and women of Iran:

Know that today the regime of Khomeyni has engaged in new desperate tricks and efforts in the face of the wave of public anger and discontent.

It speaks of the reconstruction of a country that it has destroyed itself and calls the world to peace making and trade.

But how can a regime which was unable to recognize and provide for the interests of Iran during the war be the guardian of the interests of the nation in peace? This regime sings a new song and shouts a new slogan every day and every year.

This regime is at war not only with the nation but with itself. How can a regime which has been unable to maintain a goal in common with the interests of the nation, in even one economic, social or political area, plan and implement the reconstruction of the country?

With what program? With what capital? With what power?

At the price of progress, peace and prestige of Iran, the Khomeyni regime has for 10 years provoked our neighbors, become the exporter of chaos and fratricide and

made kidnapping and blackmail its main goal and profession. The same regime is kneeling before the world today, and is at this time offering the remainder of Iran's wealth to countries near and far, in the East and the West.

Not only are we unafraid of the normalization of relations between ourselves and the people of the world, of coexistence with other nations, but we have always wanted it. We are concerned that the helpless regime of Khomeyni, in order to escape the great problems that it has created for itself, will once again sacrifice our interests for its greed and pour the remainder of the resources and capital of the country into the pockets of foreign dealers. A regime which has lost its legitimacy altogether, a regime that does not value the rights and interests of the nation and has never paid any attention to the wishes and will of the people, has no right to make peace and trade for the nation.

It has no right to bring those calamities to the future generations that it has to the present generation of Iran.

It has no right to make our country so dependent on foreigners, to make it an open arena for international dealers and profiteers.

I warn foreign governments and companies that no treaty or contract they sign with the usurping regime which fails to conform totally to the interests of the Iranian nation will not last beyond the life of this dying regime.

My warning to my fellow countrymen is not to allow neocolonialism to root itself in Iran.

The reconstruction of Iran and the welfare and progress of the nation, more than anything else and most importantly, require the establishment of a popular and compassionate government, an Iranian government. Not only will the dealing and peace making of the usurping regime with foreign governments and companies, especially from a position of weakness and under the present dire conditions, fail to solve the problems of our country but they will increase them and make the bad worse.

My free brothers and sisters:

The Iranian nation does not deserve such a calamitous life, such a helpless and criminal regime.

The people of Iran, because of their glorious history, for their exceptional talent and perseverance, and because of their generations of efforts and self-sacrifice, deserve the best life and brightest future.

In order to achieve this life, in order to build this future, we must rise up and fight.

This battle, this battle to liberate Iran and free the nation, recognizes no limits, borders, conditions or time.

I declare today that this battle will never end, but will continue to victory, and, I, with all my being and ability, will be on its front lines.

Know that the only condition for victory in this battle is our unity. Know that the talisman for the survival of the helpless regime is the creation of disunity in the lines of the nation, in the lines of the leaders and combatants along the path of the nation. Together we will destroy this talisman.

We must know that in order to achieve final victory, which is not separate from freedom and the establishment of national rule, all forces must find their place in a general and common front and utilize their capabilities and resources in a united way.

But participation in such a front does not mean losing one's beliefs and abandoning one's ideology. A human being who has no beliefs cannot believe in his homeland either.

The meaning of this participation is to give priority to the final goal, that is, the victory of the will of the Iranian nation, with emphasis on our common points. We must learn the lesson of great unity from the horrible disunity of these years.

We must, on the common journey of combat, level the way to the nation's victory by reducing the differences of opinion.

In history, only those nations have been able to free themselves from the claims of dictatorial and colonialist regimes whose combative forces have united to achieve their goal.

These endless quarrels over the service and treason of those in the past, these daily arguments over the superiority of this or that ideology, will delay the victory and freedom of the nation and result in nothing but giving a chance to the main enemies of Iran to create more destruction and bloodshed.

These debates and competitions are solutions when they take place before a free and liberated nation, a nation which can hear, judge and decide freely.

How can a nation that today is deprived of the most essential rights and liberties benefit from the continuation of such quarrels among ourselves?

We must accept that we will either liberate Iran together or that it cannot be liberated. We must gain inspiration and power from our history, from all of the leaders, followers and builders of our past, in order to reach a bright tomorrow.

Our homeland is not merely made up of its water, soil, mountains and plains.

It is not merely its treasures of literature and culture.

Our political and social legacy is also an unforgettable part of our national identity.

Our past, the totality of our past, is the cornerstone of our tomorrow.

This past, despite all its ups and downs, is a proud and glorious past.

Let us remember that the people of Iran in the constitutional revolution rose united against dictatorship, and in the oil nationalization movement, against colonialism, and achieved victory. These victories cleared the way for their persistent efforts against poverty and backwardness.

These victories, these advances, must be the source of our increased love and pride in our homeland and our certainty in our final victory.

The way of our combat will be cleared by such memories and fruits. But on this sacred path, each one of us has a role and a duty. The political personalities and committed leaders and intellectuals must call their compatriots, organize them and set them in motion to fight the destructive, dictatorial regime. It is their responsibility on this course to establish the basis for a pluralistic regime in the future Iran.

The even graver duty of these leaders and intellectuals is not to neglect the great power and talent of the Iranian young people, this most vital national and spiritual capital of the homeland. These young people and children of Iran were the greatest victims of the tragedy, who yesterday, with that unforgettable self-sacrifice, cleansed the Iranian soil of the aggressors.

It is the same Iranian young people who must today play an essential and unique role in fighting the dictatorial regime and tomorrow in the reconstruction of Iran.

Without them, Iran can neither be liberated nor built.

