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CARTOON DERIDES NEW ECONOMIC MEASURES

Cairo AL-SHA'B in Arabic 25 Mar 86 p 10

[Cartoon]



Key:

1. Prices
2. The government
3. New economic decisions

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CSO: 4504/280

FRG JOURNAL INTERVIEWS EXILED LIBYAN OPPOSITION LEADER

DW071210 Hamburg DER SPIEGEL in German 7 Apr 86 pp 164-170

[Interview with Libyan exiled opposition leader Iabd al-Hamid Bakush--interviewer, date, and place not given]

[Text] SPIEGEL: Mr Bakush, the superpower United States and little Libya in late March headed for military confrontation. Are you, the chief of the "Libyan Liberation Organization," gratified at nothing that the Americans intended to make their arch enemy Al-Qadhdhafi see reason by means of rockets?

Bakush: You are quite badly mistaken. The United States has now tossed a life belt to Al-Qadhdhafi, probably unintentionally.

SPIEGEL: Rocket attacks on Libyan warships are hardly a life belt.

Bakush: You must understand the Arab world. There the people consider a hero any ruler who challenges a great power--and it is only seconeary whether he just makes a lot of noise and deceives his public. By its limited action the United States has....

SPIEGEL: ...which you welcome?

Bakush: ...in principle, yes. But by this limited action, which has not at all harmed Al-Qadhdhafi, but only benefits him morally, the Americans actually did him a favor. He will now stand up and say: "I have won victory in the exchange of strikes with the Pentagon."

SPIEGEL: What should the Americans have done differently?

Bakush: The Americans should have inflicted on Al-Qadhdhafi serious military losses of such dimens-on that he would be unable to deny his defeat. Then both the army and the people would have felt encouraged to put an end to the tyranny of that bloody dictator. Only that would have made sense.

SPIEGEL: A large-scale attack by the United States, however, could well have unpredictably spread the conflict. Several Arab states, after all, have already come out publicly against the U.S. threat and, in part, promised Libya military assistance.

Bakush: The attitude of the Arab states is insincere. Every Arab country, even Syria, which usually makes noises to the contrary, is longing to be rid of Al-Qadhdhafi at last.

SPIEGEL: Why should Arab governments talk with a forked tongue in this case?

Bakush: They are afraid and do not dare defy him openly. Al-Qadhdhafi's terror does not stop for anybody. Take Tunisia, to begin with--various groups are struggling for power there. None of them like Al-Qadhdhafi, but all of them curry favor with him more or less directly. At least they want to ensure that he will not meddle in their political games.

SPIEGEL: Suppose Washington had struck, would the Arabs still not have come to the aid of Al-Qadhdhafi?

Bakush: Never. The Arabs secretly wish that the Americans had launched a big attack against Al-Qadhdhafi. Every Arab will confirm that to you after coffee or tea. But because the Arab governments knew the Americans would go only half-way in the Gulf of Sidra, they played it safe and delivered declarations of assistance such as are part of the Arab slogan repertoire. In the meantime, it is an established fact that the Americans have by their planless policy once again embarrassed their friends in that part of the world. The result then is what you refer to as "forked tongue."

SPIEGEL: Al-Qadhdhafi, then, would be a politician who needs to be taken seriously after all?

Bakush: His strength is the weakness of the others.

SPIEGEL: Economically, Al-Qadhdhafi so far has been a strong man.

Bakush: So far, yes, but only because Europe, where he sells his oil, has by their purchase policy made him capable of financing terrorism, whereby Europe itself largely invited its terror problems.

SPIEGEL: Serious tensions emerged between Bonn and Tripoli over Libyan murders of Libyan dissidents. The British, too, remained adamant.

Bakush: I do welcome the fact that the Federal Republic and Great Britain offer resistance to Al-Qadhdhafi's terror for a change. Yet, what should people think if the Federal Republic arrests and deports a member of the Libyan Embassy who has been proven guilty of torture, while democratic Austria just 2 months later thinks nothing of accepting the proven torturer as newly appointed Libyan diplomat in Vienna?

SPIEGEL: But that is not at all the rule.

Bakush: Europe, in places economic interests above anything else--even humanitarian aspects. It is a shame that the Europeans, who fought for their freedom and the freedom of the individual citizen for such a long time, now

allow themselves to be blackmailed by a dictator, who not only admits his crimes, but even boasts of them.

SPIEGEL: Al-Qadhdhafi's murder commandos are not tolerated, and besides, they have so far not taken actions against Europeans, though that does not justify their actions.

Bakusy: So? Several foreign journalists, for instance, confessed to me that they desist from too harsh a criticism of Al-Qadhdhafi's bloody rule lest they be added to the death list of the Libyan intelligence service. And then Africa--the entire black continent is intimidated by Al-Qadhdhafi.

SPIEGEL: But some African countries regard Libya as an ally.

Bakush: The money derived from his oil sales is the basis of his influence and power--and for his maneuvers of political blackmail. He must not, after all, resort to pistol and dynamite in all cases.

SPIEGEL: But how can anybody stay in power for 16 years if he does not have the support of the people's majority?

Bakush: I am surprised that a German, of all people, is posing this question despite the horrid example of the most recent German past. Al-Qadhdhafi's dictatorship is one of the worst in the 20th century. It is not constitution and law that rule in Muammar Al-Qadhdhafi's Libya but oral orders by an ignorant clique of rulers. Today the Libyan people increasingly are exposed to the irrational dictates of the people's councils and "revolution committees" composed of uneducated young people.

SPIEGEL: And yet: The media report relatively seldom on the opposition in Libya. Have all dissidents escaped to foreign countries?

Bakush: The media do not have any access to the system. Everything is hermetically sealed off. But even Libyan television showed that Al-Qadhdhafi's henchmen lynched so-called traitors without court trials in Tripoli and Benghazi--for the sake of deterrence--who had dared oppose oppression.

SPIEGEL: Can the opposition you are heading be a danger to the regime?

Bakush: The "Libyan Liberation Organization" that I am heading is the mouthpiece of the constantly increasing internal opposition. The danger to Al-Qadhdhafi comes from within.

SPIEGEL: Does Egypt help you in your effort to overthrow Al-Qadhdhafi? As is generally known, Cairo has been at cross purposes with Al-Qadhdhafi for years.

Bakush: Egypt is granting us asylum--no more. The struggle against the system is waged internally in Libya.

SPIEGEL: Suppose the Americans really had meant business, then additional pressure might have come from outside as well.

Bakush: But it was not that serious. Meanwhile, the Libyan army would not have had anything with which to face the Americans.

SPIEGEL: Despite the multitude of weapons which Al-Qadhdhafi has brought?

Bakush: The Libyan army consists of 40,000 men, at best; they are poorly trained and not adequately motivated. They failed as amentably in Uganda as they did in Chad. And the militia, which also exists, has nothing to offer beyond slogans.

SPIEGEL: But will this army not defend the boss when danger is imminent?

Bakush: This army has been purged so often, and so many officers and soldiers have been put to the sword, that the army would like it only too well to revolt against him.

SPIEGEL: And why does it not do so?

Bakush: It will do it very soon. The decisive factor is the Chad fiasco where the army suffered a defeat last December. The Chad war is unpopular in Libya. Just recently there was a mutiny among the Libyan troops in Chad. This is the beginning of the end. Things are coming to a head because money begins to be scarce owing to the drastically dropping petroleum revenues and because the supply situation of the people is critical. Al-Qadhdhafi will not be able to hold his ground for long anymore, the cup runneth over.

/9274

CSO: 4500/110

SADDAM HUSAYN'S ITINERARY FOR 1985 REVIEWED

Baghdad AL-QADISIYAH in Arabic 31 Dec 85 p 7

/Article: "Year 1985 Witnesses 114 Distinguished Activities by President Saddam Husayn"/

/Text/ While bidding goodbye to 1985, the year of magnificent victories in war and in building under the leadership of President Saddam Husayn, the leader of Iraq and of victory has not been diverted by the war imposed on our country by the racist Iranian regime from meeting with or receiving numerous fraternal and friendly delegations or from visiting the advance battlefronts or making visits outside the country to strengthen Iraq's foreign relations.

AL-QADISIYAH points out here the most significant field visits by Leader President Saddam Husayn and his meetings with the citizens and with fraternal and friendly delegations in 1985, naming the projects and sites visited:

January

1 January: Leader President Saddam Husayn visits a number of farm villages on the outskirts of Baghdad, familiarizes himself with their inhabitants' social, living, and health conditions, and distributes gifts to the village children on occasion of the new year.

6 January: Venerable Leader President Saddam Husayn makes an important historic speech on the occasion of the 64th anniversary of the valiant Iraqi Army, stressing that if the Iranian enemy insists on trying what he has not already tried then he will be doomed to something worse than he has encountered in all the previous battles.

15 January: Leader President Saddam Husayn visits the Ministry of Culture and Information.

16 January: Leader President Saddam Husayn visits the Central Bank of Iraq and familiarizes himself with the bank's activities and its role in the building and development process.

16 January: Venerable President Saddam Husayn meets with a number of our army's valiant officers.

21 January: His excellency the president receives the Arab League Council's committee for following up on the developments of the Iraq-Iran war and stresses Iraq's strong readiness to confront the Iranian regime's aggression.

February

4 February: Venerable Leader President Saddam Husayn meets with a number of field commanders and familiarizes himself with the situation on the battlefronts.

6 February: His excellency the president receives Yasir 'Arafat and reaffirms Iraq's support for the PLO.

7 February: Leader President Saddam Husayn addresses a message to the Arab University Youth Conference on the occasion of the inauguration of the conference activities, stressing that a nation's youth are the symbol of the nation's aspirations and awakening to build its development-oriented economic base.

10 February: Leader President Saddam Husayn receives a number of families of the martyrs of the glorious 8 February revolution, asserting that the heroic Ramadan (8 February) revolution is the most prominent inroad made in modern Iraqi history and in the history of uprisings and revolutions.

11 February: His excellency the president receives the Egyptian interests branch and lauds Egypt's positions of support for Iraq in its just battle.

12 February: His Excellency Leader President Saddam Husayn awards the party insignia to a group of Ba'thist strugglers.

14 February: Leader President Saddam Husayn receives Yasir Hawwari, an Arab journalist.

19 February: Leader President Saddam Husayn receives the Jordanian minister of foreign affairs.

25 February: His Excellency President Saddam Husayn receives the Jordanian minister of foreign affairs.

26 February: His Excellency President Saddam Husayn receives the Yugoslav minister of foreign affairs.

March

14 March: President Saddam Husayn, the commander of victory, returns from the battlefronts after inspecting them and issuing his instructions regarding the ongoing battle on the East Tigris operations front.

17 March: His Excellency President Saddam Husayn receives the Algerian minister of health.

18 March: Leader President Saddam Husayn receives King Husayn of Jordan and Egyptian President Husni Mubarak and holds cordial talks with them on relations between Iraq and the two countries.

21 March: Leader President Saddam Husayn visits the tombs of the Kazimi imams.

25 March: Leader President Saddam Husayn heads a meeting of the military command and studies with the commanders concerned the details of the fighting and the lessons learned from the heroic second East Tigris battle (the Crown of Battles).

27 March: Leader President Saddam Husayn visits Balad, Samarra', al-Dur, and a number of other villages and familiarizes himself with their inhabitants' living conditions.

April

4 April: Leader President Saddam Husayn visits Diyala Governorate and stresses that the new Iraq lives under the same condition from al-Faw to Zakhu and that all build and fight in defense of the homeland.

7 April: Leader President Saddam Husayn receives the envoy of King Hassan II.

7 April: Leader President Saddam Husayn honors fighter Salman 'Abbud for his valor and patriotism, embodied in his donating 844 bottles of blood and one of his kidneys.

8 April: Leader President Saddam Husayn receives UN Secretary General Xavier Perez de Cuellar and stresses that Iraq is prepared to settle the entire conflict on the basis of the UN charter and international law and that Iran is the party responsible for the aggression and the war.

10 April: Leader President Saddam Husayn holds a meeting of the armed forces general command.

11 April: Leader President Saddam Husayn heads a meeting of the armed forces general command to implement measures to crush the enemy should he be tempted to get embroiled in another act of aggression against our territories.

14 April: Leader President Saddam Husayn receives PLO Chairman Yasir 'Arafat and reaffirms Iraq's support for the PLO in its capacity as the legitimate representative of the Palestinian people.

17 April: Leader President Saddam Husayn receives the PLO leadership on the occasion of its presence in Baghdad.

20 April: Leader President Saddam Husayn receives the Dahuk masses carrying the victory banner.

21 April: Leader President Saddam Husayn visits Nineveh Governorate and stresses that our policy vis-a-vis the international endeavors to end the war

is embodied in withdrawal, a prisoner exchange, a ceasefire, negotiations, nonintervention, and ability of our people to live free on their land.

24 April: Leader President Saddam Husayn addresses a meeting of the Second Islamic Popular Conference, stressing that Iraq supports any resolution taken by the Muslims.

28 April: Leader President Saddam Husayn receives Dr Ma'ruf al-Dawalibi, the chairman of the Second Islamic Popular Conference's followup committee.

May

5 May: Leader President Saddam Husayn receives Dr 'Abd-al-Karim al-Iryani, the YAR deputy prime minister and minister of foreign affairs.

5 May: Leader President Saddam Husayn receives a written message from Gen 'Abd-al-Rahman Siwar al-Dhahab, chairman of the Sudanese Transitional Military Council, concerning the political, social, and economic conditions leading to the latest change in Sudan.

10 May: Leader President Saddam Husayn receives Zambian President Kenneth Kaunda and discusses with him bilateral relations and current conditions.

12 May: Leader President Saddam Husayn receives a delegation of the World Democratic Federation.

15 May: Leader President Saddam Husayn awards the medal of valor to a number of comrade members of the general command and asserts that the commanders' presence with the fighters is one of the secrets behind Iraq's success.

16 May: Leader President Saddam Husayn heads a meeting of the Council of Ministers.

17 May: Leader President Saddam Husayn sends a message to Dr Ma'ruf al-Dawalibi, the head of the Second Islamic Popular Conference's followup committee, underlining Iraq's approval of a land, sea, and air ceasefire throughout the blessed month of Ramadan and al-Fitr holiday, provided that the other side approve it openly and explicitly, that it abide by its word and spirit, and that it refrain from using the ceasefire period for the purpose of a military building and for launching another aggression against our territories.

18 May: Leader President Saddam Husayn awards the medal of valor to a number of comrades and military commanders, asserting that when he sees the relationship between the popular army and the armed forces and between the party and the armed forces and the relationship between the enemy units, the spirit distinguishing the Iraqis from others becomes evident.

19 May: Leader President Saddam Husayn awards the medal of valor to a number of fighters.

25 May: Leader President Saddam Husayn heads a meeting of the Revolution Command Council and of the Socialist Arab Ba'th Party Regional Command and decisions are made to escalate the strong blows against the centers of evil and aggression in Tehran to punish the oppressive clique for the crimes it perpetrates and to discipline it for its insistence on continuing the war and the aggression.

June

6 June: Leader President Saddam Husayn meets with a number of officers of the air force and air defense.

11 June: Leader President Saddam Husayn awards the medal of valor to a number of the members of the heroic Republic Guard fighters.

14 June: A fourth message is sent by Leader President Saddam Husayn to the Iranian peoples on halting the strikes against safeguarded targets in cities in the Iranian hinterland, stating that if any of the rules pertaining to suspension of the strikes are violated, we will resume the strikes with force.

18 June: Leader President Saddam Husayn heads a meeting of the Council of Ministers.

26 June: Leader President Saddam Husayn receives Yasir 'Arafat, the PLO Executive Committee chairman, and reaffirms Iraq's strong support for the PLO.

29 June: Leader President Saddam Husayn receives a group of Samarra' inhabitants on the occasion of the annual anniversary of one of his excellency's visits to the district and stresses that the Iraqis' big family is Iraq, from which they gain and to which they owe their pride.

July

7 July: Leader President Saddam Husayn heads a meeting of the armed forces general command.

8 July: Leader President Saddam Husayn receives the Soviet ambassador in Baghdad.

9 July: Venerable Leader President Saddam Husayn, the armed forces general commander, receives a number of army officers.

11 July: Leader President Saddam Husayn receives the Egyptian minister of manpower.

14 July: Leader President Saddam Husayn awards the medal of valor to a number of our heroic fighters.

17 July: Leader President Saddam Husayn addresses a comprehensive and important speech to our people on the anniversary of the blessed 17 July revolution, stressing that our revolution is the fittest for our people and that it is the victor.

18 July: Leader President Saddam Husayn receives Michel 'Aflaq, the comrade founder leader of the 'Ba'th Party.

19 July: Leader President Saddam Husayn receives a group of children from the governorates on the occasion of the anniversary of the glorious 17/30 July revolution.

20 July: Leader President Saddam Husayn holds a press conference with a number of Egyptian journalists.

23 July: Leader President Saddam Husayn receives Viktor Minin, the Soviet ambassador in Baghdad.

29 July: Leader President Saddam Husayn receives a delegation of the Kuwaiti Teachers Association and says that if we clean up our house in the Gulf and Iraq, future generations will live undisturbed for hundreds of years.

31 July: Leader President Saddam Husayn and King Husayn discuss fraternal relations and conditions on the battlefronts.

August

2 August: Leader President Saddam Husayn asserts in an interview with the chief editor of the Kuwaiti AL-SIYASAH that we are ascending and that our confidence in the future is high.

6 August: Leader President Saddam Husayn holds a meeting with the armed forces general command.

7 August: Leader President Saddam Husayn heads a cabinet meeting which discusses the training of students and teachers in the work field, the rural settlement plan, the reclaimed lands law, and the private sector's imports.

10 August: Leader President Saddam Husayn heads a cabinet meeting which adopts decisions and measures concerning the national campaign to increase Iraq's population, the foundation of consumer cooperatives, and the development of the marketing system.

17 August: Leader President Saddam Husayn awards al-Rafidayn medal and the badge of valor to a number of our brave aerial eagles /pilots/, asserting that our victory comes within the framework of the major historic feats.

18 August: Leader President receives PLO Chairman Yasir 'Arafat and discusses with him the summit's outcome and fraternal relations.

21 August: Leader President Saddam Husayn heads a cabinet meeting which discusses Iraqi science law, scientific research strategy, and controls on the use of state vehicles.

25 August: Leader President Saddam Husayn heads a cabinet meeting which discusses the education and higher education sector, the profit distribution law, and the law on preserving our hydrocarbon wealth.

31 August: Leader President Saddam Husayn receives (Abry) Makhov, the head of the Soviet Oriental Studies Institute.

September

1 September: Leader President Saddam Husayn heads a cabinet meeting which discusses the military medical college bill and the system of incentives for the transport installations of the Ministry of Transport and Communication.

4 September: Leader President Saddam Husayn heads a meeting of the armed forces general command.

5 September: Leader President Saddam Husayn receives fighter 'Abd-al-Karim Khalaf Nasir and his wife, bearers of the Iraqi banner from al-Basrah Governorate.

7 September: Leader President Saddam Husayn visits the Ministry of Culture and Information and asserts that the media are the images of life and that their role is to clarify all the facts.

12 September: Leader President Saddam Husayn receives the delegation to clear the Arab atmosphere and underlines respect for implementation of the Arab charters and treaties.

12 September: Leader President receives Tunisian Prime Minister Mohamed Mzali and reaffirms Iraq's support for its brothers in Tunisia.

14 September: Leader President Saddam Husayn receives Beji Caid Essebsi, Tunisian President Habib Bourguiba's personal envoy and minister of foreign affairs, and reaffirms Iraq's support for Tunisia on the basis of fraternal relations.

14 September: Leader President Saddam Husayn receives the FRG minister of economy and discusses with him bilateral relations and the Iraq-Iran war.

15 September: Leader President Saddam Husayn visits the tombs of Imam 'Ali al-Hadi and Imam al-Hasan al-'Askari, peace be upon them, and familiarizes himself with the social situation of a number of farm villages in Salah-al-Din Governorate.

18 September: Leader President Saddam Husayn receives Marwan al-Qasim, chief of the Jordanian Royal Office.

19 September: Leader President Saddam Husayn, the victory leader, heads a meeting of a number of the air force and air defense officers.

22 September: Leader President Saddam Husayn visits the martyr's monument and performs the prayer for the departed for the souls of our reverent martyrs.

24 September: Leader President Saddam Husayn addresses the Palestinian leaderships, asserting that Palestine is not a number, but a cause.

24 September: Leader President Saddam Husayn receives PLO Executive Committee Chairman Yasir 'Arafat.

26 September: Leader President Saddam Husayn inspects al-'Alawiyah Hospital in Baghdad.

28 September: Leader President Saddam Husayn issues a directive to the ministries and to all the authorities, stating that transactions may not be viewed from the angle of nepotism, that no citizen is entitled or empowered to intervene in state procedures, and that any negligence on the part of any official in observing these principles is a violation whose consequences only the official concerned shoulders.

October

1 October: Leader President Saddam Husayn heads a cabinet meeting to discuss the state's unified budget, to evaluate the efficiency of the self-supported socialist sector establishments, and to set the export prices for fruits and vegetables.

2 October: Leader President Saddam Husayn attends a symposium studying the architectural concepts of the great State Mosque.

2 October: Leader President Saddam Husayn receives the deputy commander of the Saudi National Guard.

5 October: Leader President Saddam Husayn heads a meeting of the Regional Command and of the Revolution Command Council.

16 October: Leader President Saddam Husayn visits PLO Chairman Yasir 'Arafat and reaffirms Iraq's solidarity with the PLO.

18 October: Leader President Saddam Husayn visits citizens in various parts of the great al-Musayyib project.

21 October: Leader President Saddam Husayn receives the chairman and members of the Executive Office of the General Federation of Peasant and Cooperative Associations and asserts that we will beg to nobody, not even if we starve to death.

22 October: Leader President Saddam Husayn receives the leadership of the party's al-Ma'mun Branch and asserts that the warmer and the more heartfelt the relationship between the party and the people, the easier the revolutionary party's task becomes.

23 October: Leader President Saddam Husayn receives Muhammad 'Uthman al-Mirghani, the leader of the Sudanese Democratic Party.

25 October: Leader President Saddam Husayn receives the personal envoys of His Majesty King Hassan II of Morocco and of UAE President Shaykh Zayid ibn Sultan Al-Nuhayyan.

26 October: Leader President Saddam Husayn receives King Husayn and discusses with him fraternal relations and Arab conditions.

29 October: Leader President Saddam Husayn receives Roland Dumas, the French minister of external relations, and asserts that relations between Iraq and France reflect the fundamental interests of Palestine.

November

10 November: Leader President Saddam Husayn sends a written message to U.S. President Ronald Reagan underlining Iraq's firm position on the Palestinian struggle and asking the U.S. administration to adopt a balanced and fair position toward the Palestinian issue.

18 November: Leader President Saddam Husayn speaks on AL-WATAN AL'-ARABI magazine, stressing that Iraq is solidly correct and strongly supports what is right and true.

25 November: During the oath of office ceremonies for the governors of Baghdad and Irbil, Leader President Saddam Husayn asserts that the official's strength and legitimacy do not come from his being a servant of the people.

29 November: Leader President Saddam Husayn receives Yasir 'Arafat, the PLO Executive Committee member, and stresses that our position of supporting the PLO and its options is firm.

December

3 December: Leader President Saddam Husayn awards a number of the martyrs' families the martyr's insignia.

9 December: Leader President Saddam Husayn expresses appreciation for the efforts exerted by our heroic air force in destroying the aggressors' material mainstays.

10 December: Leader President Saddam Husayn receives Prince Hasan ibn Talal, the crown prince of the Hashimite Kingdom of Jordan.

11 December: Leader President Saddam Husayn receives (Wu Xiuquan), member of the Political Bureau of the Chinese Communist Party's Central Committee.

11 December: Leader President Saddam Husayn receives the Italian minister of foreign trade.

16 December: Leader President Saddam Husayn visits Moscow, meets with Mikhail Gorbachev, and renews the resolution to develop relations between Iraq and the Soviet Union.

19 December: Leader President Saddam Husayn heads a joint meeting of the Revolution Command Council and the Regional Command and reviews the outcome of the friendly working visit he had made to the Soviet Union.

24 December: Leader President Saddam Husayn sends a written comment in response to a cable from the capital's mayor on occasion of the completion of barriers for defense positions and of roads leading to the positions--a comment asserting that this phase will continue to be a source of pride for the Iraqis and the Arabs for generations to come.

8494/12228

CSO: 4404/226

LAVI FIGHTER PROTOTYPE TO FLY IN SEPTEMBER

Jerusalem THE JERUSALEM POST in English 28 Mar 86 p 2

[Article by Shlomo Maoz and Avi Temkin: "Lavi Production Is Now 'At Point of No Return'"]

[Text]

The Lavi fighter plane has passed the point of no return. Its first prototype will fly in September, and production will start in 1990, the chairman of the Israel Aircraft Industries board, David Ivri, said yesterday. The direct cost of scrapping the Lavi project would be \$270 million, and it would cause the dismissal of some 6,000 from Israeli industry, Ivri disclosed.

If the project were discontinued, it would be the heaviest blow that Israel's industry could receive, he said. Hitherto, about \$1 billion has been spent in the fighter's development and a further \$1.2b. will be spent in the future. He revealed that only a 13 per cent gap separates the Israeli and the American estimates of development costs. The Americans have said the costs will reach \$2.6b., he said.

Ivri said that each plane will cost between \$13.5m. and \$15.5m. to produce. The development and production of the fighter are being completely financed with funds from America, Ivri said. By 1992, the production line will be working at full speed, when 24 planes will be produced, he forecast.

IAI general manager Moshe Keret said the Lavi will be a high-speed and low-flying fighter, which will be able to operate with a heavy load. He said the plane was specially designed for attack, although it will fulfil a broad range of tasks for the Israel Air Force.

The IAI officials described the

Lavi as a flying computer. They said it is one of the largest software projects in the world, possibly second only to the American space shuttle programme.

The heads of IAI said about 4,000 engineers were employed by their company, most of them in the development of the Lavi. They revealed that there are suggestions that IAI should develop projects for the American "Star Wars" programme, as a means of finding jobs for these engineers after the fighter development stage is over.

Ivri and Keret were optimistic about the export potential of the Lavi.

Keret said that IAI will export goods worth \$552m. in 1985/86, compared to \$435m. last year. In 1986-87, it is planning to export \$626m. The general manager complained that the cuts in the defence budget had decreased the company's domestic sales. The company had compensated for the drop in domestic orders by increasing its sales abroad, he said.

Asked about unsold civilian aircraft, mainly Astra executive jets made by IAI, the company heads said that currently held stock is worth about \$50m.

Keret revealed that IAI has started work on the next generation of anti-missile systems, the Barak, and is thinking about developing the third generation of the Gabriel sea missile. When it comes to sales of missiles, it is a question of "fashion," he said.

ALTERNATIVE TO RACISM BILL UNDER CONSIDERATION

Jerusalem THE JERUSALEM POST in English 28 Mar 86 p 2

[Text] The Orthodox factions in the Knesset yesterday gave the two cabinet ministers responsible for liaison with the coalition their alternative proposal on legislation to muzzle MK Meir Kahane's Kach Party.

Instead of the government draft already approved in the Law Committee, which would make publication of incitement to racism a crime, the Orthodox parties want to outlaw attacks on minorities.

The Orthodox factions say that a law against racism in a Jewish state could create the impression that Judaism is racist.

The two cabinet ministers, Justice Minister Moshe Nissim and Energy Minister Moshe Shahal, said they would study the Orthodox factions' draft, composed with the help of attorney Yaakov Weinroth at the

request of MK Avner Shaki (NRP), and report to the coalition executive on Monday.

Nissim declined to give the press any off-the-cuff comments on the alternative draft. Shahal, however, said that at first glance it seemed unacceptable, since there was no justification in a democratic state for special legislation protecting the status of minorities. He said Israel had never created a special status in law for minorities.

Shahal also rejected the Orthodox factions' fear of the term "racism," pointing out that the Basic Law: Knesset had recently been amended to keep Kahane out of the next elections. It states in so many words that an electoral list preaching racist doctrine could be barred from running. The Orthodox parties never raised a murmur about the Basic Law: Knesset, he said.

/12851

CSO: 4400/156

BRIEFS

JEWISH SETTLEMENT COUNCIL PRESSURE---The Council of Jewish Settlements in Judaea, Samaria, and Gaza is planning to launch an open campaign against the Likud for the establishment of seven new settlements in Judaea and Samaria. The Council is annoyed with Likud for not fighting for the establishment of the new settlements because it fears this might sabotage the impending rotation. Sources in the Council have accused the Likud of cowardliness and regression in the ideological struggle for Eretz Yisra'el. According to one of the plans, the Council will issue a manifesto that will be addressed directly to the Likud in a bid to pressure it into playing the role of defender of settlements in Judaea and Samaria. The Council has submitted to the Likud a list of eight new settlements planned for this year in accordance with the coalition agreement, seven of which should actually be set up. [Report by Uri'el Ben-'Ami] [Text] [Tel Aviv DAVAR in Hebrew 4 Apr 86 p 1 TA] /9738

SCIENCE AND DEVELOPMENT APPOINTMENT---Ya'aqov Sapir assumed the office of director general of the Ministry of Science and Development today. For the past 5 years, Mr Sapir served as director of the ministry's National Council for Research and Development and will continue to hold this office. He was formerly in charge of the overseas service of the Voice of Israel's foreign political broadcasts, head of the international scientific relations division of the National Council for Research and Development, and Israel's representative to intergovernmental research organizations. He also held the position of assistant director general in the Prime Minister's office and was in charge of the Technical Assistance Bureau. [Summary] [Jerusalem GOVERNMENT PRESS OFFICE in English 31 Mar 86 TA] /9738

FOREIGN CURRENCY RESERVES DROPPING---Israel's foreign currency reserves are continuing to drop for the 4th straight month. The reserves dropped by \$77 million last month and by \$250 million over the last 4 months. Our economic affairs correspondent reports that the drop stems mainly from repayment of government debts. Last month the government absorbed 74 million new shekels. However, during the entire fiscal year 289 million new shekels were funneled into the economy. [Text] [Jerusalem Domestic Service in Hebrew 1300 GMT 1 Apr 86 TA] /9738

CSO: 4400/154

MINUTES OF JOINT JORDANIAN-IRAQI COMMITTEE'S MEETINGS

Amman RISALAT AL-SINA'AH in Arabic Jan 86 pp 48-52

[Article: "Meeting of Sixth Session of Joint Iraqi-Jordanian Ministerial Committee, Held in Amman from 19-22 December 1985"]

[Text] On the basis of the pan-Arab ties between the two fraternal countries of Iraq and Jordan, out of a belief in the objectives of the Arab economic unity treaty and in the provisions of the Arab common market resolution, in accordance with the provisions of the economic and technical cooperation agreement concluded between the two countries on 1 May 1980, and on the peripheries of the talks held by Taha Yasin Ramadan, the Revolutionary Command Council member and the deputy prime minister, with his His Excellency Prime Minister Zayd al-Rifa'i, the Joint Iraqi-Jordanian Ministerial Committee held its sixth session in Amman from 19-22 December 1985. The Iraqi side was headed by 'Abd-al-Jabbar al-Asadi, the minister of transport and communication, and the Jordanian side by Dr Raja'i al-Mu'ashshir, the minister of industry and commerce. The joint committee members from both sides were present.

After reviewing the development and growth of economic and trade relations and discussing the articles on the agenda, the two sides agreed on the following:

I. In the Sphere of Trade Exchange

1. To diversify and increase the volume of trade between the two fraternal countries in 1986 to U.S.\$750 million in compliance with their aspirations to develop and bolster economic relations in the various spheres.

2. A. To set the share of the two trade centers in Amman and Baghdad at 20 million dinars for each in 1986.

B. To implement the shares in accordance with the provision of Article 4 of the minutes of the meetings of the Joint Iraqi-Jordanian Committee, held in Amman from 24-27 April 1980.

C. To consider Lists A and B attached to these minutes for the two programs concerning the distribution of the goods and shares of the two trade centers in Baghdad and Amman in 1986. These two lists shall not preclude the trade

exchange of other goods and such an exchange shall take place in light of the 1986 Iraqi import program and of the Jordanian import regulations.

3. The Jordanian side shall supply Iraq with the table eggs it needs in 1986 in accordance with the quantities, terms, and specifications to be agreed upon by the establishments concerned in the two countries.

4. The Jordanian side shall supply the Iraqi side with 2,500 tons of mixed cotton yarn in 1986. The Iraqi side agreed to this and promised to refer the request to the Iraqi authorities concerned to study it and to notify the Jordanian side of what develops in this regard.

5. On the basis of the principle of developing and enhancing the volume of trade between the two countries, the two sides stressed the need to eliminate the obstacles that impede the flow of national goods to each country and to give priority to each country's imports from the other country, especially in connection with the goods designated for the two trade centers in Baghdad and Amman.

6. To continue participation at the best level possible in the fairs held in each of the two countries and to organize special fairs in each country. Such fairs will be agreed upon at the time according to each of the two countries' circumstances.

7. The two sides agreed to encourage the exchange of trade delegations to conclude contracts with the establishments and firms concerned in each of the two countries.

II. Financial Affairs

1. Exchange agreement

A. It was agreed to rotate the balance of the banking arrangements implementing the exchange agreement concluded on 20 May 1984 between the Central Bank of Iraq and the Central Bank of Jordan as this balance stands at the end of the working day of 31 December 1985 and to accredit this balance to the accounts pertaining to the above-mentioned agreement to be opened in 1986. This balance shall be repaid in Iraqi crude oil, with 50 percent repaid in fuel oil, provided that the Iraqi side continues to ship Iraqi crude oil and fuel oil to Jordan as of 1 January 1986 and that the Jordanian side receives these shipments.

B. The Central Bank of Jordan shall put at the disposal of the Central Bank of Iraq a sum of U.S.\$200 million, including U.S.\$150 million for crude oil and U.S.\$50 million for fuel oil in 1986. The sum shall be made available as of 1 January 1986 to be used for the purchase of goods and services originated in Jordan and for costs and fees to the Iraqi Land Transport Establishment for its services in Jordan--services outlined in Article 2 of the banking arrangements referred to above in paragraph A, with this sum divided equally among all 12 months of 1986.

C. Sums referred to in paragraph 1 of this article shall be divided equally and on a monthly basis of 50 percent for the goods and commodities originating in Jordan and exported to Iraq and 50 percent for the services outlined in Article 2 of the above-mentioned banking arrangements.

D. The value of the Iraqi crude oil and of 50 percent of the fuel oil exported to Jordan in 1986 is supposed to cover the full rotated balance referred to above in paragraph A and the full value of all the visible and invisible Jordanian exports and the Iraqi land transportation costs emanating from services in Jordan in 1986 and outlined in Article 2 of the banking arrangements referred to above in paragraph A.

E. What applies to the crude oil exported in accordance with the banking arrangements to be concluded between the two central banks shall apply to fuel oil.

2. Arrangements for payment facilities

The Central Bank of Jordan shall grant the Central Bank of Iraq in 1986 total credit facilities amounting to U.S.\$175 million, provided that these credits be used to cover the payments referred to in Article 2 of the payment facilities agreement concluded by the two banks on 21 December 1983 and in its amendments and at the same previous rates and provided that the payments and interest due on these credit facilities are made in 12 equal monthly installments, with the first installment payable on 1 April 1988.

3. The Central Banks of Iraq and Jordan shall make at a later date the banking arrangements needed to implement the minutes' contents.

III. In the Sphere of Transport and Communications

1. The two sides have familiarized themselves with the progress of the transport activities between Jordan and Iraq and underlined the positive aspects in the implementation of the previous minutes, especially the following:

A. The priority given to the Iraqi strategic goods arriving in al-'Aqabah Port, the facilities given to Iraqi ships frequenting the said port and the priority given them in loading, unloading, fueling, and other services.

B. The priority in loading given to the trucks transporting grains and strategic foodstuffs and the 50 percent given to Iraqi trucks in transporting goods imported for Iraq.

The two sides stress that the work should continue to proceed according to these bases and controls.

2. The Iraqi side requested elimination of the fees imposed on Iraqi trucks bearing Iraqi license plates and loaded at al-'Aqabah Port in accordance with imports law No 86 of 1981. The Iraqi side requested the elimination of these fees for all Iraqi trucks carrying goods to Iraq directly. The Jordanian side responded to this request.

3. The two sides agreed to establish new bases and controls to facilitate the transportation of passengers between Baghdad and al-'Aqabah in a manner that serves the interest of both sides.

4. The Iraqi side requested the amendment of Jordanian legislation to make the Jordanian maritime shipping agent responsible as the shipper owning the vessel for following up on and collecting the Iraqi side's dues and not to keep this agent free of responsibility. The Jordanian side promised to study the request.