Because of my own age, I consider myself one of them and with them.

I feel their pains, expectations and disappointments with all my being.

I know that they suffer because they have not yet been able to put to use the enthusiasm that surges in their hearts for Iran and their unending energy for the homeland.

They are tired of fighting about the past and have their eyes on the future.

They will enter the battle field with all their being when they see the same enthusiasm and self-sacrifice that they see in themselves in the leaders and pioneers of the scene.

Come, let us not leave their expectations unanswered.

Come, let us take inspiration and support from them for Iran and its future.

My combative brothers and sisters:

Your right, more importantly, your duty, is to, just as in tomorrow's Iran you will choose your own government and representatives, today, too, choose among the combative groups and organizations those that are more suitable to your goals. But do not criticize the choice of others, and never allow, not even for one moment, your attention to be diverted from the enemy. If we take steps on the path in unity and decisively, rest assured that we will achieve victory and defeat will belong decisively to the usurping regime.

No force, no government in the world, can change the future or postpone it. The only determining factor in the Iranian society is the power of the nation. The only workable force is the force of the united Iranian combatants.

Know that no government has cared nor will care about Iran. No foreigner will put the interests of the Iranian nation above his own.

But, then again, no government can change the fate of Iran contrary to the wishes of the Iranian nation.

It is only our decision, will and unity that can determine the future of Iran.

It is only you, the Iranian nation, with your free will, who can choose the future and the governmental regime of the country. Those who ask what security exists for the establishment of rule and the return of all the rights and liberties of the nation must know that they themselves, with their will and their insistence on participation in the political scene and government, are the true security. It is they themselves who must prevent the concentration of illegitimate power in the government.

Nine years ago, when, despite all the problems and amidst a wave of despair and fear, in an atmosphere that indicated more submission and retreat than resistance and struggle, I accepted the legacy that history had placed on my shoulders and accepted an eternal and irrevocable commitment to the freedom of the nation and the glory of my homeland with all my heart and soul.

I did not accept this commitment for the sake of the crown and throne, but for the love of Iran, with the hope that I could serve the homeland, to liberate it from this great tragedy.

Now that I am standing before you and I see the sparkling of hope and love of country in your eyes and faces, I am more sure than ever of the decision that I made nine years ago. In these years, my contacts with my compatriots, old and young, men and women, monarchist and republican, left and right, have strengthened my heart and given me more energy and have made me more decisive than ever before.

By any name or title, in any role or mission that you know me, I consider myself, above all else, a soldier and combatant for the freedom of the nation.

I have stepped on this sacred path and will continue it until the day of the victory of the nation, and no force or factor in the world can change my mind in my effort to achieve this sacred goal.

In this patriotic battle, I need the help and support of each and every one of you.

You who are away from your homeland and you who are in Iran, by any means that you can, fight against dictatorship and the barbarism of the regime of Khomeyni.

Certainly, our final battle, our destiny-making battle, will take place in Iran. At that final stage, Iranian men and women will rise, group by group, to bring the usurping regime to its knees.

For this reason, our most important duty is to persistently support and strengthen the national combative forces in Iran.

Today, in the beginning of the new phase of battle, I am particularly speaking to the Iranians who are away from home.

We must bring our resonant voice to the ears of all the world.

We must expose the great lie of the agents of the usurping regime that claims to represent Iran, and we ourselves must be the untiring bringers of the message of the nation to the world.

We must tell those who would compromise with the dictatorial regime that the nation will never submit to such compromise and will not relinquish its freedom and sovereignty. And we must tell all those who truly defend human rights to join us and help us in our struggle against the usurpers of the rights of the Iranian people.

Each one of us, wherever we are, must expand our contact with our compatriots in Iran as much as possible and assure them that in this historical struggle against dictatorship and destruction, we are with them and support them.

I am sure that you and I together, with each other's help, will advance and become victorious.

As I mentioned in my message on the anniversary of the constitutional revolution, in order to perpetrate and achieve the humane goals of the authentic revolution, I will use decisively all the abilities that history has placed at my disposal to liberate Iran and establish national sovereignty.

Cooperate with me in this historical mission.

Know that I will not put down this glorious flag of struggle and will advance with all my being on this path.

I ask you to help me with all of your ability in carrying out this important task.

I have no forces except you.

It is only you who give me ability.

I would be eternally proud to lose my life in being faithful to this commitment, because my name will then be recorded among those who were sacrificed for my homeland.

But the regime of Khomeyni must know that struggle on the path of the liberation of Iran will never stop.

The regime of Khomeyni must know that with the death of every victim, dozens of other soldiers and dozens of other self-sacrificers will join the battle lines.

My beloved brothers and sisters:

My compatriots,

The honor and glory of the Iranian is in having an ancient, bright history behind it. He, more than any other nation, has had to fight against aggressors on his soil and violators of his rights and has been victorious, because his heart is full of love of homeland and his mind full of the memory of those who lost their lives and built Iran.

Today, history has left the unprecedented duty of liberating Iran and establishing the liberties and rights of the nation on the shoulders of the children of the homeland, on the shoulders of all of us. I have no doubt that all of us will carry out this duty with every atom of our being, which is nothing without that homeland, and will victoriously join with other proud generations.

On the day of the liberation of the homeland, whether I exist or not, whether I carry the flag of struggle in my hand or my body is wrapped in the Iranian flag, as always, my heart, soul, eyes and attention are with you.

I leave you to God and wish you, the noble persistent nation of Iran, nothing but prosperity, freedom and victory.

May God protect Iran.

Young King Criticized for Lack of Program

46400045b London KEYHAN in Persian 8 Dec 88 p 13

[Text] The aim of this article is not to disrupt anyone's efforts or to upset anyone.

The aim is criticism, constructive criticism. The time has come for us Iranians to see our mistakes and realize our weaknesses so that perhaps we will be able to do something positive.

On Friday, 2 December, Iranians, with hearts full of hope, went to "(Purchester) Hall" to listen to the speech of their king. They expected new ideas. They wanted to be drawn to their king. They wanted to be assured that: Yes, after this speech, our situation will be more clear; after this speech we will find out what our role is in the struggle; we will know how we can pay our share to our country. A group of students, as well, went to the lecture hall, with thoughts of being able to see their king up close, to speak with him, to ask questions and hear answers. After all, they said to themselves, Our shah is the shah of the people, the shah of the Constitution; he is young; he is proud of the young people. Hence, we, too, must cooperate with him, must take part in the struggle. But, as a first step, we must know him better. We must speak with him. A speech is not enough. We want to benefit from his presence and try to understand what struggle really means, what his view of struggle is, what his plans for the future are. In short, there were many questions.

At 11 am, everyone arrived enthusiastically. They saw the Lion and Sun flags; they saw the pictures of the young shah; and they became more excited. They asked the officials who had organized the meeting whether such a meeting with the shah, which had been promised them before, were still possible. The response was in the affirmative. Twenty minutes before the speech, they could speak with their king. But, for "certain reasons," such a wish did not come true. They were told that the answers to all their questions would be given in the shah's speech. So they stood listening most enthusiastically.

The young shah entered. They demonstrated their feelings. He made a relatively long speech. He spoke of many things: of Khomeyni's crimes; the tragedy of the war; the infamy of the government of the Islamic Republic; long lines;...of struggle; of the unity of each and every Iranian, old and young, in the country and abroad; of overthrowing Khomeyni; and of his own self-sacrifice But what was it in the end? Another speech, a few more pages, the same statements, the same repeated statements. What could they find that was new in it? What idea? What solution? Students said, "In the end, we did not understand what unity means, what struggle means, what we should be doing, how we can be useful. After all, why does the shah not do more positive things? Why is the shah not closer to his people? Why are his visits once a year? After all, we already knew about Khomeyni's

crimes; we knew about the lines. There is no doubt about that. Why did he spend half an hour of his time on such things? Why did he not speak more of the future? If his speech was general, why? How can we gain unity when there is no cooperation? How can he expect cooperation when there is no discussion of the resources? The students were only sure of one thing: Not only was no answer to their questions given, but more questions than ever before had been raised for them. Therefore, they thought to write what they felt and present their questions in writing, so that perhaps more attention would be paid to them in this form.

A group of Iranian students present at the speech

Young King Interviewed by French TV

46400043a London KEYHAN in Persian 8 Dec 88 p 14

[Interview with Reza Pahlavi by French TV's Channel 5 on 4 December 1988 in Paris]

[Text] Last Sunday, only a few hours after a large gathering of Iranians met in Cologne, in the Federal Republic of Germany, without the participation of Reza Pahlavi because of the German government's opposition to his presence, in an interview with French television's Channel 5 in Paris, Reza Shah II called the anxiety of the regime of the Islamic Republic and the decision of the German government to prohibit his entry into that country a sign of the importance of the struggle of the opposition to the regime. He also revealed his intention to establish himself in Europe to continue the struggle against the present regime. Reza Shah Pahlavi also said that he has no doubt that the present regime will not last.

In this program, which was broadcast at 8 o'clock in the evening on France's Channel 5, the Shah of Iran, who had come to France to visit with Iranians residing in that country, responded to questions posed by two television reporters.

In the same program, French viewers voted in a poll, with a majority of 76 percent believing that Reza Pahlavi will return to his country as the Shah of Iran.

After introducing the guest of Channel 5, the TV announcer asked the Shah of Iran: "Today, you were supposed to be present in the city of Cologne, the Federal Republic of Germany, in a gathering of Iranians, but this plan did not go through. What happened?"

Reza Shah II said in response: "When I was informed by the German government that it had barred my entry into Germany, I asked the same question myself. We received notice of this decision 24 hours before I was to enter Germany and 24 hours after the return from Tehran of Mr Genscher, the foreign minister of the Federal Republic of Germany."

(At this time, French television broadcast a film of the large gathering and demonstration of Iranians at the Cologne sports stadium, and the announcer explained: Despite the prevention of the entry of the Shah, thousands of Iranians residing in Europe who oppose Khomeyni assembled at the place they had planned to meet and protested this decision by the German government and shouted slogans in support of the Shah and against Khomeyni.) "The German government announced the prevention of the entry of the Shah even though Reza Pahlavi has a diplomatic passport."

The young Shah continued: "In any case, I spoke to my compatriots who had gathered in Cologne via telephone from London this afternoon. I sent them the message that even though I was not at their gathering in person, what is important is our common feelings, our unity and our struggle against the present regime in Iran. Now that the war which prevented us from concentrating our forces against the regime has ended, it is time to take effective measures, because up to this point, defending the homeland was more important than fighting the regime."

The announcer of the French television's Channel 5 said: "We heard that in the gathering in Germany, your supporters shouted 'Death to Khomeyni.' Is your aim to overthrow Khomeyni?"

Reza Pahlavi said: "Witnessing the present situation in the country, I do not believe there is anyone who imagines this regime will survive. This is a regime that in 10 years has only tried to completely destroy Iran and has only taken away the specific right of national self-rule and freedom from the Iranian people. We want nothing but to regain our right of national self-rule."