5. The Jordanian side became familiarized with the issue of the fines levied for loads exceeding the axle-based loads set by Iraq.

6. The two sides stressed the need to deal with all the issues pertaining to the transport sector between the two countries in a comprehensive manner so as to facilitate the air, land, and sea transport operations between them, asserting that this should include the shipping priorities, the facilities offered, the fees, the idea of considering the two countries' civilian airports as internal airports, the exemptions resulting from this idea, and other issues. Each side will prepare a working paper on the various aspects of the transport sector and these papers are to be reviewed at a meeting of a specialized subcommittee from the two countries which will present its recommendations to the joint committee to deal with these issues in its next session.

IV. In the Energy Sphere

1. The two sides agreed to continue enactment of the agreement concluded between the Jordanian Oil Refinery Joint-stock Company and the Iraqi Public Organization for Distributing Oil Derivatives and Gas on the storage of oil products for the purpose of export and import in the company's stores in al-'Aqabah in 1986.

2. The two sides agreed to continue to supply the Jordanian domestic market's needs of Iraqi oil derivatives, such as fuel oil and liquid gas, in 1986 in accordance with prices and terms agreed upon by the Jordanian authorities concerned and the Iraqi Public Oil Marketing Organization.

3. The two sides agreed to conclude and sign a protocol for cooperation in the spheres of oil, especially in oil prospecting, production, refining, and distribution and in the exchange of technical expertise and training between the Iraqi Ministry of Oil and the Jordanian Ministry of Energy and Mineral Resources.

4. The two sides agreed to continue in 1986 enactment of the contract for the sale of oil concluded between the Iraqi Public Oil Marketing Organization and the Jordanian Ministry of Energy and Mineral Resources and to increase the quantities stated in the 1985 sale contract in accordance with terms and prices to be agreed upon by the two sides.

5. The Jordanian side expressed his wish to extend for 6 months the work period of the Iraqi seismological survey team working with the Jordanian Natural Resources Authority, with the extension beginning as of the end of the current period. The Iraqi side responded to this request.

V. In the Sphere of Industrial Cooperation

1. The two sides expressed their satisfaction with the serious steps taken by both sides to boost the activities of the Iraqi-Jordanian Industry company so that the said company may launch its work. An executive board has been formed, the constituent contract's provisions pertaining to shifting the company headquarters from Amman to Baghdad were fully amended, the initial draft of the company's administrative and financial system was drawn up, and the technical report visualizing the company's future projects was prepared.

2. The two sides reviewed the steps taken to implement the contract concluded between the Iraqi Public Sulfur Organization in al-Mishraq and the Jordanian Fertilizer Manufacturing Company to supply sulfur in 1984 and 1985. The two sides agreed that the Iraqi al-Mishraq Public Sulfur Organization will supply the Jordanian Fertilizer Manufacturing company with 150,000-200,000 tons of sulfur in 1986, in the hope that similar quantities will continue to be supplied to the company in future years, provided that an agreement is reached between the two above-mentioned establishments on the supply and payment terms.

3. The two sides expressed their satisfaction with implementation of the phosphate fertilizer contracts concluded between the Iraqi Public Phosphate Fertilizers Organization and both the Jordanian Farmers Federation and the Jordanian Cooperative Organization. The two sides agreed to supply these two establishments with their full needs of these fertilizers in 1986 and to continue to cooperate in this sphere in future years.

4. The Iraqi side expressed its wish to expand cooperation in the purchase of Jordanian potash and to buy 25,000-30,000 tons of potash in 1986. The Jordanian side expressed its readiness to meet the request.

5. The two sides agreed to approve the draft scientific and technical cooperation agreement between the Jordanian Natural Resources Authority and the Iraqi Public Mineral Resources Organization, provided that the two organizations concerned prepare the agreement's final draft.

6. The Jordanian side expressed its wish to export 4,000 tons of concentrated tomato paste to Iraq in 1986 and the Iraqi side expressed its readiness to purchase the said amount at prices and terms to be agreed upon.

7. The Iraqi side agreed to continue to purchase its needs of vegetables for processing purposes from Jordan and will ask the Iraqi authorities concerned to conclude contracts with the Jordanian authorities concerned, provided that the quantities contracted not drop below the quantities contracted in 1985.

VI. In the Sphere of Agricultural and Irrigation Cooperation

1. The Iraqi side stressed its readiness to meet the Jordanian side's wish concerning fish-breeding and fish farms through the exchange of information and through training Jordanian cadres in this field.

The Jordanian side will send its proposals to the Public Fish Resources Organization of the Iraqi Ministry of Agriculture and Agrarian Reform.

2. The two sides expressed their satisfaction with the cooperation existing between the Jordanian firms and Iraqi organizations in the sphere of green house agriculture and with the use made of the Jordanian expertise in this field.

The Iraqi side expressed its wish to expand the cooperation in this field and the Jordanian side welcomed this wish.

3. The two sides strongly urge their organizations concerned to expand the cooperation in the following spheres:

- Producing veterinary vaccines, training on the production of vaccines, and supplying Jordan with the vaccines its needs.
- Protecting crops from pests and diseases and implementing pest control.
- Agricultural research and studies.
- Formulating programs for training and for technical cooperation between veterinarians and agricultural engineers in both countries.

4. The two sides reviewed the existing cooperation in supplying Iraq with some requirements, especially with drip irrigation equipment, expressed their satisfaction with this cooperation, and expressed their wish for the continuation of this course.

The Iraqi side expressed its wish to take advantage of the expertise of the Jordanian circles concerned with drip irrigation and sprinkler irrigation.

The Jordanian side expressed its readiness to supply such expertise through the organizations and companies concerned.

5. The Iraqi side expressed its satisfaction with the participation of Jordanian firms producing agricultural equipment in the 1985 Baghdad International Fair and declared its wish to take advantage of such equipment by trying it in Iraq. The Jordanian side underlined its readiness to urge the Jordanian firms producing such equipment to contact the Iraqi Public Agricultural Mechanization Organization for the purpose of cooperation in this sphere.

6. The Iraqi side stressed that priority will be given to Jordanian agricultural production (fruits and vegetables) in case there is a need for such production.

VII. The two sides agreed to hold the committee meeting at the level of the committee's two deputy chairmen in mid-1986, with agreement to be reached on the venue of a later meeting between the two deputy chairmen to follow up on the implementation of these minutes.

VIII. The next meeting of the Joint Iraqi-Jordanian Ministerial Committee shall be held in Baghdad in the final quarter of 1986.

IX. The two sides agreed to put these minutes into implementation as of the date of exchange of the memoranda containing the approval of the minutes by the two countries' authorities concerned.

Written in Amman on 22 December 1985

The minutes were signed on behalf of the government of the Hashimite Kingdom of Jordan by Dr Raja'i al-Mu'ashshir, the minister of industry and trade, and on behalf of the Iraqi government by 'Abd-al-Jabbar al-Asadi, the minister of transport and communications.

List A. List of Goods To Be Exported to Jordan in 1986 via Iraqi Trade Center in Amman

1. Dates
2. Molasses
3. Barley (both brown and white varieties)
4. Natural vinegar
5. Sugar syrup
6. Sumar Super cigarettes (black pack)
7. Toilet soaps
8. Phosphate fertilizers (triple-super phosphate fertilizer--TPC)
9. Sulfur
10. Parafin wax
11. Various kinds of blankets
12. Floor coverings
13. Hides
14. Wool
15. Agricultural tractors
16. Electrical transformers
17. Television sets
18. Freezers
19. Ovens
20. Air conditioners with spare parts
21. Dry-cell batteries
22. Distilled water
23. Bicycles
24. Electric fans
25. Electric irons
26. Telephone sets
27. Welding rods
28. Spark plugs
29. Plaster of Paris
30. Borax

31. Batches of mosaic - plastic
32. Asbestos boards
33. Slaked lime
34. Al-Hillan stone
35. School notebooks
36. Miscellaneous materials

List B. List of Jordanian Goods To Be Exported to Fraternal Iraq in 1986 via Jordanian Trade Center in Baghdad

1. Veterinary drugs
2. Veterinary vaccines
3. Shaving blades
4. Cigarettes
5. Matches
6. Preserved and canned vegetables
7. Alcohols ('araq, gin, whiskey, vodka, wine, and cognac)
8. Beer
9. Fodders and fodder concentrates
10. Edible salt
11. Cigarette paper
12. Printing ink
13. Reinforcement iron
14. Sesame seed paste
15. Insulation materials, rock wool, perlite, and polystyrene
16. Cement and mosaic tiles
17. Ceramics
18. Sanitary and porcelain fittings
19. Galvanized black piping with a diameter of less than 3 inches
20. Copper taps (water valves)
21. Nails and screws
22. Nickel and chromium bath faucets
23. Electric bells
24. Electric switches and outlets
25. Varied electric groundings
26. Oil heaters and wicks
27. Grains, coffee, and spice toasters and grinders
28. Barbed wire
29. Plastic greenhouses
30. Drip irrigation piping and systems
31. Water irrigation hose
32. Agricultural ploughs, trailers, and instruments
33. Insecticides
34. Pesticides and their complements
35. Varied leather shoes
36. Athletic shoes
37. Plastic shutters
38. Chemical detergents--powders, pastes, and liquids
39. Dry and wet-cell batteries
40. Glue and (al-kaydat)
41. Car paints
42. Ready-made wooden doors

- 43. Towels
- 44. [Missing]
- 45. Frames for prescription glasses and lenses
- 46. Letter envelopes
- 47. Empty cardboard boxes for packing
- 48. Ballpoint pens
- 49. Sheets and bedcovers
- 50. Ready-made clothing
- 51. Paint brushes
- 52. Putty to hold glass in place
- 53. Varied chemical materials
- 54. Plastic and paper bags
- 55. Gas ovens and refrigerators
- 56. Scales
- 57. Olive seedlings
- 58. Miscellaneous

8494/12913

CSO: 4404/256

STUDY REVIEWS COUNTRY'S INDUSTRIAL DEVELOPMENT

Amman RISALAT AL-SINA'AH in Arabic Jan 86 pp 14-16

[Article by Muhammad Salih Jabir: "Industrial Development in Jordan and Obstacles Facing It; Study Presented to Recent Military Industrial Cooperation Seminar Held in Amman Chamber of Commerce"]

[Text] Industry in Jordan is newborn. It has passed through several phases which have enabled it to hold the position it is now holding in the Jordanian economy. A historical review of the phases of Jordanian industry's development is very beneficial because of the lessons that can be learned from past experiences, especially since we are in the process of studying the means necessary to encourage and develop local industry so as to create the climate that will make this sector a source of foreign currency that makes up for any shortfall that may develop as a result of a drop in Arab aid or in the remittances of Jordanians working abroad because of the economic circumstances being experienced by the Arab oil-producing countries.

Phases of Industrial Development

The historical periods through which Jordanian industry has passed can be divided into five phases, each characterized by distinctive features. In their entirety, these features stem from the nature of the development and circumstances experienced by the Jordanian economy as a whole and reflected on all sectors of this economy, including the industrial sector.

First, Preparatory Phase

It can be said that this phase covers all the years preceding the period of the semi-organized founding and development of industry which started in 1955 in the wake of the issuance of a number of laws to encourage industry, as will be shown later. This phase was characterized by the presence of unorganized small factories and craft shops which reflected at the time the general economic situation. That situation was characterized by a very low standard of living and by economic confusion resulting from the Israeli occupation of a major part of the Arab land in Palestine and from the subsequent emigration of a large number of refugees to the West Bank and East Bank of Jordan. On the other hand, that emigration helped increase the local skills by supplying the expertise needed to operate small factories and workshops. It also helped

increase the demand for industrial goods and services and to prepare the way for the emergence of planning to establish bigger industries.

The statistics show that in 1954, Jordan had a total of 421 industrial establishments, each employing 5 or more workers, with a total investment of nearly 4 million dinars and a total manpower of 7,218 workers. These figures undoubtedly reflect the small size of the industrial sector at the time--a sector whose contribution to the gross domestic product did not exceed 3 percent.

Second, Founding Phase

As of 1955, the government began to exercise direct activity to enhance the sector. This intervention included the issuance of laws and regulations to protect, encourage, and regulate industry and direct participation in the capital of some industrial firms so as to make up for the shortfall in the sector's capital structure. This phase extended until 1963, i.e., almost the start of the phase of actual planning in 1963. During this phase, the industrial sector's share rose by a large degree and industrial production achieved a growth of 71 percent.

Third, Phase of Initial Planning

The year 1963 is considered the start of Jordan's planning era when the National Planning Board began to prepare the 5-year (1963-67) economic development program which was then amended to become the 7-year (1964-70) program. The objective of those plans was to enhance industrial development and to guide and develop the industrial sector by securing the right financing resources. The plans called for spending 47.1 million dinars in the industry and mining sector with the aim of expanding the conversion industries that produced alternatives to imports. In the 1963-67 period, industrial production grew by 75 percent.

Fourth, Phase of Scientific Planning and of Forward March

The 1967-72 period experienced considerable stagnation reflected in the decline of the local market as a result of the Israeli aggression and occupation of the West Bank and economic resources and revenues needed by the country. In this period, industry encountered difficult circumstances as a result of the disinclination to invest or expand because of uncertainty. The government intervened to tackle this situation and exerted efforts to revive the economy by launching the scientific planning phase which started with the 3-year (1973-75) plan during which most sectors of the economy achieved constant growth, 70,000 work opportunities were created, and the gross domestic product was increased at a real rate of 6 percent in each of the plan's years. The industrial sector figured most prominently in this progress, contributing annually nearly 23 percent of the gross domestic product. This rate exceeded the plan's basic target.

The 5-year development plans then came in succession, initiated with the first plan for 1976-80 and followed with the second plan for 1981-85. We are now on the threshold of the third 5-year plan which covers the 1986-90 period. In

each of these plans the economic sector played a significant role in turning the development wheel faster and in enhancing the growth of the gross domestic product.

Industrial Sector at Present

In 1981, the industrial sector contributed 17 percent of the gross domestic product, if we include the mining industries. This sector's contribution is expected to improve, considering that the initial figures for 1984 show a considerable improvement in the industrial production record figure.

Even though this sector's contribution to the domestic product is growing year after year, we still believe that we have a long way ahead of us insofar as industrialization is concerned, considering that this contribution rate in the industrial countries amounts to nearly 40 percent. We do not view this contribution from an absolute angle but in terms of the strong points and direct contributions it represents for most of the other sectors. The industrial sector's growth and prosperity affect the contribution of the other sectors which participate in forming the Jordanian economy's domestic product, such as the electricity and water sector, the transport and communications sector, the construction sector, and the sector comprising the financial services and other business services. Therefore, any progress achieved by the industrial sector is doubly transmitted to the other sectors. This is why the emphasis has been put on the industrial sector as a mover of the economic development process in all the developing countries because no other sector can play a pioneer role similar to that played by the industrial sector.

Insofar as labor is concerned, the industrial sector currently employs nearly 71,000 male and female workers, a figure representing 12 percent of the total number of workers in Jordan, estimated at 592,000 workers. There is no doubt that this low percentage of Jordanian industry's absorption of labor generally creates a greater desire for the establishment of more industries to absorb more Jordanian workers, especially since we find that the signs of unemployment are showing up among society's educated class.

Characteristics of Jordanian Industrial Sector

Jordanian industry has developed as a result of numerous factors and of the growing demand for some consumer goods which have benefited from either surpluses in volume or from transport. This is why we find that the industrial structure is characterized by a broad base and little elevation, considering that the major part of this structure consists of small establishments, more than 6,000 in number, whereas the major industrial establishments, employing 10 or more workers, number no more than 750 establishments.

The major industries are characterized by the production of semi-processed goods and by a greater contribution to industrial income. Moreover, the worker's productivity in these establishments is higher than his productivity in the craft or manual industries. Most of the industries rely on imported raw and semi-processed materials, thus causing the industrial cost to be high and subject to the fluctuations and changes developing in the world markets.

Jordanian industry lacks a clear policy to enhance and encourage linkage, meshing, and integration between the various industries within this sector on the one hand and between the sector itself and the other economic sectors on the other hand. Moreover, most of the factories are centered in Amman Governorate. This has led to the poor distribution of these activities in the kingdom's various cities and to continued pressure on the various services in the capital area.

Obstacles Facing Industrial Development

Despite the good growth rates achieved by the industrial sector in recent years and despite the sector's increasing importance to the Jordanian economy, this sector is still experiencing numerous problems that affect its performance and obstruct its development and growth in a manner that enables it to achieve the expectations hoped from it and to become a major contributor of hard currency, which is no longer available to Jordan at the same rates as in past years. We will point out some of these obstacles in the following:

1. The unavailability of raw materials needed for production:

The overwhelming majority of the existing factories rely on the importation of the raw and semi-processed materials they need from abroad. This situation leads to increasing the cost of the final products and to reducing their chances to compete in the local or foreign markets.

2. Small local markets:

The East Bank's population numbers 2.5 million people and there is no doubt that this small population cannot provide a complete market for any commodity produced on an economic basis. The narrowness of the market has been an influencing factor in the presence of a large number of small industrial establishments which are characterized by low productivity, high production costs, and the primitive methods employed.

3. Scarcity of specialized labor:

The social structure and inherited traditions have led to reducing the size of the working class capable of work (15-60 years age group) to only 20 percent of the population. This is a very small percentage compared to what is acceptable internationally. Moreover, high-school education in Jordan has moved toward academic education and against vocational education and this bias is reflected in the structure of the Jordanian labor market.

4. High cost of services needed by industry:

The high cost of the services and entrants needed by industry is one of the main obstacles in the path of industrialization. The high cost of energy, which is many times the rates prevalent in the area, prevents Jordanian goods from competing with foreign goods, whether in the local markets or in foreign markets. Moreover, the high cost of transporting industrial products is also affected by the high cost of fuels. This represents a heavy burden for the industrialists.

5. Difficulty of marketing at home and abroad:

Jordanian industry encounters significant obstacles in marketing its products both at home and abroad. Previous economic development plans have not taken these problems into consideration, even though the marketing activity complements and assists the production activity. If marketing is important in all the economic activities, then its importance is obvious in the industrial sector because marketing makes it possible to find out the specifications of the goods demanded and desired by the consumers, thus making it possible to improve the production and to innovate. In other words, marketing prevents wasting society's scarce resources.