"At that time, the Iranian people will be completely free to make a decision once and for all concerning their future and the regime that they want to have in their country. From my perspective, monarchy is probably the most appropriate form to replace the present regime in Iran, because of the historical tradition of our country, which has frequently proven this point. But monarchy is only one possibility. My goal is not to return monarchy to Iran, but to free Iran and leave the right to choose up to my compatriots."

At this time, (Christian Malar), a well-known French television reporter who had come to the studio for the interview, questioned: "Your Majesty, it seems that you create anxiety for many people. Apparently many countries that would like to have relations, particularly economic relations, with Iran get into trouble because of your presence. What I mean is, for instance, Germany or England. Immediately after the broadcast of an interview with you on the BBC, the Iranian government reacted and threatened that it would once again end diplomatic relations with London. Are you happy to have created anxiety?"

The Iranian king answered: "Look. The first point that must be noted is that the Iranian government apparently considers me a great threat. This fact gives me more energy and a stronger spirit to continue my struggles, and I am sure that these struggles are effective. Secondly, I must point out that I see no problem with foreign governments establishing diplomatic relations with Iran, because, in any case, I consider the regime of Khomeyni a regime that will be overthrown, and the future of Iran will be in the hands of those who oppose this regime, on the whole, all the national forces that have fought against the regime. Finally, I wish to clarify that having relations with a country is different from submitting to the demands of a terrorist government that wants to impose its will on others through blackmail."

(Christian Malar) asked: "Some, when referring to you, say that the young Shah lives in a dream world. Do you consider yourself alone, as the successor to Khomeyni, or do you also count on the Iranian people, especially on that segment of the army that plays an important role in Iran?"

Reza Pahlavi said: "As I said before, I think that the monarchy as a successor to the present situation in Iran is a serious consideration. Nevertheless, I am sure that other alternatives also exist for Iran. But at the present time, this is not the main issue. Today, we must think of the freedom of our country and see how we can reach a democratic future, a future in which the Iranian nation will be able to freely and independently decide its destiny, in other words, that which does not exist today."

The anchorman of Channel 5 news asked: "You speak of the Iranian people. At the risk of upsetting you, after all, it was the Iranian people who wanted your father removed from the monarchy. What do you say to this?"

The Iranian monarch explained: "I think every nation has the right to change its mind. If 10 years ago someone or some people thought differently, today, after having witnessed its consequences, they have come to realize that the regime of Ayatollah Khomeyni is not the one they wanted or the one that had promised to grant their wishes. Therefore, the Iranian nation will compare the past to the present and, considering the future and especially the values that I offer to my compatriots, and on the basis of the lessons learned from past experiences, they can easily choose their path. If we are speaking of the return of monarchy to Iran, we do not mean the return of the past regime, but a return to our national tradition, moving, of course, in the direction of the 21st century and with consideration for the existing political conditions. Let us not forget that the Iranian nation, as a result of the events that have occurred in our country, has become political. Therefore, the future regime of Iran must be a regime built on pluralism and democracy."

(Malar) suggested: "Your Majesty, the United States is far from Iran, and organizing counterrevolution from that country would be difficult, whereas in France, there are other anti-Khomeyni political figures, such as Shapur Bakhtiar, the former prime minister; Abolhasan Bani-Sadr, the former president; and Admiral Madani. Do you not intend to come to France to continue your struggle? Is struggle from France not more practical?"

Reza Pahlavi said: "Yes, this is another of my wishes, given the present situation, because, as you say, the United States is far from Iran. I suppose today Europe is a more strategically suitable region for political struggle. Therefore, considering all aspects of the matter, I myself would like very much to be established in Europe, and, in this respect, I think France is the most suitable place."

In response to another question by the anchorman of the program, who asked about present relations and any probable meeting with French government officials, including President Francois Mitterrand, he responded: "Before anything else, I have come to France to meet and speak with my compatriots. I want to meet with the struggling Iranians who have always had distinguished roles in the struggle, particularly the intellectuals, the leaders of the political groups, and especially the young people of my generation. But the French officials have also been indirectly aware of my activities so far, both those that I have been involved in and those I want to be involved in in the future. Nevertheless, at the present time, I am not trying to establish direct relations with government officials, because I do not want to disturb the so-called "atmosphere" of diplomatic relations. But I appreciate the welcome and hospitality of the French government."

"Especially when I compare the attitude of France with, for instance, that of the German Government, you can be sure that this welcome will take its proper place in my mind."

In the conclusion of the interview of French television's Channel 5 with the Iranian king, after thanking him, the anchorman announced the results of the poll of the viewers of this television network. In this poll, before the start of the interview, the viewers were asked to state whether or not in their opinion "the son of Mohammad Reza Shah Pahlavi will succeed his father in Iran."

The anchorman announced that 68 percent of the television viewers responded in the affirmative and 27 percent in the negative to this question. Then, after watching the interview with the Shah of Iran, the viewers were asked to continue expressing their views to the television station, and told that the results of the poll would be announced at the end of the evening news.

Then, at 8:30, after the news, the anchorman announced the results of the poll with this explanation: "Dear viewers, obviously the son of the Shah of Iran, who was the guest on our program tonight, has succeeded in

attracting your positive opinions, because the level of affirmative responses to our question increased to 76 percent after the interview with him, and the negative responses decreased to 21 percent."

Monarchists Protest to FRG

Boycott of German Goods

46400043b London KEYHAN in Persian 8 Dec 88 p 14

[Text] Iranians residing in Holland and the society for the coordination of the supporters of constitutional monarchy in that country issued a communique addressed to the German Government, expressing its disappointment that a country boasting of freedom and human rights, having been informed of the Iranian king's visit to Cologne and having given an assembly permit to Iranians, would prevent his entry at the last moment, thus upsetting and disappointing Iranians. This communique asked the Iranians in the country and abroad to boycott German goods to protest this disrespect and to demonstrate at every opportunity against groups that go to Iran for commercial transactions.