It is well known that a link exists between developing the industrial sector and escalating the marketing activities because these activities fill the gaps between the producer and the consumer. We believe that studying the problem of marketing the local Jordanian products, whether in the local or foreign markets, is a major responsibility which the economic development programs must undertake.

6. High cost of project implementation:

The high cost of implementing a project in Jordan has become one of the issues that must be studied with utter care on the basis of the experiences undergone by some factories. This high cost is due to the delay in implementation and to the subsequent high cost of production which weakens local industry's ability to compete. This creates numerous administrative, financial, and technical problems. The inefficiency or unrealism of the economic feasibility studies conducted by such industries must be the main reason behind these problems.

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OMANI ARAB BANK RECORDS SUCCESSFUL YEAR

Muscat TIMES OF OMAN in English 6 Mar 86 p 17

[Text]

Aiming to become one of the pioneer banking institutions in the country, the Oman Arab Bank reported a string of successes in the first year of its establishment.

Chairman Salim bin Nasser al Busaidi told the bank's shareholders at last week's annual meeting that deposits had increased by 64.3 per cent, loans were up to 64.5 per cent, total assets had increased by 57.6 per cent, while the rate of increase of the total balance sheet had reached 760.3 per cent.

The Oman Arab Bank was established following the participation between the Arab Bank Ltd and the Oman International Development and Investment Co in October 1984.

"We are hopeful that this participation proves to be a successful endeavour towards a joint constructive achievement ensuring to this establishment constant progress and success so as to become one of the pioneer banking institutions in the Sultanate," the chairman said.

The bank participated in loans to the Government, extended a big loan to one of the oil com-

panies operating here, and contributed in loans given to some of the private companies which executed the bridges project and the major part of the roads projects in the Capital Area, as well as to the Oman Refinery Company.

The bank also played a big role in extending all types of loans and facilities to the contractors involved in the Al Bustan project.

The bank's board of directors declared a 12 per cent dividend.

Explaining the bank's expansion plans, the chairman said the directors had discussed the possibility of opening new branches in the interior during the year. Last year the bank opened a small branch in Al Bustan Palace Hotel as a service to the hotel guests. Its other branches are at Muttrah, Muscat, Al Khuwair and Salalah with the main office in the Muttrah Business District.

Others at the meeting held in the bank's headquarters in Ruwi, included deputy chairman Sheikhj Hamoud bin Abdullah al Harthy, managing director and general manager Abdul Kader Askalan, directors Salim bin Hasan Macki, Essa Mohammed al Essa, representative of shareholders including Mohammed bin Zubair.

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CSO: 4400/159

FIRST UNIVERSITY IN OMAN TO OPEN

Abu Dhabi EMIRATES NEWS in English 9 Mar 86 p 2

[Text]

ABU DHABI: The Sultan Qaboos University, the first in the Sultanate of Oman will open in September. Initially, 3,000 men and women students will be enrolled.

The Sultanate of Oman realised the need for a University following its grand economic leap which created a need for more and more skilled professionals.

Work on the university buildings started in 1983 on an area of 11 square kilometres, about 50 kilometres east of the capital city of Muscat. The University has so far cost 225 million pounds sterling and the teaching hospital attached to its medical school cost an additional 42 million Omani riyals.

The University will start with five faculties: medicine, education, science, engineering and agriculture. Its support facilities include a library with 50,000 books and audio and video tapes, as well as computer, Islamic research and language centres.

The academic year at the University will consist of two terms of 15 weeks each. Arabic will be the primary language, but English will be medium of instruction for technical studies.

Since the University's objective is to inculcate Islamic values and intellectual discipline, it is allocating a little less than half of its seats for Islamic studies and education. One of the priorities of Oman's Govern-

ment is spreading education and to this end it is envisaged that the faculty with the largest share of students should be that of education.

The Faculty of Islamic Studies and Education will qualify students, after four years of study, to work in mosques, courts of law and schools.

Students in the Faculty of Agriculture will study animals, plants, fisheries, soil and water sciences as well as the operation and maintenance of agricultural machinery.

The Engineering Faculty will give separate courses in civil, mechanical, electrical, electronic, petroleum and mining engineering.

Study at the Science Faculty will be for five years during which students will be instructed in biology, chemistry, botany, mathematics and physics. The Faculty of Medicine will award its graduates the Bachelor of Medical Science degree after four years of study. Those seeking to qualify as doctors must take three more years of courses in clinical medicine to be followed by one year as hospital interns. The teaching-hospital is due to be opened in two years.

Among the University's support programmes are a language centre entrusted with improving proficiency in the English language, a centre for educational technology and a college farm to provide practical instruction for agricultural students.

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CSO: 4400/159

AIR CARGO LINK WITH EGYPT TO BEGIN OPERATIONS

Muscat TIMES OF OMAN in English 13 Mar 86 p 48

[Article by Muzaffar Mohammad: "Egyptian Air Cargo Carrier Starting Oman Operations"]

[Text] Cargo carrier, ZAS-Airline of Egypt, has announced scheduled operations for Oman from Sunday.

It takes its name from Zarkani Aviation Services owned by the Zarkani Brothers with long experience as handling agents and importers and exporters.

The operation of ZAS-Airline of Egypt was announced by Mr. Bashir H. Daoud, Airlines Manager in Oman at a Press conference at the Muscat Inter-Continental Hotel on Tuesday.

Also present were Mr. V.N. Kayshap senior Vice-President of Mezoon Travel; Hikmat G. Suleiman, Vice President of Mezoon Travel and Hisham Shadi, Advisor to the President of Mezoon Travel.

The airline with its head office in Cairo and an operations base in Amsterdam was established in 1982 with one B-707 - 320 C aircraft. Now it operates to New

York, Amsterdam, London, Frankfurt, Paris, Muscat, the UAE, Sana'a, Kuwait, Larnaca, Cairo and Khartoum. It has a fleet of six aircraft.

ZAS has plans to fly to Basle to cover Swiss and Italian markets and has applied for traffic rights to Japan, Taipeh, Singapore and Bahrain.

Mr. Bashir H. Daoud told the Press conference that the airline has direct flights for outgoing and incoming cargoes to any destination in Europe, America and the Middle East and Africa with no trans-shipment.

The Oman operation, he said, has been launched with one flight every Sunday but it is expected to be raised to twice-weekly flights in the next three months.

The airline's turnover last year was US dollar 35 million with a net profit of 3.5 million dollars. An increase of 30 per cent in capacity

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CSO: 4400/159

GROWTH IN EXPORTS, IMPORTS REPORTED

Muscat TIMES OF OMAN in English 27 Mar 86 p 19

[Text]

Oman last year achieved an encouraging growth of 28 per cent in non-oil exports despite a recession in the international market, according to a study conducted by the Oman Chamber of Commerce and Industry.

Non-oil exports last year increased by RO 5 million to RO 22 million as against RO 17.2 million in 1984, revealed the study report, to be published in the forthcoming issue of the OCCI's journal, "Al Ghorfa."

Fisheries formed the major item with RO 8.7 million accounting for 40 per cent of the exports followed by copper, RO 6.2 million; lime and fruits RO 2.2 million; and flour RO 1.2 million.

A well-conceived export strategy and a breakthrough in new European markets contributed to the boost in fisheries exports, the report added.

Crude oil exports rose from 135 million barrels in 1984 to 164.8 million barrels last year and Japan continued to remain the largest buyer with 109.3 million barrels accounting for 66.3

per cent of the total production. South Korea and Thailand are the other main buyers with 23.2 million barrels and 11 million barrels respectively.

Re-exports, the report said, dropped from RO 109.4 million in 1984 to RO 97.3 million last year and a main item, vehicles and transport equipment, fell from RO 79 million to RO 66.7 million.

Imports increased by 17 per cent, from RO 949.2 million in 1984 to RO 1,110 million last year, despite a spurt in local production, particularly in cement which rose by 50 per cent.

Vehicles and transport equipment topped the list of imports with RO 454.8 million, constituting 41 per cent of the total purchases followed by manufacturing goods, RO 241 million; and food stuffs, RO 145.1 million.

On a comparison with 1984 imports, vehicles and transport equipment rose by 22.5 per cent; manufacturing goods, 15.8 per cent; and food stuffs, 21.2 per cent.

BRIEFS

NEW TELEPHONE EXCHANGE--A new international telephone exchange of 1,000 lines expandable to 4,000 lines is being built at the Telecommunications Centre. The modern digital exchange which is expected to be ready by the middle of the year is being constructed by Siemens of West Germany. Giving details of the facilities available at the new exchange, Nassir Issa Al Kindy, Manager of the Planning and Projects Department at GTO, told the TIMES that the new exchange will boost Oman's direct dialling network with the world. The existing telephone exchange which was built in 1976 had limited facilities for international telephone dialling. The new exchange which will have a modern digital system as the new local telephone exchanges built recently and will ensure quick dialling and a speedy response from the other end. [Text] [Muscat TIMES OF OMAN in English 27 Mar 86 p 2] /12851

CSO: 4400/159

LABOR MINISTER DISCUSSES MINISTRY'S RESPONSIBILITIES

Riyadh AL-YAMAMAH in Arabic 15 Jan 86 pp 26-31

[Interview with Minister of Labor and Social Affairs His Excellency Muhammad bin 'Ali al-Fa'iz by Salman al-'Umri: "The Production Phase Necessitates the Re-examination of the Recruitment Policy"; date and place not specified]

[Text] Several outstanding features distinguish the Ministry of Labor and Social Affairs from other government sectors. For one, the ministry is virtually a collection of ministries within one ministry, because of its great number of branches and the diversity of its jurisdictions and responsibilities. Secondly, it is a "university" within a ministry, because of its subsidiary technical, commercial, industrial and agricultural institutes and centers, as well as its centers for the handicapped and paralyzed and its reformatories. Naturally, discussing this ministry will take a long time, hold many surprises, and attract much attention, because it is a topic which concerns everyone.

When it first occurred to AL-YAMAMAH to shed some light on this ministry, it contacted the man who sits at the summit of this vital agency, in order to make the interview more significant and give it a more "official" character, first of all, and secondly, so that this social-minded man, who bears in his heart and blood a special love for Saudi society and an ongoing desire to serve it, improve it, and meet its needs, could have a chance to speak out on the pages of this newspaper.

This is His Excellency Muhammad bin 'Ali al-Fa'iz, minister of labor and social affairs, who overwhelmed us with his smile, his ample modesty, and his frank, clear manner of speaking.

[Question] In Saudi society we find a strong inclination towards academic rather than technical education, even on the university level. How can we achieve a balance between academic, technical and vocational education? Are the universities and the general education schools coordinating their activities so as to limit acceptance at universities and direct young people towards technical education and vocational training?

[Answer] There is no doubt that the inclination towards academic rather than technical education is an obvious phenomenon in developing countries in general, particularly during the early stages of development, since young people attach greater value to the external features of a job without considering its returns and its future. The danger of this situation becomes even more obvious as soon as the development process moves on to subsequent stages.

Saudi society exhibits this phenomenon just like the other developing countries. Luckily, however, those involved in educational matters in our country are aware of this fact, and are working to review our educational strategies in order to achieve the desired balance between the two types of education--general and technical--and to meet the pressing need for specialized Saudi technical manpower.

It should be pointed out here that coordination exists between the Ministry of Education and the General Organization for Technical Education and Vocational Training to inform students at general education schools, particularly elementary and intermediate schools, about the technical training institutes and schools and the preparatory and vocational training centers. This is done through organized field trips in which the students become acquainted with the goals of technical education and vocational training, the opportunities for enrolling in such schools, and the role they play in preparing a Saudi labor force of technicians and professionals.

This cooperation between the Education Ministry and the organization also includes the idea of incorporating parts of technical education and vocational training into the curricula offered to general education students, in order to explain to the younger generation the importance of this kind of education and highlight the social and economic value of various types of work, in order to instill and deepen respect for technical workers in the young people's minds.

In the context of higher education, the establishment of the technical college, where classes began 2 years ago, will help reduce the over-concentration of students in university studies. Technical colleges will open up new horizons for the development of technical education in the Kingdom, and will make it easier for students holding general secondary diplomas, and graduates of secondary technical schools, to continue their higher technical studies. This will also prepare them for a secure technical future and will lead to new fields of studies conducive to the proper utilization of Saudi manpower within a very short period of time.

Without any doubt, it is vital for the information media to help acquaint people with technical education and vocational training programs, since the information media can bring the facts to public opinion more effectively. Therefore, we hope that the various information media will work together even more to steer young people towards technical education and vocational training, as a service to both the individual and the society.

The Saudi Technician Has Been Proven Effective

[Question] Some industrial facilities are said to lack confidence in the ability of the Saudi technician. How can this problem be dealt with? What is the practical and theoretical level of the trainees and graduates?

[Answer] In glancing over the production sites where Saudi technicians are to be found, such as Aramco, SABIC, PETROMIN, the electricity companies, the Saudi Arabian airlines, and other industrial companies, organizations and government offices, we find that these technicians have been proven successful in managing production skillfully and capably, which has caused everyone to have confidence in them. The advertisements printed in the local newspapers requesting more such Saudi technical manpower in great part reflect our utmost confidence in them. As long as the situation is so glowing, we shall never have to search for a solution to a non-existent problem.

As for the practical and theoretical level of the trainees and graduates, the agencies responsible for this area, particularly the General Organization for Technical Education and Vocational Training, are fulfilling their duty to improve the students' level of technical education, by giving constant attention to developing study programs in practice and theory, along with cultural studies, so as to create a well-balanced personality in the student. Thus he can consciously participate in the national development process by means of the technical specialization he has acquired.

In its training programs, the organization also follows those methods which will guarantee a good preparation for those enrolled in its vocational centers, whether by developing training programs or by preparing workshops and equipping them with the most modern, highly technical machines and equipment, all of which will help give the trainee superior capabilities and expertise.

In addition, the organization is giving attention to raising the scientific and technical levels of those doing the education and training, by employing skilled, qualified instructors, sending study missions to specialized institutes and universities, and, last but not least, seeking the aid of foreign experts through technical cooperation agreements with other industrially-advanced governments and international organizations which give the latter the chance to develop technical, vocational and administrative programs, courses and systems here in Saudi Arabia.

Technical Institutes and Centers

[Question] How many technical institutes and vocational centers are there at present? How many students are enrolled in them? Do you intend to open other institutes and centers, and if so, where?

[Answer] The technical institutes and vocational centers of the General Organization for Technical Education and Vocational Training are concentrated in two main sectors.

In the technical education sector, there are eight secondary institutes for industrial education, three institutes for technical assistants, and the technical college. As of the end of last school year, there were 4,377 students in this sector. In commercial education, there are 11 secondary schools, in addition to two higher institutes for financial and commercial sciences, and there was a total of 7,345 students in this sector at the end of last school year. In agricultural education, there are 176 students at the model agricultural institute at Buraydah. This brings the total number of technical education enrollees to 11,898 for last school year.

In order to further contribute to the state's development plans, it has been decided to establish a 660-student electronics institute in Riyadh. It is under construction right now.

With respect to the second part of the general organization's responsibility, i.e. vocational education, last school year there were 10,345 trainees in the following four fields: 86 trainees enrolled at the Instructor Preparatory Institute and the media center in Riyadh, 4,660 trainees enrolled in day classes at 25 training centers, 4,413 trainees enrolled in evening classes at those centers, and 1,187 trainees enrolled at eight vocational preparatory centers.

It should be pointed out that in deciding where to locate technical education institutes and vocational preparatory and training centers, consideration was given to spreading out these educational and training services to all parts of the Kingdom, so as to serve the surrounding towns and villages and provide the population with complete services as well as other advantages and material incentives.

Naturally, more specializations are being offered, class capacities are being increased, and new centers or institutes are being opened in accordance with the current development plan.

Employing Saudis

[Question] Is it true that there is no coordination between the private sector and the government agencies in employing technical manpower in their areas of specialization? In other words, that Saudi technical graduates are not being hired and dependence is being placed on foreign workers? Could you comment on this?

[Answer] For a start, we would like to point out that hiring for government agencies is done by the General Civil Service Commission, in accordance with civil service statutes and by-laws. Employment in the private sector is supervised by the Ministry of Labor and Social Affairs, represented by the labor offices, in accordance with the rulings of the labor law. In this area, the labor law is quite flexible, since citizens and private establishments are not necessarily obliged to hire through the labor offices, even though those offices are best prepared to provide their services in this area free of charge to citizens and employers. It is also a fact that since the beginning of the Kingdom's second 5-year plan, the demand for Saudi manpower has increased greatly, particularly in the scientific, technical and vocational

fields. Therefore, there is no urgent need for more coordination among the agencies involved in hiring citizens. However, with the stabilization of the demand for manpower, and the large number of Saudis graduating from schools, institutes, centres and universities, this coordination has begun to take on new forms, in order to achieve optimum employment and use of Saudi manpower in the various areas of government and national work.

We would also like to stress that the policy regarding recruitment and employment of foreigners is governed by precise rules and conditions, the most important of which says that it is not permitted to recruit and employ foreigners as long as there is a Saudi who can do the job.

Social Insurance Beneficiaries

[Question] What are the developments with social insurance benefits? What groups are covered, and how much is paid out each year to needy families?

[Answer] As you know, social insurance was founded in 1962, at which time the upper limit for pensions was 960 Saudi riyals a year. There have been several increases since then, and the upper limit is now 11,340 riyals a year per family. Obviously, social insurance pensions have increased several times over, due to His Majesty the King's full concern for those groups covered by social insurance--those incapable of full-time work because of illness or old age, women without anyone to support them, and orphans. These groups receive cash pensions. The social insurance system also covers families of prisoners, individual catastrophes, and partial disablement; these categories receive aid, either lump-sum or continual, for as long as the cause continues. In addition, the ministry's social insurance agency provides material assistance, such as wheelchairs for the handicapped, and finances some production projects, such as small kiosks, tailoring shops, and poultry production, to help some families increase their income.

A total of 1.537 billion riyals in pensions and assistance has been paid to social insurance beneficiaries.

Foreign Labor and Its Employment

[Question] On what bases, and according to what standards, is foreign labor hired in the Kingdom, and how are these rules applied?