Last Tuesday, too, a group of Iranians and members of the organization for the coordination of the supporters of constitutional monarchy assembled in front of the German Consulate in Amsterdam and issued a communique of protest to the German consul.

Telegram to Helmut Kohl

46400043c London KEYHAN in Persian 8 Dec p 12

[Text] The central office of the organization for the coordination of supporters of constitutional monarchy in Paris, following the prevention by the FRG of the visit of the Iranian king to Koln and his speech to the Iranian gathering residing in Germany, sent a telegram of protest to Prime Minister Helmut Kohl. The text of the telegram is as follows.

Honorable Helmut Kohl, Prime Minister of the FRG

Iranians, who, as a result of the oppression and injustice and the continuation of the dictatorial government of Khomeyni, have been forced to leave their country to live in exile, had hoped and expected, with the visit to Germany of their king, who is the symbol of the national unity of Iranians, to gather in Koln to listen to his speech.

Unfortunately, the freedom-loving and democratic government of Germany, contrary to expectations, did not agree to his visit. For this reason, the Iranians who are fugitives of the oppression of the regime and who are scattered around the world vehemently protest this action which is contrary to international standards and human rights.

Iranians are also amazed and disappointed that the foundations of the ideology and beliefs of the freedom-loving people of Germany have been sacrificed for short-term economic interests, as a result of the pressures of a regime that is recognized as a supporter of terrorism in the world, and that their government has prevented the entry of the king of Iran to Germany.

Organization for the Coordination of the Supporters of Constitutional Monarchy, Central Office

Paris

Commentary on Disgrace of Bowing to Khomeyni's Regime

46400041a London KEYHAN in Persian
8 Dec 88 pp 1, 14

[Text] The visit of the Iranian monarch to the Federal Republic of Germany was cancelled at the last moment because of the opposition of the officials of that country. His speech before a large group of Iranians, who were supposed to gather in Cologne, would undoubtedly not have pleased the leaders of the Islamic Republic, as was the case in London. And the foreign-policy decision makers of the FRG were apparently more careful than the British politicians not to upset the Tehran regime.

German policy makers seem very meek politically. Perhaps this meekness has caused them to submit to the clerics of the Iranian Government easier than many other governments.

Some governments have reached the quite accurate conclusion that if they are to raise one hand to renew relations with the Islamic Republic they should also have a stick in the other hand with which to punish it. But Mr Genscher, the German minister of foreign affairs, has before bowed to the clerics with his arms folded.

The Tehran clerics are pleased that the government of the FRG did not allow the Iranian monarch to speak with his compatriots, many of whom were ready to go to Cologne for a large gathering. A regime that does not stop at any measure to silence its opposition has every right to be pleased with such an easy victory. But since the victory of one side requires the defeat of the other, we must see who has been defeated in these events. Has the Iranian king, who has other ways to express his opposition to the Tehran regime, been defeated or has the FRG, which has damaged the spirit of its Constitution for the sake of foreign trade?

The FRG Constitution begins with the noble sentence: "Human dignity must not be violated." Do the leaders of that country, who have taken an oath to uphold their Constitution, not realize that in the Islamic Republic, human dignity has become so insignificant that to trample it has become a daily activity of the government and its operators?

Incidentally, simultaneous with the trip of Mr Genscher to Iran, the Tehran regime engaged in one of the most severe violations of human rights and once again began to massacre political prisoners.

Is the decree in the German Constitution perhaps restricted geographically? For example, when there is talk of relations between the Soviet Union and Poland, the observation of human rights in those countries is set as a precondition, but in expanding relations with the Islamic Republic, the open and continuing record of violations of human rights becomes so insignificant that it does not even need to be addressed, as if Poland and the Soviet Union should enjoy rights that the Iranian people do not deserve. Human rights, as interpreted by Mr Genscher, applies to only half the nations of the world, and does not include the other nations.

By the same token, while those who come to the FRG from the Eastern bloc countries have easy access to all the media to express their opinions, the heirs to the crown and throne of Iran are deprived of any sort of talk or contact with Iranians residing in Germany.

What do all these political refugees from Iran whom the FRG has accepted prove? Have the cases of some of these refugees not been reported in the media of the FRG? Undoubtedly, the leaders of the FRG are no less informed than others of what goes on behind the walls of the prisons and concentration camps of the Islamic Republic.

Were some of the innocent people who were prisoners of the Hezbollah—this long hand of the Tehran regime in Lebanon—not citizens of Germany? The German foreign ministry must know better than anyone else what happened to these innocent people in captivity.

The reasoning that Iran is an important country and relations with it must be established is fine. But a pseudo-Fascist regime cannot be exonerated in this manner so as to establish itself in an important country. One cannot be ashamed of Hitler but bow to Khomeyni.

We do not oppose realistic politics. We are not so optimistic as to say that foreigners should come and overthrow Khomeyni's regime, as the Allies did Hitler's. What we want is for the right of Iranians to overthrow the government of religious jurisprudential guardianship not to be practically revoked, so that we may live in a free land, a land free from any sort of dictatorship. Opening the way for expansive discussions among all Iranians to freely determine their destiny is part of this expansive struggle to free Iran today and build a free Iran for the future.

The decision of the German government, which was made for very narrow-minded political reasons, is considered an obstacle in this effort of Iranians.

The great majority of Iranians, whether those who live in Iran or those abroad, Iranians belonging to various colors of the political spectrum, are upset and even angered by this decision. But they know that in order to achieve the goal before them, they must cross even greater obstacles.

The Iranian monarch showed political maturity in his interview with the fifth channel of French television concerning the future of the relations of Iran with other governments. But the Iranian nation distinguishes between those who befriend it in these difficult days and those who are not friendly.

PAKISTAN

PML's Future

46000060c Lahore VIEWPOINT in English

8 Dec 88 p 7

[Article by Linesman]

[Text] When a political party is seeded in artificial soil and nurtured in the hothouse of Martial Law, it cannot survive easily in the open air of freedom.

After the non-political, commercialised elections of 1985, the leading collaborators among old and new politicians were nominated to high offices by the CMLA. Later, it was discovered that a political party was needed to facilitate parliamentary functioning, and, with some difficulty, they were allowed by the President-CMLA to fabricate one. A withered branch of the Pakistan Muslim League was borrowed from the court jester Pagara and transformed into the ruling party. For most people the acronym PML [Pakistan Muslim League] stood for Proxy Martial Law.

Without Roots

Prime Minister Junejo installed himself as President of the new party with an old name, and the four Chief Ministers automatically became provincial party heads, while MNAs [Members of National Assembly] and MPAs [Members of Provincial Assemblies] were made councillors. Thus, a political party was born—in bureaucracy's test tube—without a political base and with no roots. Cynically using the power and pelf that office provided, a party structure of some sort was sought to be created. The administration helped and media support was available. The party leaders, protected by police bayonets and sheltered by 1 res [as published] censorship, began to preen themselves up as public representatives. When the chief robot, instead of just nodding his head, began to harbour delusions of holding real power, his accumulated pinpricks caused a reaction. The President-COAS decided one day to disband all his creatures; he dismissed the Governments and dissolved the Assemblies. The second step was a tactical mistake, because it called for new elections within a stipulated period—which could not be stretched indefinitely. Subsequent

attempts to retrieve the position by resurrecting the Assemblies were frustrated by the courts which decided, sensibly, that elections having been announced, the people must not be denied their right to choose new rulers.

The drastic action of 29 May split the PML into two hostile factions. On one side were the loyal job-seekers, who were quickly appointed Caretakers, and on the other those who were either not invited—and could thus afford the luxury of a principled stand—or declined the Presidential offer. A concerted bid was then made by the gang of four Chief Ministers to capture the Muslim League; but after an indecisive battle of knives and forks in an Islamabad hotel, both sides retired hurt and decided to set up their own separate sub-branches of the official Muslim League.

Then came the 17 August air crash at Bahawalpur which killed General Zia and some of his closest comrades-in-arms. Thus, the elections scheduled for 16 November were rescued by fate from whatever plans the General had in his fertile mind for subverting the democratic process and the polls soon became a serious matter, President Ghulam Ishaq and Chief of Army Staff Aslam Beg apparently concluded that, in the circumstances, the best course was to have a clean election and leave the choice of a government to the electorate. In this design they were assisted by the higher courts which decreed that there should be no bar to the people's participation in the democratic process, and that the elections must be party-based.

This change in the scenario caused panic among the Caretakers as well as their former partners, some of whom had been basking in the sun of sham martyrdom and hoped to take advantage of their dismissal to acquire a measure of credibility. In the new situation, they decided to hang together in the face of the threat posed by the democratic parties. After much higgling and haggling, the two branches of the Official Muslim League coalesced. This was not considered enough, so a new alliance was hurriedly forged with more than half a dozen small groups, with the Jamaat-i-Islami as its most articulate—and strangely its most foul-mouthed—partner. As was expected, the Caretakers took full advantage of their position to try and make their election campaign effective, and in places they succeeded by hook—and crook. If as was proper, the Caretakers had been sent home before the elections or at least prevented from misusing their authority for election purposes, the results would have been far more favourable to the democratic parties. Also, particularly in the face of the difficulties created for them by the incumbents, if the MRD [Movement for Restoration of Democracy] parties had been able to stick to their decision to fight the elections as one bloc, they could well have swept the slate clean of all vestiges of authoritarianism.

Where Will It Go?

Anyhow, the elections are over and the results cannot be changed. The IJI [Islami Jamhoori Ittehad] has failed in

its main purpose of keeping the PPP [Pakistan People's Party] out of power, although it managed to save Nawaz Sharif's position in the Punjab. Nevertheless, it will be difficult to prevent it from crumbling. The PML will soon be on its own. Its strange character and the mentality of its leadership is exposed by the fact that none of its leading members is willing to become Leader of the Opposition, always a position of great responsibility, which even brings a few perks. But the Muslim-League-types are not satisfied either with responsibility or with the ordinary perks of office. This important political office goes abegging; it has been offered to Nawabzada Nasrullah Khan and Ghulam Mustafa Khar, both of whom regretted their inability to relieve the PML of its duty. The mantle now rests on the shoulders of a lightweight junior leader. Where can the PML go?

If there are any genuine Muslim Leaguers left in this country, they should seriously consider whether it is worthwhile to maintain the fiction that the Muslim League is still alive; if they believe that the party has a future, they must know that it can be resuscitated only if it can be rescued from the brand of Muslim Leaguers willing to obey any puppeteer with strong hands, and if it returns to the Quaid's principles.