[Answer] The basic rule in employment is to start with citizens. The labor laws clearly state that work is the right of the Saudi citizen, and that no one else can pursue it unless he meets certain conditions and standards, which can be summed up as follows. The foreigner must have professional skills or educational qualifications, needed by the country, which are not held by any citizen, or for which there are not enough citizens to meet the need. The employer, who must be licensed to pursue a specific activity, must need the services of the worker in that job which he does best by virtue of his qualifications and expertise. The recruited worker must be sponsored by the employer, and must sign a contract with him for a specific period of time. In addition, there are conditions for legal residence in the country, and for obtaining a work permit in accordance with the regulations in effect in the

Kingdom. These conditions are applied in cases of recruitment from abroad, and in cases of internal hiring through the transfer of the foreign worker's services. In cases of transfer of services, the worker's sponsorship is relinquished, and final approval for the transfer of sponsorship must be obtained, since a worker cannot be hired until all this is registered in his official documents. In turn, the agencies involved apply these guidelines and conditions and cooperate and coordinate their activities in many matters pertaining to the hiring of foreign labor in the Kingdom.

Recruitment By the Labor Ministry

[Question] What are the implications of including recruitment in your ministry?

[Answer] Recruitment is one way of meeting the employer's manpower needs. The Interior Minister and the Ministry of Labor and Social Affairs felt that now that the Kingdom of Saudi Arabia has entered into the production, maintenance and operation phase, after having completed the infrastructure stage, recruitment policies and procedures need to be re-examined. This matter was subjected to detailed study by both ministries, and the results showed how important it is for the Ministry of Labor and Social Affairs to handle recruitment procedures for the private sector, whereby the employers' requests would be submitted to the labor offices for study and evaluation of the extent of their need. The main goal here is to coordinate recruitment with the employment of Saudis. The employers should first try to fill vacant positions and professions requiring recruitment with Saudis, either on their own or through the labor offices. After that, he can round out his needs by hiring and recruiting foreigners. This matter is more urgent now than in past years, because of the constant increase in the number of Saudis graduating from universities, technical schools and institutes, and training centers of various kinds, levels and specializations. This trend, the fruit of an enlightened educational policy the foundations of which were laid by His Majesty King Fahd bin 'Abd-al-'Aziz, is in keeping with the fourth 5-year plan's strategy for hiring a greater percentage of Saudis in the private sector.

However, there are other reasons for the Labor Ministry to handle recruitment for the private sector, one of which is to coordinate recruitment with transfers and job changes among non-Saudi workers, so that all of these matters can be handled by one agency so as to control and limit the hiring of foreigners in private sector establishments except in cases of extreme need. Furthermore, the labor offices, because they are located close to the job sites and are contacted by employers on various labor matters, are better able to assess the needs and circumstances of the requesters and ascertain how far they are complying with labor law rulings. The employer must be made fully aware that if he has many labor problems, does not comply with the law, and is lax in meeting his obligations, all this will have a negative effect on granting his recruitment requests. We hope that the handling of recruitment by the 37 labor offices spread throughout the Kingdom will help make things easier for the employer at the job site.

I would like to take this occasion to urge employers to make realistic, unexaggerated requests, and to try to be more selective in choosing the manpower

to be recruited. I want to make it clear that those recruitment requests which are the jurisdiction of the Ministry of Labor and Social Affairs as represented by the labor offices involve requests from private establishments engaged in various activities, as well as from farmers. As for recruitment requests for government agencies, requests to bring in the families of workers, and requests to recruit domestic workers, these are submitted directly to the recruitment office of the Interior Ministry, just as in the past.

The Labor and Interior Ministries

[Question] How much coordination is there between the Labor Ministry and the Kingdom's security agencies?

[Answer] Actually, there is full cooperation and coordination between the Labor and the Interior Ministries in this regard. The labor offices send delegates to many of the committees involved in settling disputes over violations, combatting the flight of workers, preventing foreigners from practicing commerce, and other matters requiring coordination. We all want to reinforce the security and stability enjoyed by the Kingdom by virtue of the adherence, by His Majesty's government and this secure country's citizens, to the teachings of the true Islamic religion, and their application of its principles and teachings to various aspects of daily life.

The Labor Agency Study

[Question] From time to time we see newspaper advertisements placed by organizations and companies seeking employees, which place such rigorous conditions that no Saudi could ever apply. What is your opinion here?

[Answer] Advertising in newspapers and magazines about jobs and vacant positions is one way of obtaining manpower. In fact, the Labor Affairs Agency conducted a study which showed that some employers overstate the conditions for filling the positions, which might have the effect of limiting the number of Saudis who could fill them.

More Than 11,000 Saudi Students Employed Each Year

[Question] What efforts are you making to employ Saudi students during summer vacation at organizations and companies operating in the Kingdom?

[Answer] The ministry's Labor Affairs Agency, as represented by the labor offices throughout the Kingdom, takes part in summer programs offered to students, which consist of a seasonal program each year to employ students during the summer vacation. For the past 15 years this ministry, through this program, has helped find jobs for students at private companies and organizations. This yearly program begins 2 months or more before the start of the summer vacation, when specialists at the labor offices contact companies and organizations, tell them how important it is for them to participate in this program so beneficial to both employer and student, and compile a list of the job opportunities available. When vacation begins, those who want to work are interviewed and nominated for jobs according to what is available. During the last five summer vacations, the labor offices were able to employ 57,000 students, or an average of 11,400 students each year.

The Goals of the Gulf Labor Council

[Question] Do you think that there is any jurisdictional interference between the Council of Arab Gulf Labor Ministers and the Arab Labor Organization?

[Answer] We would like to emphasize that there is no jurisdictional interference between the two. The Council of Arab Gulf Labor and Social Affairs Ministers wants to achieve cooperation and coordination in labor and social matters among its member countries, which all together represent an integral unit from the standpoint of situation and circumstances, as well as to stress the principles and goals cited in the Arab Labor Charter. The council's most important goals include helping achieve social and economic development and social peace, establish a secure society in such a manner as to guarantee the citizens' present and future tranquility and stability, increase production and productivity, increase the effectiveness of social and labor programs, raise performance levels, develop social awareness among the citizens, direct attention to the cooperative movement, and exchange technical expertise in social and labor fields. Ever since its establishment, the council's resolutions, as well as the activities of its follow-up bureau, which serves as the council's secretariat, have been geared towards the achievement of these goals. There is full cooperation between the follow-up bureau and the Arab labor office in carrying out many programs, either studies, seminars or study circles. Both bodies are represented at the meetings of the Council of Arab Gulf Labor and Social Affairs Ministers and at Arab labor conferences, in order to realize greater coordination. Therefore, the activities of the council and the follow-up bureau reinforce the goals and programs of the Arab Labor Organization.

A Guidance Program

[Question] There is said to be a Gulf project for labor awareness, which will deal with the people's social and labor issues and problems. Is this true?

[Answer] What you are referring to is correct. The Council of Arab Gulf Labor and Social Affairs Ministers has asked its follow-up bureau to prepare a detailed plan for a proposed program for social and labor guidance, inasmuch as the member states need such a plan to keep up with regional growth and development. In its last session, held in Bahrain, the council approved implementation of the plan as drawn up, which includes 52 television programs and 52 radio programs. In order to carry out the first part of the project, which consists of producing 26 television programs and the same number of radio programs, 400,000 Bahraini dinars have been allocated and the preliminary steps have been started. There is a supreme committee for the project, consisting of two delegates from each member state, which meets whenever necessary. The project's major goals include developing methods of social and labor awareness and guidance, instilling and reinforcing fundamental Islamic and Arab values, unifying social values and concepts, preserving the positive customs which characterize Arab Gulf society, reinforcing the citizens' positive inclinations towards working, joining and participating in the overall development process, and informing people of the various facets of social welfare and development and the growth of social work in the member states.

The project is being carried out by the Joint Arab Gulf States Program Production Organization, which has already produced several successful programs. God willing, we expect that the above-mentioned project will be produced just as successfully, so that we can achieve the hoped-for goals.

The Charitable Societies' Progress

[Question] Are you pleased with the charitable societies and with what they are doing?

[Answer] We all know that charitable societies generally aim at raising the social, economic and cultural levels of the environments they serve, and continually use all methods and means to achieve their benevolent goals, so as to translate these goals into social and humanitarian services and projects.

There is no doubt that the Kingdom's charitable societies have made significant, rapid progress in achieving these goals. Whereas in the recent past their services were limited to assistance, these societies now offer many programs and services. With God's help, and through the devotion of all involved, these societies have been able to face up to the rapid growth which our country has experienced and is still experiencing in various areas and the resultant social phenomena and problems which must be dealt with in order to avoid imbalanced social relationships which would affect civil life. Furthermore, the flexibility of work in these societies, the ease of decision-making, the supervision and guidance they receive from this ministry's Social Welfare Agency, and the citizens' support have all led to a high degree of success. This calls for confidence and satisfaction with what these societies have done and are doing, as well as pride in this popular participation which has accompanied state services and which has correlated with social development plans, one of the goals of which, according to the directives of His Majesty the King, His Royal Highness the Crown Prince, and His Royal Highness the Second Deputy Prime Minister, is popular participation. All of this calls for optimism, and makes one feel that the citizen is aware of his responsibility towards his society and therefore his duty towards those citizens who need welfare and the services of these societies. Therefore, we are obviously pleased and satisfied with these societies' efforts. We are increasingly hopeful that such societies will receive continued warm citizen support so that they can continue to make progress in achieving their goals, improving their services, and offering other new services. We call on God Almighty to grant success to all those He loves and is pleased with, and to lead us along the straight path.

Citizen Response To the Societies

[Question] To what extent have the citizens responded by helping the various charitable societies, and are you satisfied?

[Answer] Without a doubt, the Kingdom's citizens, because of their generous Islamic faith which holds that giving and sacrificing is a form of piety, their innate love of doing good, and their feeling that it is their duty to be grateful for the blessings which God has bestowed on them, have always been ready to give money to good causes. They sincerely want to support any

effort which will benefit the country, and they do so for the purpose of earning rewards and merit from Almighty God. Therefore, their participation in charitable societies has been constructive and fruitful, and has taken one of two forms:

1. Helping the societies by joining them and paying membership fees, in addition to taking part in the societies' work by serving on various committees, attending the societies' general meetings, and sitting on their boards of directors. In other words, their participation has been material as well as in effort and work. The charitable societies call these people active members.
2. Financial participation through contributions to charitable societies, both in money and in kind. There are many such people, thank God.

Nevertheless, because of the importance of effective participation, whether through active membership in a society or through financial and material contributions, the societies always need continued support. Effectiveness lies in contributions of effort and work, as well as money. This is what the societies need, and we are all hoping that participation will not be limited to just money or yearly subscriptions.

In general, the charitable societies' success and progress to which I referred in my answer to the previous question is all due to God's help and the citizens' participation. This is no doubt a source of pleasure and satisfaction, but I hope that this participation will increase and become more effective by means of active membership in these societies.

Therefore, I would like the citizens in general to participate more and not stop at just financial contributions. The societies need boards of directors and specialized working committees, all of which require an alert, devoted human element. I am fully confident that the citizens of this Kingdom will respond to this appeal, and that God willing their material and human participation in charitable societies will increase, through money, effort and work. Thus all our hopes and desires for the kind of effective participation which will lead to these societies' success and material and moral support will be achieved, enabling them to carry out their mission in the best possible manner. I ask God to grant success to everyone in this good deed.

The Orphanages Are Playing Their Part

[Question] Do you think that the Kingdom's orphanages and reformatories have played the nurturing role required of them or not?

[Answer] There is no doubt that these homes have fulfilled their role in caring for this category of citizens. In order to make this clearer, we might ask ourselves the reverse question: What would the situation be if these homes did not exist? Without a doubt, given our country's vast growth in all areas and the accompanying negative trends, the prisons might now be teeming with hundreds of young people, who would be exposed to deviation and who might spend their entire sentence among adult criminals. This would be an unsuitable environment in which they could not be properly reformed so as to return to the straight path as good citizens. The same goes for orphans;

their fate would no doubt be vagabondage. Therefore, I am convinced that these homes have played their part very well and have continually tried to improve their services so as to come closer to perfection. Perfection belongs only to God. Suffice it to say that many children from these homes have been well-guided and prepared, have made their way in life, and have become productive persons of benefit to themselves and their country.

The Handicapped and State Concern

[Question] What does the ministry offer the handicapped Saudi, and how many handicapped persons are there in the Kingdom?

[Answer] One of this ministry's greatest concerns is the handicapped of various categories, be they physically, mentally or socially handicapped. These categories are cared for according to the type and degree of handicap of each. Those men and women with minor physical or mental handicaps who can handle vocational training receive such training at what are called vocational training centers for the handicapped. At present there are three such centers for men, in Riyadh, al-Ta'if and al-Dammam, and two for women, in Riyadh and al-Ta'if. These centers train the handicapped for vocations and professions suited to the type and degree of their handicap, such as tailoring, painting and decorating small objects, operating precision equipment, working on telephone exchanges, office work, carpentry, and so forth.

In a single 20-month training session, these centers can handle more than 500 handicapped persons, including those with upper or lower limbs amputated, paralytics, sufferers from heart disease, the deaf, the dumb, those with impaired hearing or vision, those recuperating from tuberculosis, and mentally deficient types such as morons. During the training course, each person is given a monthly allowance of 400 to 1,200 riyals, depending on whether the person resides at one of these centers or lives outside, or whether he is supporting a family or not. These centers also provide transportation, uniforms, food, and health, psychological and social services. Once the training course ends, these centers, in cooperation with labor offices and the Civil Service Commission, find jobs for the trainees in companies, factories, and government administrations and organizations. Trainees who want to set up individual or group production projects are granted up to 50,000 riyals assistance each.

Paralyzed children are cared for at two educational organizations, one in Riyadh and the other in al-Ta'if, which now have close to 200 boys and girls. These two organizations offer all kinds of social, psychological, medical and educational care.

As for the severely handicapped, at present there are five centers caring for them, in Riyadh, Madinah, al-Ahsa', Abha, and al-Bukayriyah. These centers have about 800 men and women suffering from various disabilities who cannot receive vocational education and whose families cannot take care of them. The centers provide health and social care and comfortable accommodations.

In the case of those who cannot be easily served by these centers and organizations, yearly monetary aid varying from 5,000 to 10,000 riyals is paid to their families. Right now there are close to 11,000 handicapped persons benefiting from this aid, and about 85 million riyals are paid to them each year.

As for how many handicapped persons there are in the Kingdom, there is no precise count. However, we can be sure, praise God, that no handicapped person ever comes to us without receiving care. This matter has received the personal attention of His Majesty the King and the Crown Prince, and the government of the Kingdom has spared no effort to provide all the services and aid necessary to care for the handicapped.

Treatment At the Welfare Homes

[Question] It has been said that most of those working at social welfare homes are not qualified to work in such places, and that some practice uncaring, unsanitary methods. What is your opinion?

[Answer] This charge is disproven by reality. No one who is not qualified for such work, be they citizens or contractors, works in these homes. There is not a single social worker in any home who has not graduated from a school of social service at a university. There is not a single teacher without teaching qualifications, just as there is no physical education teacher or therapist who does not have the appropriate, specialized qualifications. Those attendants who are Saudi citizens have general secondary school diplomas and function as assistants to specialists, working under their supervision and guidance. They have all been trained to work in such homes and organizations. Many persons have applied for such positions, and the authorities have refused to give them these jobs because they were not suited. As for contract attendants, they are all educationally qualified and have long experience working for similar social organizations in their original countries. This is the main reason why they were chosen. Most of them hold either a bachelor's degree in social sciences or social work or have other educational qualifications.

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SYMPOSIUM DISCUSSES ENHANCEMENT OF COUNTRY'S EXPORTS

Riyadh AL-RIYAD in Arabic 9 Jan 86 pp 6-7

[Article: "AL-RIYAD Symposium on Kingdom's Non-oil Exports; Kingdom Has Entered Phase of Exporting to World; 200 National Firms and Plants Have Been Exporting to External Markets"]

[Text] It was said after World War II in 1945 that Japan would never rise from its fall and there were those who went so far with their pessimism as to say that there would be no "giant" who would stamp his imprints on the world's political or economic dealings map.

It did not occur to the pessimists that a people with human "capability" would rise from the ruins of devastated Hiroshima to chart the map of a "modern technological" approach from within the Japanese factories and schools which have taught Japanese children how to deal with their country's developments and which have produced a new giant. All of America's and Europe's caution and legislation have not been able to stand in the face of this giant's expansion or to prevent it from entering the competition arena.

I do not think that what has happened in Japan is far from happening with other very similar experiences, including the kingdom's choice of the "industrialization option" to make this option the means to achieve the civilizational leap which must be achieved.

In the past 10 years, the kingdom has been, and continues to be, one of the international marketing centers. It is constantly open and has an appetite for imports. But the kingdom is not content with this and has sought through its plans to eliminate the import process and to focus all its efforts on exports, which is something the kingdom has achieved. In the past 3 years, the kingdom has been able to export more than 1,000 local products as the beginning of an early phase of maturation. The rest is on the way.

This phase inevitably requires a complementary effort and full knowledge of the world market's conditions and competition. This is why the need has arisen to establish a Saudi center to develop exports, considering that more than 200 firms and factories have been able to export their goods to the world markets.

Because of the importance of this topic, this week's AL-RIYAD symposium focused on Saudi exports to the outside world. Participating in the symposium were Dr 'Abd-al-Rahman al-Zamil, the Ministry of Commerce undersecretary; Engineer Mubarak al-Khafrahi, the Ministry of Industry and Electricity undersecretary; and Dr 'Abdallah al-Dabbagh, general secretary of the Saudi Chambers of Commerce Council. Participating from the editorial staff were Nasir al-Qar'awi, Ahmad al-Duwayhi, Hamad al-'Askar, and Muhammad al-Sulayman.

The symposium began with the talk about the objective and importance of founding the center to encourage Saudi exports. Following is the text of the symposium:

Importance of Project

Dr 'Abd-al-Rahman al-Zamil: The Ministry of Commerce has been devoting special attention to this point. For 3 or 4 years, we have been giving serious consideration to conducting a study on the position of exports and on the conditions engulfing exports, whether at the Gulf level or the level of other countries. In the past 15 years during which all of the kingdom's sectors have experienced an upsurge, we expected certain industrial, service, and agricultural sectors to reach the phase of aspiring for wider markets. Under current international trade circumstances, we find that coordination between the private sector and the state agencies to encourage exports is a very important thing. We find that all the world government systems, whether capitalist or socialist and beginning with the United States and ending with Russia, have special policies and agencies to encourage exports.

Proceeding on this basis, the Ministry of Commerce launched with the Swiss International Trade Center a specialized comparative study to provide some recommendations. The study has been completed and presented to the ministry. The study offers several options and the ministry found that the best option under the current circumstances is to rely on the private sector through the Chambers of Commerce Council, which has launched its activities for the purpose. We decided that this agency center should be launched by the chambers council and by the businessmen themselves. Through studies, the center has set numerous objectives, the most important being the coordination of the exporters' activities so that they may turn to markets other than the neighboring markets and may study them practically, so that they may form trade, agricultural, and industrial delegations to visit (other countries), and so that they may set up specialized centers and designate markets as targets of expansion and guide businessmen, whether in the agricultural or service sectors, to the best ways to reach the other markets. There is also the important objective of proposing and studying ideas to be presented to the agencies concerned on creating a general climate to encourage exports. This is a major responsibility entrusted to this center.

Utilizing Industrial Capacities

[Question] Engr Mubarak al-Khafrah, what comment do you have on the importance of this topic to the kingdom's industrial sector?

[Al-Khafrah] The good initiative launched by the Ministry of Commerce with the chambers council has been a successful one because the issue had not been studied previously with different ideas on how to create a certain channel to achieve this kind of cooperation which puts the businessmen in a single vessel aimed at developing industrial exports. The fact is that our industry has reached a very advanced level which requires the creation of external channels to export its products. The currently available capacities are not utilized in the desired manner due to the narrowness of the market. Consequently, the need has arisen for this kind of channel so that businessmen, in their capacity as the prime generator of this activity, may operate through it. The role of the Ministry of Industry and of the other agencies is to issue laws and regulations that help develop and strengthen this center, especially through economic agreements between the kingdom and the neighboring Arab and Islamic countries. This is in addition to other laws which will be discussed later. The center is not the objective. The objective is to build the basic structure so that the center may proceed along the right path through legislation issued by the various state agencies. The center is in the development phase and until the idea becomes clear, there will be some obstacles which we hope to overcome so that this center may move in the right direction.

Support and Preparation

[Question] The export center's executive role will be entrusted to the chambers council. This is an important task required by the phase. What is the role that you will play in connection with the center or in connection with exports generally?

['Abdallah al-Dabbagh] I wish to thank the Ministry of Commerce for crystallizing the idea of setting up an export center and an export agency. The study conducted by the ministry is a profound and successful study. The state policy has been founded on diversifying the economic bases and the national income sources. It is a foregone conclusion that exports to the outside world are aimed at bartering or obtaining foreign currency. The council's role is support and preparation because exports rely fundamentally on exporters. We offer them the vessel and they move within this vessel, conducting extensive studies on industrial and agricultural projects. When such studies are conducted, the businessmen have to open marketing outlets abroad, especially in countries to which we can export. This does not mean dispensing with state support in several aspects, such as concluding industrial agreements with other countries, supporting exportation, and supplying bank credits to the exporter through an export bank.

Increasing Exports

[Question] Have we reached the phase of moving to the foreign markets and, consequently, of achieving self-sufficiency? Moreover, what is the motive behind the founding of the center?

[Dr al-Zamil] One of the most important motives is the increasing number of certificates of origin issued by the ministry's agencies in all the eastern, western, and central provinces. We have found that the number of factories and farms requesting certificates of origin is increasing, thus confirming the presence of an urgent need for such a center. The export sector has, in fact, imposed itself on the reality. The figures at our disposal show that the current number of export establishments is 380. The number is increasing and any person wishing to export has to contact the ministry to obtain a certificate of origin. The ministry has at present a clear picture of the export capacity and of the countries to which the exports are made. If we examine what goods are exported to what countries, we would be surprised. In addition to the Gulf countries which have represented a good export market in recent years, (with the exports to these countries amounting to 91 million riyals and representing one-quarter of the kingdom's exports to the Arab and other countries), we find exports of which one may not think, such as fish and shrimp exported to Singapore, Hong Kong, Cyprus, and Japan, large quantities of vegetables and eggs exported to Jordan, in addition to the Arab Gulf, sesame seed paste exported to Australia, not to mention other products such as juices and soft drinks exported to Iraq, Somalia, and Sudan, washing powder exported to Yemen and East Africa, and sanitary fittings and manufactured plastic goods produced at a very high quality as a result of the availability of raw materials and new plants in the kingdom. The variety of products and the number of exporters are increasing. As officials, we must focus our attention on this sector and must offer it facilities and incentives so that we may reach the level of the other countries who offer such incentives.

['Abdallah al-Dabbagh] The idea of drawing up a timetable for implementation is a very big idea. We are trying to move as fast as possible. In 2 weeks, the members of the Saudi Export Center's Constituent Committee will meet to discuss the policies and incentives and will select the Executive Board which will then appoint the executive apparatus and launch the practical steps. I wish to stress that it is important for the Saudi markets and Saudi products to study the neighboring markets and to find out the best methods to facilitate future export activity.

[Dr al-Zamil] I wish to add another point. In the latest meeting, we asked the chambers of commerce to turn this center into a reality this year. The chambers council has risen to the level of responsibility and pledged to secure the money to finance this center. The executive committees will follow in the future when the required sums of money are pledged. We fully hope that the center will see the light in the next 3 months.

Export Expansion

[Question] We wish to give a brief idea of the quality of the kingdom's exports to the outside world.

[Mubarak al-Khafra] Under the canopy of the renaissance of recent years and of the vast construction activity which occurred within its framework, the construction industries developed strongly and expanded at a large scale, becoming capable of meeting the neighboring market's needs at a competitive international level, whether in terms of price or of quality. This is in addition to other consumer goods developed under this healthy climate. (This has given many of the firms producing these goods a competitive edge over similar industries existing in some neighboring countries, such as Iraq). The constant growth of these industries must be protected and a structure must be built to enable them to flourish more and more.

['Abdallah al-Dabbagh] Our industries have achieved the highest degree of quality, productivity, and capital intensiveness, meaning that they rely on machinery rather than manpower because our manpower is imported. For example, we now have 486 plants for construction materials, 500 plants for engineering industries, 259 chemical plants, and 166 wood and paper plants, not to mention 8 major petrochemical plants. They are all capable of exporting in the future and they possess the two basic elements of high production capacity and capital intensiveness. By 1404 of the Hegira, we had 1,609 plants in operation and 3,252 plants licensed, many of which are on their way to begin production. All of them employ advanced technology and it is their duty to look for export markets because the local market and the Gulf market are not large enough to absorb the high production.

[Al-Khafra] The conversion industries, the construction material industries, and the industries producing luxury goods have reached the point of saturation. In fact, when we speak of the private-sector industries and move on to the other industries which we, as a public sector, seek to establish within the joint framework of the public and private sector and which will be gradually transferred to the private sector, what Mr 'Abdallah al-Dabbagh mentioned becomes correct and these figures change from moment to moment because some plants reach an advanced stage or full capacity and have to search for new markets.

[Question] What is the Ministry of Industry's role in bolstering exports? Will the center go into operation in its initial phases, especially since it needs government support because of its weak experience and small resources?

State Contribution

[Al-Khafra] The Fourth 5-Year Plan focuses on this issue and the state gives the private sector and the major role in the country's economic development. On the other hand, the state has committed itself to several

things to bolster this role, including incentives and support for this tendency through either founding this center or providing it with the basic structure to survive. We, as government agencies, do not wish to act as trustees of the ideas of the private sector, which is better aware of its interests than the government. Consequently, we must issue the legislation which creates the climate for this sector to surge forward through the founding of export establishments and through studies conducted by various agencies and supported by the state for the founding of the center, including the export insurance agencies. Coordination must be established with the various authorities concerned to exert efforts to reduce or abolish the export (port) fees. There is no doubt that all countries offer numerous incentives for exports. We must focus on reducing or abolishing the port fees on exports and must also exempt raw materials imported by factories from port fees. These are incentives which will help the center march forth. Moreover, the joint committees that we have with other countries must be represented practically to the exports council so that they may discuss what is in the interest of the businessmen and may establish controls and coordinate with agencies in other countries to facilitate the export of products. The economic agreements must also be utilized. When founded, this center will study varied legislation. I can say that the Ministry of Industry and Electricity is prepared to accept these ideas and to discuss them as long as they serve the public interest. But nobody should expect us to do everything because the businessmen have to do a lot. We will develop these agencies to keep pace with the mentality and tendency of the businessmen and we will, God willing, try to achieve these objectives.

Role Reflection

[Question] What is the role of the chambers council in opening new channels, whether Arab or international, of export to the outside world and will the center's role be confined to imports and exports only? What is the role of the trade agreements until the center is founded?

[Al-Dabbagh] The center will be under the council's control and, therefore, will be a part of the council. All its activities will complement each other. The Saudi exports play no direct role so far. The idea of exports is a very new idea. In the past, the role of the chambers of commerce was a receiving role, meaning the role of helping people exporting to the kingdom. This role must now be reversed, especially for the trade attaches abroad who market Saudi oil and petrochemical products. As for the private sector's exports, it must open marketing outlets in the areas which will provide a good export opportunity such as the Arab Gulf, Egypt, and the neighboring countries. After conducting studies, one of the Export Council's basic duties will be the duty of opening export outlets. The council must then go further and study the previously concluded agreements and the means to utilize them in order to enhance Saudi exports to the countries with which the agreements are concluded or to make recommendations to the government agencies on future economic agreements which can be concluded to benefit our Saudi exports. I believe that 90 percent of

the effort to enhance Saudi exports falls on the shoulders of businessmen and of the chambers of commerce. This does not mean dispensing with the state services that have customarily provided indirect, not direct, support in the form of legislation, mutual agreements, the Export Bank, and credit facilities. It is indisputable that without such support, the council will not succeed because it is believed that the state must continue to contribute and help with credit facilities and must link the foreign aid which the kingdom advances to Saudi exports, whether in the form of services or commodities, amounting to 10 percent of the aid.

Factories and Credit Problem

[Question] You have focused in your answer on the credit facilities. Does this mean that there are credit problems?

[Dr al-Zamil] The phenomenon of exports is something new to our society. We are in a new phase resulting from the development of our sectors, not from a drop in market demand. According to what we hear, we assume that the world competes in a free climate remote from intervention, support, and direct and indirect subsidies. We enter the market with products other than petrochemicals, which have different circumstances. We are talking here about industries undertaken by the private sector. We have found in the past 3 months five major factories which made bids worth hundreds of millions of riyals in the neighboring markets. The bids were very competitive but they faced one problem with the owners of the projects who told our factories frankly that bids had also been made by the United States, Germany, and Italy and that the project owners had refused to buy from these countries. But then those making the bids from these countries came with specific financing programs from the export-financing establishments in their countries. Our factories cannot make these promises. This fact has opened a broad horizon to our eyes and we have begun to examine what the other countries of the world offer so that what they offer may provide us and our factories with a guide. Our factories have actually faced the financing problem in numerous markets, even though they are capable of competing in these markets.

Dream Turned into Reality

[Question] What is the solution? Will the export center fill the financing gap or is there a plan to set up a specialized agency?

[Dr al-Zamil] The solution is clear and it has started. The mere talk about exports and their problems, the major meeting on which was held at the council of the chambers of commerce and attended by more than 200 producers, and the ideas presented, including this symposium we are holding today, constitute a part of the talk. We are discussing this phenomenon for the first time. If we had talked about exports 2 years ago, the reader would have said that we are living in a dream. Now the situation has changed, the dream has turned into a reality, and the market is imposing itself. All these facts require us, as officials, to prepare to offer the answers to this sector and to cooperate with it.

Banks and Limited Response

[Question] What is the role of the local banks in contributing to the enhancement of exports and, consequently, what is their national role?

[Al-Khafrah] You have raised a point that is tantamount to one of our concerns. When I worked in the general secretariat for the investment of foreign capital, I repeatedly tried to meet with some brothers in the local banks out of the simple motive of encouraging and supporting industrial capital. Two or 3 years ago, the response was very limited. But there is no doubt now that the banks have a major role to perform and that the market is imposing itself. For a period of time, the banks have experienced the best growth and expansion in their foreign transaction activity and they have, meanwhile, offered the other sectors very little. It is now time for the banks to play an effective role and to take advantage of the current conditions to develop their activities in encouraging and financing industrial investment. We must act in unity with the banks and cooperate with them to form a group, perhaps led by one of the government-owned funds. The private sector (local banks) and one of the government banks, such as the Industrial Development Fund, must unite to create an agency for the development of exports. This will not, God willing, be hard to achieve, especially since those in charge of the banks' executive boards and councils and the government departments are exerting efforts in this direction. We hope that they will achieve this objective. As a government agency, it is not our role to impose such things on the banks. However, we feel that if the local banks play their role, it will bring them a lot of good in the future and that the banks should play a role whenever given an opportunity in order that they may grow in a healthy climate and may contribute to the enhancement of exports.

Establishing Exports Fund

[Question] Mr 'Abdallah al-Dabbagh, you play a role in this regard in the Chambers of Industry Council. What is your comment?

[Al-Dabbagh] I believe that this is an important role. Without the availability of credit facilities, there is no opportunity for future exports, particularly in the initial phase of exportation. The ideas are present. So, what is the role of the banks and of the state funds and can some of the Industrial Development Fund's activities be diverted to encourage and enhance industrial exports? Can the Agricultural Fund be developed or should an exports fund be established? Most countries have funds for exports and export studies. We must examine all these points, proposals, and recommendations. As for the part concerning the state and the government agencies, we will present it as a proposal. God willing, it will be taken into consideration and the government agencies will add to it ideas to help encourage and enhance exports.

Difference of Situation and Availability of Products

[Question] Dr al-Zamil, you have referred to the role of the Saudi Fund for Foreign Development and Financing. The kingdom has a big program and it is evident from its participation that it scores a world record in the rate of aid to national income. Don't you think it necessary to include the national product as a part of the Saudi financing of some projects in the fraternal countries, as has happened in the agricultural sectors?

[Dr al-Zamil] The truth is that there is no country in the world which offers foreign aid without tying this aid to the condition of using its local products. When the kingdom launched its enormous financing plan to assist the brothers in the Arab countries and Islamic countries generally, this point was of no significance to the kingdom because there were no products and services to be exported. But the picture is different now and it is logical to reach the same stage of conditional aid reached by other countries. We are not inventing something new but only applying what all countries of the world are applying. Let me cite a simple incident concerning a project in one of the neighboring countries. Saudi industrialists went to that project, financed mainly by the kingdom and partly by Germany. When they got to the project's center, the officials in charge of the project received them enthusiastically. But those officials were faced with a regular problem, namely that the German government had made it conditional that all materials used by the project be German in order that it may finance 20 percent of the project. The Saudi brothers returned without participating in a project of whose financing we contribute 80 percent. This problem is on one's mind, as it must be. His majesty the redeemed king pointed it out at a number of meetings and sessions with the businessmen and with the leadership. There is acceptance of the conditional aid and what is required now is that the people concerned with implementation develop the ideas and that we reach a conclusion. This approach is logical and there are no reservations against it at the international level. If you look at the United States, which is a capitalist country, you will find that it does not give aid and does not agree that anybody use any product that is not American in a project the United States finances. Even individuals have to use U.S. aircraft in their travels. This is nothing new and I believe that we have reached the phase where we should focus on these points.

Gulf States and Acceptance of Saudi Product

[Question] We hear these days that Kuwaiti merchants and Kuwaiti farms are campaigning against the competition of the Saudi industrial products, considering that the Saudi exports are confined to the neighboring countries because of the impossibility of exporting them to remote areas.

[Dr al-Zamil] We wish to protect before we leap to exports insofar as agricultural products and other products are concerned. We do, of course, have three priorities. There is a marketing crisis in the kingdom that

must be solved. The next step is the neighboring countries. If we reach the point of saturation in these two areas, then we will go beyond. Exports, whether agricultural or otherwise, to the Gulf states are logical and expected. This is a fundamental part and objective of the GCC. On the other hand, the kingdom has concluded a number of bilateral agreements with the Gulf, Jordan, Egypt, Sudan, and other countries to reduce the fees on local Saudi products so as to encourage their exportation. An accounting by the merchant or the producer in any area is expected. But this is the logic of the market and of a free economy. The complaining Kuwaiti merchants or agricultural producers must note that a large number of products come from these countries to the kingdom and that we accept them with an open heart. I am certain that Kuwait's exports to Saudi Arabia are bigger than the Saudi exports to Kuwait. Last year's statistics show that UAE exports to the kingdom exceeded our exports to it. We receive every import from the Gulf with an open heart and all sectors in the Gulf states must open their hearts for the sake of the unified market.

Integration and Fairs

[Question] This leads us in turn to the idea of integrated commerce between the Gulf states. Moreover, what is the objective of holding fairs and have such fairs performed the role required of them?

[Dr al-Zamil] The integration is, God be thanked, present. But if you mean by integration unified coordination, then this is not within the framework of the private sector. With the development of their history, fairs have performed two roles. Before the emergence of the results about which we are talking, the role was to reflect the kingdom's real image. After the emergence of the need to familiarize the various countries with the Saudi products, the Ministry of Commerce set two specific objectives, instead of one objective, for fairs. The first is to reflect the kingdom's real image and the second to display the Saudi agricultural and industrial products in all fairs abroad as a first step toward marketing these products. In the neighboring countries in particular, the objective of the fairs nowadays is to give businessmen the opportunity to market their products. The results of our participation in fairs in Iraq, Syria, and the UAE have begun to show. In cooperation with the brothers in the Ministry of Industry and Electricity and in the chambers council, we have begun to organize fairs for industrial and agricultural products, not just participate in the fairs of other countries and governments. The fairs' objective has actually been achieved and we have accomplished what we seek.

Marketing Role

[Al-Dabbagh] A long time ago, I worked as head of the fairs directorate at the Ministry of Commerce. In the past, the fairs' role was a propaganda role aimed at highlighting the development and revival undergone by the kingdom. In the neighboring countries to which we can export, this role has become a marketing role. Fairs have proven to be the most effective way of marketing because the visitors see the product with their eyes and touch it with their hands. Fairs must be increased in the future.

Demand for Local Product

[Al-Khafrah] Industrial fairs have become a means of marketing. In the past the people who went with the products displayed were factory owners. In other words, the purpose was to highlight the kingdom's renaissance. Nowadays, people specialized in the art of marketing go with the products and return with numerous orders. Through coordination with the ministry, the fairs organized in the neighboring countries are no longer confined to these countries but include international foreign firms. In Dubayy, we participated with foreign industries and this [our] industry was able to compete and sell on an equal footing. In fact, the success achieved by Saudi industry in comparison with the Arab countries that have achieved a high level with their products has been lauded at these fairs. The fact is that our industry has its bases and that the factory owners have gained more experience than others with what is suitable for the area and with explaining the ideal method of use. This, as well as other factors, confirm that these fairs are playing their premeditated role. The infrastructures were secured for our industries and these industries have moved forth toward maturation. We hope that this will lead to an advanced phase of exportation.