Revised Budget Highlighted

46000058a Karachi DAWN in English 9 Dec 88 pp 1, 5

[Text] Islamabad, 8 Dec—Following are the highlights of the taxation measures and reliefs envisaged in the budget for 1988-89 announced by the Minister of State for Finance, Mr Ehsan-ul-Haq Piracha on Wednesday in the National Assembly:

- Next financial effect of resources mobilisation is Rs 7964.72 million.
- Central excise duties net effect Rs 2799.86 million, sales tax effect Rs 3465.86 million.
- Customs duties effect Rs 757 million and income tax/wealth tax effect is Rs 1124 million
- Import of buses and coaches having seating capacity of 70 persons allowed duty and sales tax free.
- Import of pulses exempted from import surcharge and Iqra surcharge in addition of sales tax.
- Pharmaceutical raw material for drugs and medicines exempted from levy of Iqra and import surcharges.
- Duty on import of refrigerated transport lorries in integrated form reduced from 80 percent to 20 percent ad val.
- Duty rate on un-wrought metals other than iron reduced from 20 percent to 10 percent ad val.
- Duty drawback on export of cigarettes withdrawn.
- Duty and sales tax on import of machinery for rice milling industry for winnowing, clearing and husking exempted.
- Water sprinklers and drip irrigation equipment not manufactured locally exempted from duty and sales tax for approved agricultural projects.
- Tax exemption available to leather and textile garment industry, Gadoon Amazai industrial estate and

defence oriented industries set up in industrial estate of Wah and Sanjawal further extended.

- Eight year tax holiday provided to new industries set up in NWFP, Baluchistan (excluding Hub) FATA, Northern Areas and Azad Kashmir.
- Four years tax holiday to specific new key industries set up before 30 June 1991.
- Agricultural income clubbed with non-agricultural income for tax purposes in case of directors of limited companies and assesseees having business income.
- Expected revenue gain with this measure is Rs 50 million.
- Tax exempted on rental income up to Rs 24,000 for a house owned by a widow allowed.
- Duty on electrical silicon steel sheets has been reduced to Rs 6000 per metric ton.
- Duty on certain fibre glass items reduced from 80 percent to 20 percent.
- Printing machinery, ancillary machinery for printing and carrier current line transmission scanners exempted from customs duty and sales tax.
- Raw material and component for manufacture of electric equipment exempted from duty and sales tax if imported by recognised manufacturers.
- Microfiches/micro films exempted from import and Iqra surcharges.
- Import of raw material for manufacture or grinding wheels allowed concessionary rate of duty 20 percent ad val with no sales tax.
- Raw material for steel and fibre glass pipes of specific internal diameter for industrial use allowed concessionary rate of 40 percent ad val for supplies against international tenders.
- Import of raw material and components for manufacture of work trucks allowed at concessionary rate of 30 percent customs duty and exemption from sales tax.
- Component in CKD form by textile machinery manufacturing industry exempted from customs duty and sales tax.
- Calendering machines for textile industry and twisting machines for towel industry under BMR to be sales tax free.
- Autocone winding machines under BMR to be sales tax free.
- Warping and sizing machines are exempted from customs duty and sales tax.
- Duty on import of textile machinery including ring frames for new units reduced from 50 percent to 20 percent.
- Locally manufactured goods exempted from sales tax include calcium carbide, footwear, bus and truck bodies and L.P. gas cylinders.
- Exemption of sales tax withdrawn on locally manufactured items including: Lubricating oils, oil additives and brake fluids, motorcycles, jeeps, scooters and autocycles.
- To rationalise sales tax structure, the standard rate of sales tax of 12.5 percent on the following goods taxed at less than 12.5 percent restored: urea formaldehyde, asbestos waste, cosmetics, toilet preparations and

perfumery, motor cars, vans and four-wheel drive vehicles of engine capacity not exceeding 1000 cc, Morris Ital taxis, machines-made synthetic carpets and cigarettes filter rods.

- Goods exempted from central excise duty are: salt, soda ash, man-made fibres and yarns, matches, gas appliances and apparatus, M.S. products, woollen carpets and rugs and woollen fabrics.
- Electric fans and parts exempted from central excise duty with effect from 1 July 1988.
- Rate of duty on cotton yarn increased from Rs one to Rs two per kg.
- Rate of duty on man-made yarns increased from rupee one to Rs two per kg.
- Central excise duty of Rs 600 per tonne levied on iron and steel ingots, billets, slabs, sheets, bars, ship plates and rerollable material of a scrapped ship vessel.
- Duty on instrument transformers up to 11 KV increased from 20 percent to 80 percent ad val.
- Duty on transformers of 10/13 MVA and liquid dielectric transformers increased from 20 percent to 80 percent ad val.
- Duty on finished circuit breakers up to 33 KV increased from 40 percent to 80 percent ad val.
- Customs on various types of paper increased from Rs 4000 to Rs 6000 per metric ton.
- The existing concession available to certain sectors on the import of auto-airconditioners and centrally air-conditioning equipment withdrawn.
- Export duty on wet blue leather increased from 30 percent to 50 percent.
- Specific rates of duty shall be indexed and reviewed periodically.
- Rigorous imprisonment for the offence of smuggling increased from 10 years to 14 years.
- Import surcharge increased from five percent to six percent.
- Exemption of import surcharge on edible oils and imports by Pakistan Steel Mills withdrawn.—APP

Writer Sees Vote in Sind as 'Anti-Martial Law'
46000058b Islamabad THE MUSLIM in English
9 Dec 88 pp 4-5

[Article by Dr Mohammad Waseem]

[Text] The Pakistan People's Party has emerged as the largest party at the centre and in absolute majority in Sind. Its success in the polls was expected both inside the country and outside. However, the pattern of its election victory has not followed the general predictions of political pundits, especially in terms of National Assembly seats belonging to specific provinces.