Clarification and Advertisement

[Dr al-Zamil] It is certain that business owners are aware of the importance of fairs. When we conducted our first experiment in Iraq 3 years ago, there were 34 participating farm owners and foodstuff producers. In Kuwait, the number rose to 55 participating plants. At the latest fair we organized in Muscat, the number of participants rose to 75 plants and producers. Through this symposium, I wish to urge businessmen to pay attention to and to participate in these fairs, not to be short-sighted, and to rest assured that the effects come gradually as a result of the explanation of the data pertaining to a product, of intensive advertising, and of contacts. Nobody should expect to go to a fair to sign an agreement. The fairs directorate at the Ministry of Commerce is prepared to coordinate and accept a large number of participants. I hope that the businessmen will cooperate and will increase their participation in the fairs to be organized.

Stunning Leap in Agriculture

[Question] After the industrial sector, the agricultural sector needs to receive from the state attention that is tangible to the citizen. We wish to cast light on this important aspect.

[Al-Dabbagh] When we speak of the exports center, we speak of industrial, agricultural, and service exports. The leap accomplished by the kingdom's agriculture is astronomical. In 11 years, our wheat production has leaped from 3,000 tons to more than 1.5 million tons a year. Self-sufficiency can be a short-term and long-term national objective. It is easier for agriculture to export to the Gulf states than to export to the western province because of shipping and other costs. We are thinking of the Gulf

area as a single area. There are numerous opportunities for agricultural exports. We have gone beyond the borders and exported agricultural products, such as mangoes and other raw agricultural products, to the United States.

Marketing All Products

[Dr al-Zamil] Agriculture and industry have a fundamental role in developing this export activity but the main role belongs to the Ministry of Commerce. The farmer's role ends when he produces within the limits of his farm. The marketing problem is a general problem affecting all sectors, as we have already noted. The exports center is concerned with all export activities. We must not give the impression that the exports center is for industry only. It covers everything, especially service exports which are fundamental to the kingdom, particularly the services of consultants and contractors and all kinds of banking consultation services. The kingdom possesses nowadays developed and strong services and the kingdom's contractors are capable and prepared to implement major projects abroad, such as roads and wells. We must not lose sight of this sector.

Kingdom and Difficulty of Marketing

[Question] Regarding the government's role, many governments support the private sector internally. The kingdom has given the private sector a lot. But the matter is different when it comes to competition abroad. How can the government sector act to support our products and push them on the foreign markets, considering that the private sector cannot compete internationally without government support?

[Dr al-Zamil] The study which will be conducted by the chambers council will cover all these issues. We, as a government sector, must do what the others do for their private sectors. Internally, we play a more advanced role than the others do. But we must perform the same role at the external level. Our private sectors have proven their ability to compete abroad as they have proven their competitiveness domestically. The kingdom's market is one of the world's most difficult markets and one of the most competitive. If the national manufacturers and food products manufacturers can sell 30-40 billion riyals' worth of agricultural and industrial products in this market, then this confirms that these products, if they take reciprocal treatment into consideration, can invade numerous markets. If certain conditions are imposed by other countries which subsidize their products abroad, as in the case of demanding that a U.S. contractor be employed to implement a project financed by the United States, then our government must reach this level through the ideas and studies presented now. The minds of the officials at the level of the political leadership are open to these ideas and we must rest assured that the result will be positive, God willing.

Agriculture Complements Industry

[Al-Khafrah] The growth of the kingdom's industry is nothing but the growth of agriculture because this industrial growth provides all the main elements, including processing and packaging materials for the agricultural product. Consequently, agricultural products are converted from products with a small value to products with redoubled value when they are processed and exported. Agricultural growth is complementary to and a main base of industrial growth. Wheat, now that it is available in abundance in the kingdom, is creating high-quality industries which rely on high-quality varieties of wheat, such as biscuits and macaroni of very high quality. We now have numerous food industries that rival and are much better than foreign products. As we have already noted, we hope that the creation of the agro-industries will lead to exporting agricultural crops as fully processed products, not as raw materials, thus yielding an added value. This is in addition to the creation of agricultural marketing firms and product-preservation firms. The presence of these channels will play a further role in enhancing agricultural production. State support emanates from economic cooperation and exchange. When we speak of economic agreements, there are numerous countries, especially Arab countries, which lack numerous services and which should get these services through economic agreements with the kingdom instead of getting them from abroad. The presence of the businessmen concerned to impose these demands is a must. The government employee does not know everything. He tries to do his utmost but at times information is lacking or unavailable at the right moment due to the absence of the people concerned. Projects implemented jointly by governments or projects implemented jointly with businessmen in the neighboring countries create a kind of cooperation. As for studies, the local consulting firms must establish a sort of relationship with the neighboring countries concerned with a study in order to obtain full data and, consequently, the technical force is linked with the outside world.

Services and Ambitious Plans

[Dr al-Zamil] I want to underline the word "services" so as to bring it closer to the reader's mind. We have experienced two examples in the kingdom where centers for the repair and maintenance of power plants have been established. Whereas these maintenance centers focused on the kingdom previously, they have become nowadays centers serving the Middle East. Enormous equipment comes from the neighboring countries to undergo maintenance in these centers which have thus become some sort of a service export. The other example, already announced by His Highness Prince Sultan bin 'Abd-al-'Aziz, is the establishment of the center for the maintenance and repair of aircraft engines within the framework of the economic balance program which costs more than a quarter of a billion riyals. When this center is completed in 3 years, the kingdom will become, God willing, a basic center for the maintenance of aircraft engines in an area extending from India to East Africa and from the Mediterranean Sea to the Arab Sea. The kingdom has the expertise because of its development and because of the ease with which its technical capabilities are developed. The society is

open to joint projects and the foreign investor has confidence in this market. When the investor looks around, he finds that the kingdom offers the best security, ideological and investment conditions to protect his investment, which is something fundamental for the investor. The foreign partner has committed himself to more than 500 million riyals and this is no small amount. The center will be one of the main centers exporting the kingdom's services in the near future.

We Have Good Industrial Base

[Al-Dabbagh] It is my belief that the kingdom should be an industrial base serving the Arab world in its entirety or, at least, the Arab East area surrounding us. At least, the kingdom has completed its social infrastructures, meaning the economic, financial, educational, and other institutions. What is more important is the Saudi businessman's international expertise. Capital is available and we have the opportunity to set up new industries founded on a high technology that dispenses with the importation of manpower. Second, we do have a high production level. For example, if the United States exports a certain commodity to the kingdom, it is better to set up a joint project in the area to produce and market this commodity. We have all the industrial requirements. As to how to utilize them in the future, I believe that joint projects and economic balance will serve the purpose.

Businessman Has Role in Familiarizing with Product

[Question] Now that the right climate has been created for local production, don't you think that there is a need to advertise this production adequately?

[Al-Khafra] We in the ministry still feel that there has been a failure in advertising and introducing the local products, whether at home or abroad. It is not the Ministry of Industry's duty to do this advertising. The ministry has tried to organize regular fairs in every city and a fair for industrial products is held every month. These fairs play a role in introducing, advertising, and marketing products. Moreover, they print information and supply it in large volume. We seek to make this information constantly available to the consumer, whether in the form of firms, the private sector, or foreign circles. The specialized newspapers can play an informational role in introducing products internally and abroad. There are also firms which perform this role. These firms specialize in advertising and we work with them to introduce and advertise the national industry. These firms are prepared to come here and cooperate with the factories and the ministry has provided the firms with all the means. There remains the role of the businessman for whom the conditions have been prepared and who must play his propaganda role through the best channels. I do not advise any factory, firm, or business to advertise that it advertises. It is the duty of these businesses to find out how widespread is the advertising medium and how well it is received by the citizen. There are chambers of commerce through which the advertiser can find how important a publication is and can then make his choice. To put it briefly, there has to be

well-studied advertising and the consumer should not be expected to come to the producer if the latter does not advertise. We have advertising agencies that are developing nicely. All the producer has to do is to select the best agency and the manner in which he wants to advertise. Moreover, he must not rely on advertising solely and must employ marketing people to gather information. We hope that the center will perform a collective role so as to spare producers the cost. But marketing people sent by the producer to the consumer directly to agree on the marketing terms and on the method of sale cannot be dispensed with.

[Dr al-Zamil] A channel which was previously remote from the market has now been opened, namely television. Channel 2 has begun carrying commercials and we hope that all the channels will do the same. It is certain that this channel will play a fundamental role in introducing Saudi services and products to the consumers, whether in the Saudi market or in the neighboring countries. The kingdom hosts millions of residents who use our products. When these residents return to their countries, they will either be importers or representatives for their countries or will persuade their friends to purchase Saudi products. The television commercials will have a positive impact on the local market. The decision to give the Saudi products and services priority in order to avoid the competition of the foreign product, which is prepared with its commercials and its films, is a very wise decision. This gives us an opportunity to compete, especially since the Saudi products are at the beginning of their advertising programs and films and find their way in this new sector. We fully hope that the private-sector people will not hesitate to use this channel in order to reach the consumer.

Different Situation

[Al-Dabbagh] From our field studies and observation, we find, regrettably, that the marketing and sale outfits of the majority of the Saudi industries are largely inadequate. This is a natural result of the upsurge and of the days of high demand when there was no need for marketing because the producers sold everything they were producing. The situation is different now that the economic balance, which is the normal condition of the economy, has been restored. Therefore, the factories' marketing and sale outfits must be developed and this development must be intrinsic. We should not expect the Ministry of Industry or the Ministry of Commerce to assist directly. This has to be done by the factory owner because it is part of his fundamental investment. As for the television commercials, they are a blessed step and we encourage Channel 1 to participate because Channel 2 reaches 30 percent of the kingdom's viewers. The first impression is important in the long run. I favor short commercials for national production only, whether agricultural or industrial. If this is not done, then we will suffer from an inundation of foreign goods subsidized by their governments. It would be illogical to open the television to advertise foreign goods at the same price charged the Saudi producers. If the door is opened to all in the long run, then priority should be given to the national product which should be charged one-quarter or, at most, one-half of the rate charged for advertising foreign products.

We Must Not Ask for the Impossible

[Question] Shouldn't there be centrally supplied information, considering that there are numerous government agencies and that the exchange of information between them is nonexistent? Why isn't information supplied to make up for a deficiency in the local market?

[Dr al-Zamil] We must be realistic and must not ask for the impossible. I always say that we should demand that which concerns the world. We do not want to invent something new and I do not think that there are centers in the world to tell a consultant about a local product or guide the consumer. In the other countries, they look for the producer. It is difficult to ask the Saudi producer to shoulder all the responsibilities in his development phase. This does not mean that information is not available. It is available in pamphlets when the consumer wants it. This information is scattered because everything is changing. The problem is that all producers are facing a vastly competitive market and an inundation problem. At the same time, the producers are facing other problems because they are new to the market, including technical problems and problems of supplying materials. The phase we are undergoing is not an easy phase. It suffices that millions of these products have invaded millions in our local market in the kingdom. This is an enormous accomplishment.

There Are Simple Mistakes

[Al-Khafrah] Some fairs and some producers may still be deficient. This is an educational phase from which we learn. Fewer mistakes are made from one fair to another and information is made ready for the visitor. We now have marketing and the people with know-how have a role in preparing the information. Moreover, the Saudi investor, unlike others, does not gather this information. The thing is to educate both the consumer and the producer. There is a scattering of information but there is also rapid progress and information is produced on time. We hope that the computer centers and the consulting firms will create some markets to gather information. No person will gather information without something in return. There have to be special circles concerned with preparing well-studied information and selling it so that it may act as a reference. The role of analyzing this information belongs to the private sector. There is an ambitious plan in the economic balance policy to create some sort of a data center. This center will be crystallized soon, will be announced in detail, and will, God willing, be beneficial.

Private Sector's Responsibility

[Al-Dabbagh] The information is available, but not centrally. So far, there is no visualization for a data center to which anybody can go to obtain whatever information he needs, meaning that there is no international-type "data bank." As a commercial activity, this is the responsibility of the private sector. If we consider the biggest data bank in the United States,

we find that it was not set up by the state but by a specialized firm. The chambers of commerce can operate simply and I urge the Saudi businessmen to set up an international-type data bank.

[Question] What is the role of the chambers of commerce in providing services to the Saudi contractor, especially contractors engaged in implementing projects in neighboring and fraternal countries?

[Al-Dabbagh] Insofar as the chambers council is concerned, the Saudi contractors sector consumes more than half of our time. We exert major efforts to create channels to assist the Saudi contractors who are experiencing hardship at present because the infrastructures have been completed and because the demand is low. The council's role is one of guidance and support, such as providing information and contacts with the governments or chambers of commerce to which we will export contracting services, God willing.

Ending Inundation Policy

[Question] Dr al-Zamil, you have referred to the inundation from which the local and Gulf markets suffer. These markets are targeted by the international products. Do you think that the existing regulations are enough to maintain the flow of local products and, consequently, to enable these products to take their natural position or are obstacles placed by individuals who seek to maintain the presence of foreign production, especially by businessmen who are not partners in the national production but who still represent symbols in terms of the national capital?

[Al-Zamil] Inundation is a phenomenon present in numerous markets characterized as open and free-economy markets, as is the case in our markets. It is indisputable that the consequences of inundation are damaging if a market is targeted. We are convinced that there is inundation in some of our sectors. This is why the three [as published] ministries concerned, namely the ministries of industry, commerce, finance and agriculture, have taken certain positions by providing protection to certain Saudi products, amounting currently to 50 products. The fact is that the main factor behind these positions has been in most cases the phenomenon of inundation. We, as a ministry responsible for these sectors, will not hesitate to move quickly to protect any sector which we believe is subjected to inundation. Inundation is a phenomenon that is unacceptable internationally. When a country resorts to protecting its market from inundation, this does not mean that its local products are a failure. It means that there are numerous premeditated elements. Let me give you the gas and gas cylinder industry as an example. The kingdom was one of the major importers of gas cylinders from Italy and England. When the national company was compelled to deal with some businessmen to build a plant in our country, we were buying the gas cylinder at a certain price. When they learned that the plant would begin its production in 3 months, we noticed that they reduced the price in their final bid by 20 percent in order to persuade us not to buy from the local market. They also tried to persuade us that the product would not

be useful. This is why we decided to buy directly from our plant, considering that we are partners in the plant through the gas company. At the same time, the plant was given a 10 percent advantage over the foreign product. Since the plant started its production, it has been expanding and the prices have been dropping. The plant is now increasing its output of various kinds of bottled gas. Had we ignored the importance of the presence of this plant and ignored the damage caused by the inundation, we would not be today one of the countries producing this kind of product which we have begun to export to the neighboring countries.

Counter Export

[Al-Khafrah] There are several types of inundation. The issue of proving the presence of inundation and of developing the means to overcome inundation has been debated frequently. There is guided inundation, embodied in reduced prices aimed at destroying the competitor altogether. There is direct inundation, embodied in state subsidies designed to help the export of the products of a country's plants in order to obtain hard currency. Consequently, the markets are inundated by such products at certain times. There is no doubt that our market is open and that it is a most competitive market, despite its small size. We must give consideration to steps to create export industries which constitute a fundamental part of the diversification of income, especially since the national industry is contributing nearly 9 percent of the fiscal national product. We must now take numerous steps and prepare for the so-called counter export. When this happens, especially to some countries and not just to a certain country engaged in inundation, through creating the basic structures, such as reducing port fares and preparing adequate data in this regard, we would hope that some consuming government agencies become aware of this outlay in the wake of the drop in prices as a result of the increase in local production, that they would give the local product an adequate chance out of true patriotism, and that they would set themselves as watchdog over this production, giving the national industry a special advantage over the others, considering that this will be reflected in benefits to the country in the long run. The citizen or the official must also put himself in the place of the factory owner. Many brothers have cooperated with us. We all represent national production and must not allow ourselves to be the target of others.

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AFGHANISTAN

EXPANSION OF AIRPORT, LAND REFORM, COUNTRY'S OCCUPATION DISCUSSED

London MEED/THE MIDDLE EAST'S BUSINESS WEEKLY in English 15 Mar 86 p 10

[Text] Airport expansion moves ahead

The first stage of Kabul international airport's expansion has been completed, 30 months after work began. The scheme entailed extending the runway by 700 metres, resurfacing 2.8 kilometres of the existing runway and a taxiway, and building a terminal for domestic flights.

The job was done by the Construction Affairs Ministry, with Soviet help, the state-run Bakhtar News Agency reports. The cost of the project has been estimated at \$20 million; of this, 95 per cent has been met by a loan from Moscow. The expansion is expected to be completed in early 1987.

The only commercial airlines using Kabul are *Ariana Afghan Airlines* and the Soviet carrier *Aeroflot*, which has a weekly service. The expansion is needed to cope with the huge increase in Soviet military transport aircraft bringing in troops and supplies. Air travel has become the safest means of transport between the capital and the Soviet border.

IN BRIEF

• There have been some problems with the introduction of land reform, irrigation and co-

operative programmes, producing a situation "incompatible with the revolutionary process of society," the Bakhtar News Agency reported in mid-February. Citing editorials in two Kabul dailies — state-owned *Anis* and the government publication *Haqiqat Enqelab Saur* — the agency said efforts to overcome this situation must be redoubled.

• The 1985 opium crop totalled an estimated 300-400 tonnes, compared with 140-180 tonnes in 1984, according to a late-February report from the US State Department. The US Drug Enforcement Agency has suggested the total could be higher: good weather and a 40 per cent rise in the opium gum price at the Pakistan border could increase it to 880 tonnes. Afghanistan and Pakistan remain the leading sources of illicit heroin for export to the US and Europe, the department says.

• The UK "will take every opportunity to press for the implementation of the UN resolution on Afghanistan and the withdrawal of Soviet troops," Secretary of State for Foreign & Commonwealth Affairs Geoffrey Howe says. He was speaking after an 11 March London meeting with rebel leader Abdul Haq. Kabul sent a protest note to the government about the hospitality offered to Haq, who also met Prime Minister Margaret Thatcher; this said London should "stop provocative acts against Afghanistan or be responsible for the consequences," Kabul radio reports.