PPP Sweep

For example, few predicted a clean sweep for the PPP in rural Sind. How to explain these results? Some naive commentators, especially those with an anti-PPP bias termed it as a vote against Punjab. Some others have considered it anti-military vote. To be precise, it was

essentially an anti-Martial Law vote. The military in government represents two things: first it brings into operation new channels of interest articulation through military personnel of all ranks. This way the typical military recruitment areas continue articulating their interests by other means. Second, it eliminates the previously operating channels of seeking amelioration of their grievances through public representatives, belonging to various political parties. Under these circumstances, the non-recruitment areas are deprived of both the previous civilian channels and the new military ones.

Sind is the most typical example of such a predicament. The Martial Law regime of late President Zia completely deprived the Sind province of its channels of political expression and resolution of administrative problems. The warring ethnic, tribal, sectarian and professional communities entered into a naked conflict with each other, because all other forms of dispute-settling mechanisms were dried up. The late president innocently expressed his concern with bloodshed in Sind and appealed to the people not to cut each other's throats. What he did not do, however, was restore organisational forms of public activity which would contain these conflicts and channel them along a constitutional path.

His form of government depended on a prime minister nominated from above, ministerial cabinets at Karachi and elsewhere appointed from above and irrelevant political rhetoric issued from above. People themselves were blamed for whatever happened to them. The fact that it was all due to a faulty political system was not accepted by the self-appointed rulers of Pakistan. The ethnic Sindhis in particular and all Sindhis in general responded to this situation by voting against all those people who had been associated with the Martial Law regime in one way or another.

A significant role was played by the Bhutto factor. The previous regime decided to close its eyes to the facts that

i) elimination of Bhutto from the political scene would alienate Sindhis,

ii) that persistent incarceration of the Bhutto ladies would further increase people's sympathies for that family,

iii) that an unabashed policy of bestowing rewards of all kinds on anti-Bhutto political elements would destroy them politically and further add to support for the PPP, and

iv) that unimaginative handling of the ethnic conflicts through a rigid law-and-order approach would turn the general public against the establishment and in favour of its main victim, the PPP.

Military Regime

The military regime should never have raised the stakes so high, and thus risk putting the state machinery at the disposal of a dictator to settle what became a personal feud between him and his illustrious predecessor. For Sind, the Martial Law represented an unthinking, oppressive, revengeful, ethnically-oriented and arbitrary rule, with no relief for them in any form. The regime thought that the use of such symbols as Sindhi prime minister, Sindhi ajrak and Sindhi turban, could do the trick. Transition from Bhutto to Junejo was a cruel joke with Sindhis. The latter's selection as prime minister perhaps further increased the stature of their deceased hero, which worked in favour of the PPP.

Thirdly, therefore, we should consider the crucial factor of lack of popular leadership at the head of IJI campaign in Sind. Unlike Punjab, where Nawaz Sharif assumed a clear leadership role, backed by the resources of the state, the IJI in Sind had a maverick chief minister who did not represent anybody. The Pir of Pagara and ex-Prime Minister Junejo had been publicly humiliated by President Zia who abrogated the parliament and dismissed the Muslim League governments in the centre and provinces on 29 May this year. Later, Junejo was further discredited when Nawaz Sharif and General (Retd) Fazale Haq expelled him from their faction of the Muslim League. Even after the subsequent merger of the two factions, Junejo was ignored in the matter of distribution of tickets of his followers. Both he and his mentor, Pir of Pagara, were therefore already potential losers on the eve of elections. On the other hand, the caretaker governments continued to believe in the fiction of Ghulam Mustafa Jatoi, which it had inherited from the Zia regime. It further promoted him to the position of chairman of the IJI. Even during the best days of his political career, Jatoi had never taken up a leadership role. To expect that he would lead a conglomeration of parties with whom he never had a working relationship is an example of political naivete and ignorance from the political realities of Sind.

A fourth factor was the public displeasure with the Sindhi nationalist movements. Even though Sind

National Alliance was formed at Sunn with great fanfare, it could never take off as a political force. The component parties and groups of this alliance could not judge that people favoured anti-Zia, anti-Martial Law and anti-obscurantist vote.

The election routed the Jiye Sind Mohaz with its separatist overtones, the Sindhi Baluch Pakhtun Front with its anti-Punjabi rhetoric, the ANP/former Sindhi Awami Tehrik with its extremist anti-Muhajir stance and other similarly negative ethnic vote. Instead the Sindhi voting pattern was clearly a positive ethnic vote, in the sense that it was not aimed against any community and yet it represented an expression of ethnic identity and quest for a spokesperson who would articulate Sind's interests with Islamabad.

Finally, one must take into consideration the MQM factor, which indirectly helped the PPP by alienating Muhajir cadres of the Muslim League, NPP JJ, JUP, and other parties from their respective organisations. While these cadres shifted their loyalties to MQM, the ideological and organisational work of their former parties suffered and they fell a prey to the PPP's steamroller. We can therefore claim with impunity that PPP's success in the polls in Sind was a foregone conclusion. Only its extent was not known to political analysts largely because the government-controlled media continued to recreate political fiction out of perceived leadership roles which had been rendered irrelevant long ago.

As for urban Sind, the extent of MQM's electoral success was pretty well known and was clearly expected. The recent local bodies polls in 1987 had indicated the new pattern among the Muhajirs. The MQM vote largely represents the secularization of political attitudes among the Muhajirs, who previously voted for religious parties. In this way, the MQM's role vis-a-vis the PPP can be considered complimentary rather than contradictory. It can be surmised that this group would shed some of its ethnic demands. Overall, Sind's vote pattern is a consequence of the previous dictatorial regime's policies which alienated both Sindhi and Mohajir community.

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