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IRAN

PAPER DISCUSSES WOMEN'S PROBLEMS WITH PRIME MINISTER

Tehran KEYHAN in Persian 2 Mar 86 p 22

[Interview with Prime Minister Musavi by ZAN-E RUZ; date and place not specified]

[Text] Political service. On the occasion of Woman's Day, which coincides with the blessed birthday of Fatemeh Zahra, the grand lady of Islam, ZAN-E RUZ magazine discussed with Prime Minister Engineer Musavi the issues concerning women in our country.

In this interview, the work of the government in regards to women and their rights, Article 21 of the Constitution, the participation of women in social activities, insurance for widows and women without guardians, the effects and insurmountable consequences of women's problems, and the need for an organization to attend to the issues suffered by various strata of women were discussed. Considering the importance of the role of women in the revolutionary society, in the footsteps of women such as Fatemeh Zahra and other brave women of Islam, as well as the need for a serious, expansive movement to secure the rights of women, KEYHAN reprints this interview from ZAN-E RUZ. It is hoped that in this area, more efforts will be made by the experts and those involved in Islamic and social issues.

[Question] What bills have been presented by the Cabinet concerning women and their rights?

[Answer] The government has not offered any specific bill in regards to women and has not concentrated on this issue. Only a bill regarding part-time employment of women has been offered.

In my opinion, when one speaks of women in terms of the law in the society or the place of women in connection with the executive system or the laws, mostly it is from a judicial perspective, for example, the issues of marriage and civil laws. We have so far had no concentrated effort to find ways to improve

the condition of the sisters in the society; the laws are usually general. For instance, the tax laws, employment affairs laws, economic laws and the like are discussed in general terms. Nothing has been done specifically.

[Question] Why has nothing specific been done so far concerning women?

[Answer] The reason is that there is no place in the society in which the issues of women are discussed and studied in legal terms. I will give you an example. And this does not only concern the executive issues. It seems that after the revolution, we should have a specific viewpoint in regard to the special issues of women in our society. This must be done by the sisters themselves. It seems that with the preoccupation that exists in every organization, they have not been able to do anything specifically in this area. If they offer solutions, certainly the Majlis will welcome them and work on them.

[Question] You said that there has been no place so far in which to discuss the issues of women. Does the Majlis not have the responsibility to study the bills and proposals?

[Answer] We now have special problems in connection with women in the society, which must be studied. In the past, there was an organization called the "Women's Organization," which, more than being at the service of women, served to try to stabilize the foundations of the regime and was at the service of the past regime. It seems that we lack a centralized organization to follow up the problems of women in the villages and cities and the void in this regard is strongly felt.

In the past, work was done only for the well-to-do strata of women and the news that we receive today from various strata of women, including workers and employees, requires the establishment of a centralized unit under the supervision of the women themselves which will present solutions for their problems. Solving these problems does not necessarily require the ratification of laws. Many of these problems may be solved by the issuance of a circular letter or a ratification.

[Question] What can or will the government do to create this organization or center?

[Answer] At one time, I thought that we should create a deputy office for women's affairs in the Office of the Prime Minister and put one of the bright revolutionary sisters in charge of it. Thank God, there is no shortage of such persons in our society. These sisters, with the help of the representative sisters in the Majlis and sisters who work in the press and the universities, can organize such a force. But so far, we have had implemental problems in connection with this issue. In addition, the necessary mental framework has not as yet been created. Once these two problems are resolved, the creation of this deputy office will be very effective.

[Question] Do you mean creating the mental framework among the people?

[Answer] I mean among all the people. The press and the media can play a role in this. For example, I saw a very good picture in one of the evening newspapers showing the president presenting a letter of commendation to a sister who is a good author. Publishing such a picture can instill in the people the awareness that women can be active in many tasks, which can be followed by the creation of a special women's organization or various responsibilities on the executive level. We do not have this background now. At the present, it seems that women's issues are raised in isolation, apart from the issues of the whole society, and have no influence in the decision-making and effective organizations of the country, such as the Cabinet and the Majlis. This problem must be solved somehow. The media has an important role to play in this regard. ZAN-E RUZ alone is not sufficient. KEYHAN must also open discussions concerning this issue so that this idea can be accepted--for instance, throughout KEYHAN--and work can be done on it. Even ETTELA'AT and the Voice and Vision can actively deal with this issue.

[Question] Considering that the issue of women must be dealt with extensively in order to achieve results (we also agree with this issue), this point contradicts your statement concerning the clarification of our viewpoint in regards to women since the revolution.

[Answer] Naturally, the true initiative and activity involving this issue must stem from the sisters themselves.

[Question] Pardon me, but, besides initiative, this is an expansive social task; the task does not merely involve initiative.

[Answer] You see, when a task is created in the society, when there exists a demand, our sisters are present on many effective social scenes, which is unprecedented in many countries. But in some parts of the society, such as the executive and legislative organizations, there has been little motivation or demand on the part of sisters. I will give you an example concerning the Majlis. In the Majlis, there are a number of sisters at the present time--and this shows that there is no prohibition in our country to prevent the presence of the sisters in the legislative branch--but you will notice that the number of those volunteering to be representatives is very small. Now, it might be said that the influential political groups that endorse the candidates have not nominated women, but I think that if, for instance, 50 sisters from various cities become candidates, well, these endorsing groups would have a wider choice, and naturally this would increase the percentage of sisters in the Majlis. We can do the same in all areas. In regards to the same issue that you pointed out, we do not sense a demand or motivation for the creation of such an organization or center. And if there is, it is not manifested anywhere. This is something that, in my opinion, must be raised more by the sisters. Various organizations are so involved in their own problems that they do not engage in this issue specifically, and, generally, the executive organizations have long been accustomed not to think about this issue. A revision must be made concerning this issue as well.

[Question] You said that women do not volunteer to participate in social activities; do you not think this is related to the status of women and the limited number of bills that have been offered to the Majlis, and then only in regards to the judicial rights of women? You made no mention at all of the increased stature of women.

[Answer] If we take the status of women in its common sense, women in our society have a status that has never existed in any other society. Certainly, you cannot find any other place in the world where a woman appears at the Friday prayers to speak to several hundred thousand people in a religious ceremony with the acceptance of the society, or that the leader of the revolution himself gives a status to women that is much higher than that of men. Therefore, in my opinion, in spiritual terms and values, the status of women is established in the society. But what we lack is the establishment of the role of women in effective executive and legislative responsibilities, in the sense that we now do not see an appeal on the part of women in the society to study the issues particular to women. For instance, in regards to women's rights or the bills that can be passed or programs that the government can have in this regard, no specific suggestion has been made by the sisters so far. Not that problems are not expressed occasionally, but these problems never crystallize in their final form as laws and ratifications that can be presented to the Majlis or the government. And this is a deficiency that exists now. This is not related to the status of women in general at this time in our society. Thus far, advantage is not taken and is not being taken fully to improve the situation of our oppressed sisters in the society.

[Question] Why is Article 21 of the Constitution, which concerns women's rights, not given priority for discussion in the Majlis? Will this not harm the family as a fundamental social institution and, on the whole, the society?

[Answer] Yes, it will certainly cause harm; but the problems that exist in our society have various aspects, and those problems are raised before the people and various organizations to see and judge.

But in regards to the issues of women, such is not the case. For example, in regards to economic issues, we have organizations such as the Ministries of Industries, Agriculture, Plan and Budget, and Economy and Finance, which constantly point out the weak points, strong points and the needs and problems and bring them to our attention. The fact is that, in regards to women, no organization exists that can raise this issue for judgment. The press and the media also do not pause particularly to create an atmosphere to attract minds to the particular problems of our women in the society in order to solve them.

[Question] Under the circumstances that no organization exists to bring significance to women's issues, in your opinion, should the government not work on the role of women in the family and the role of the family in the whole society and to take the first step to eliminate these conditions?

[Answer] Yes, now the government tends mostly to deal with the general problems of the people, and it is in this regard that it usually discusses proposals, ratifications. But in my opinion, since the sisters can best

scrutinize and analyze their problems, obviously, they cannot be quite as clear for the government. For example, the problems in regards to the sisters that work in factories, the working sisters of the southern part of the city, women without guardians, problems that women have with their husbands or in their families, and sometimes certain problems that are created in a society under change are heard. But still, because issues such as the war or economic issues or critical issues that exist in all sectors, we have not had a center that can make these social issues significant. Since last year, we created a center in the Office of the Prime Minister to study all social issues, not those of women in particular, from a sociological perspective and to give its views to the government in regards to how to deal with the issues. Even that group, given its male composition, could not address the issues of women. This is our problem, and I believe that if publications such as ZAN-E RUZ address these issues in particular, they might be able to offer solutions.

[Question] You spoke about creating an executive deputy office in the Office of the Prime Minister. When do you think this idea will materialize?

[Answer] The issue of essentially what the duty of this deputy office can be must itself be discussed. This duty should be clear to us in general terms or the government may explain what this duty is. But, I think this deputy office can be created when, firstly, by clarifying and identifying the duties, we see what goals it should follow. Secondly, the grounds for this deputy office must exist so that we are able to make use of the creative minds of our most revolutionary women. We should not just create a deputy office without having in practice a sufficient number of thinking, active sisters with open, strong, revolutionary, Islamic minds who can deal with the issues and create a movement and a wave in this area. In other words, we should not in practice create a place without a plan, without being able to send something to the government for decision making or to the Majlis, or not being able to create an orderly research organization to study the situation of the women in our society throughout the villages and cities. These are the problems that make it difficult to make a decision in this regard.

[Question] Is the essential problem the fact that duties are not clear?

[Answer] Duties and the necessary grounds for the participation of the necessary manpower. We now have a shortage of positions that are a partly social and cultural, for strong individuals who are planners themselves and who know our revolutionary society. These problems are unlike technical problems for which strong people with open minds can be absorbed. When this deputy office is established, we will have a shortage. We cannot make use of men, therefore we must use the sisters, because they can deeply enter the problems of the sisters throughout the society. It is vague to me personally to what extent this deputy office can absorb the strong, revolutionary and aware individuals in the society from among the women and to be a strong deputy office, because if we establish an ineffective office, in practice we have created nothing for women but in name only and will be unable to offer the necessary services in this area, which will be more damaging than helpful.

[Question] Has the issue of a deputy office not been accepted among the officials or the women?

[Answer] Well, that is also a problem; but it can be solved. In other words, if we are able to offer a clear framework as to the purpose for the establishment of the deputy office and what type of people are going to be in it, it can be easily accepted. But when these duties are unclear, the framework of the duties is not very clear either. On the other hand, it is not very clear to us how much of a force we can absorb. In short, problems such as these make the acceptability of the idea more difficult for the officials and various organizations. But in any case, I think seriously about this issue, and the sisters in the magazine should help bring the discussion up and offer solutions.

[Question] Since you referred to the issue of executive work in this regard, why can we not have a woman minister? Are the forces involved related to being acceptable to the society?

[Answer] In regards to the forces, I believe that we have distinguished individuals among the sisters. In this area, I have no doubts. In other words, we have distinguished individuals in the true sense of the word who may even have sufficient management abilities. Only, in my opinion, the social background in this work is weak.

The social grounds that I am mentioning does not mean that there is no growth among the women in our society. There is growth. I refer to the grounds in connection with the selection of ministers, which in our country is a rather difficult process compared to that of other regimes. In other words, there are three decision-making institutions, the president, the Majlis and the prime minister. When the issue of government was being discussed, we announced everywhere that individuals should be nominated for the ministry. All various organizations, offices of governors general and other organizations nominated certain individuals, but we did not even have one woman. In other words, they had not even thought of it. And since the names came from various kinds of people, we cannot say that one particular group did not think about this issue. We discussed it with everybody. The Friday imams, the ministers, even the representatives and others were asked, but not one sister was proposed for a position. This does not indicate that the sisters have not had growth or that there are no managerial, competent and strong women. But it means that the necessary social grounds for the idea of the participation of the sisters in various positions does not exist, and this must be created. This must be created in regards to the Majlis and all the official responsibilities as well, because our Constitution has left the door open in this regard. The speaker of the Majlis also spoke on this matter once in a Friday prayer session. There is no reason why the sisters cannot be used, but the press and the media must prepare the necessary grounds. Then, the selection of sisters for government positions and the like can take place and this idea will be accepted. The ministries will also select them, and then all women will be able to participate in various positions.

[Question] The bill on insurance for widows and women without guardians has not been offered to the Majlis by the government for two and a half years. Considering the distressing situation of this stratum of women, could you tell us the reason behind this problem?

[Answer] This issue has seriously been discussed in the government and the government immediately takes the financial burden for any issue which has been raised. This issue is always problematic. We even want to create a small industrial unit and even for certain services--if we do not take into consideration revenues for it in the budget--we will have to borrow from the Central Bank, which means taking money from the pockets of every individual in the society, most of whom are oppressed people. It might even escalate high prices and inflation, followed by extensive, complex cultural and social problems in the society. When there are social problems, we must also look for social ailments. For this reason, always in implementing some of the articles of the Constitution which are costly, the government thinks about the work that it does, calculates, and makes sure that it is capable of doing the task. And if a decision is made, it should be one that can be implemented well and the budget that is presented to the Majlis must be acceptable. This issue is the crux of the problem. I must add that considering the government revenues--a major part of which is influenced by oil revenues--and the ups and downs, we must reduce our reliance on these revenues. It seems that we must increase our tax revenues in order to deal with this issue that is on the shoulders of the Islamic government and provide the necessary services to the oppressed strata.

[Question] In our international relations--in the United Nations, for instance--why does the government not use women to make propaganda about women's rights?

[Answer] After the events that occurred in Zimbabwe and they tried to inculcate in the press the notion that no importance is placed on women in our country, in the Cabinet, we were with the president when this issue was raised and a good example was mentioned, which I will repeat here. It was stated that in foreign visits, revolutionary women and delegations must certainly be present to show the stature and the vision and awareness of Islamic women.

[Question] Considering that the officials are not mentally prepared in this area, not to mention the people and the women, and the fact that there is no special place where women's issues can be discussed, and since our revolutionary country faces many problems, in your opinion, will the failure to solve women's problems not create numerous problems for our society in the long term?

[Answer] Yes, if we do not bring these issues up, if we do not advise each other of what is right, this can become a crucial problem in our society. For this reason, I believe that we should not keep silent in this regard; we must constantly talk about it. Fortunately, the necessary sensitivity exists in this area, especially among our beloved clerics, who can show the way. I see the speaker of the Majlis, who confronts this issue with a special kind of sensitivity. This attitude of his is not rare among the clerics and in the

Majlis. We must also try to spread this idea and our reminders in the executive organizations and the media as well, to prevent the situation that you mentioned from being created in the society, and there is no reason why it should.

In connection with women, we have always had progress. In our opinion, we have never regressed in this area. The role of women today in our society has been established, and the respect for women, due to the fact that we are in an environment saturated with lofty values, has increased tremendously, because we have distanced ourselves from the tyrannical period. We must not feel that the importance that women have acquired in our society today, having been placed in the service of Islam and the revolution, is insufficient in terms of what has been gained. Mentions, suggestions, speeches, talks, writings, books, and the creation of an appropriate literature can be very effective in regards to this issue. We do not only have domestic problems in this area, we also have foreign problems.

Islamic countries, Islamic nations, even non-Muslim nations, are sensitive to our revolution. They have questions regarding the issues of women in our country. They ask us for solutions. At the present, we do not concern ourselves with the opponents and their accusations. Today, everyone admits the value of women in our revolutionary society, except for those who do not want to see the truth. In our society, women have a lofty rank; nevertheless, in today's society and in the world today, women have numerous problems, for which the Islamic regime can offer answers. These answers can be offered. The issue itself is discussed in the society and not forgotten. I emphasize the role of the press in creating the grounds in the society and even imposing pressure, that is, to provide support.

In conclusion, the prime minister referred to the ideas of the imam regarding women and added: I believe that we do not consider women as beings that deal only with pots and pans, kitchen and home, separate in practice from social issues. This is what I believe personally. In other words, I consider women as being very sensitive to issues involving their social environment, trying to increase their awareness and getting involved in the issues facing them and their environment. This does not mean that they should not attend to their homes and children and that we would not value the importance that Islam has placed on the family and the rearing of children. No, such a vital importance, in my opinion, does not contradict the overall participation of women in social and cultural affairs. I remember once that I heard a speech of the imam's concerning the necessity of participating in the universities and industrial management. I remember something like that. I believe that since the revolution, the grounds have been prepared which are natural. We must expand these natural grounds and constantly provide reminders that if women return to the kitchen, the revolution will fail. This is my personal belief. It is exactly like men enveloping themselves in their daily preoccupations and no longer dealing with social issues. These two problems go hand in hand. It is the presence of both women and men in the society that makes the revolution lasting and fruitful. I believe, and I especially suggest to my brothers, that their views should be that sisters must not give up the privileges that Islam has given them, that they demand these privileges, which involve participation in the political, social and cultural destiny of the society.

WOMEN TO RECEIVE TRAINING FOR MILITARY DUTIES

London MEED/THE MIDDLE EAST'S BUSINESS WEEKLY in English 8 Mar 86 p 17

[Article by Vahe Petrossian: "Wanted: Fighting Women for Islam"]

[Text] IMAM KHOMEINI has officially cleared the way for greater participation of Iranian women in public life — including military service. Speaking to a female audience on women's day — 2 March — Khomeini said Iranian women had been in the vanguard of political movements earlier this century and in the 1979 revolution; they should now "actively participate in educational and scientific activities. . . in the same manner as men."

Many women have received military training since the revolution, but opposition from traditionalists and conservative clergy has left their status unclear. Khomeini's go-ahead means more women will undergo military training, although the indication is that they are unlikely to be sent to the war front itself unless there is a direct threat to "Islam and Islamic territory."

The Islamic republic's constitution bars women from becoming judges, but all other positions, including the presidency, are open to them. In practice, there are just four women in the 270-seat majlis (parliament). In a magazine interview on women's day, Prime Minister Hossain Moussavi said women had so far not tried to gain much political power. He added that he was open to having women ministers in his cabinet, but no women had so far been proposed.

Majlis Speaker Hashemi Rafsanjani, a supporter of women's rights, said after Khomeini's speech that when legislation on military conscription was approved two years ago, some deputies had opposed a role for women. "But now the Imam has spoken firmly about the responsibility of women. . . and other jurisprudents accept this view." It is against the national interest to deny women military training, he added.

More significantly, Rafsanjani predicted a radical change in the role of women once the Gulf war ends. "The economy will improve and expand after the war. You will

see that we'll be short on labour. . . Then the need for women will be felt." At present, women make up 15 per cent of Iran's 11 million workforce, according to the official Islamic Republic News Agency (IRNA).

According to Rafsanjani, women "can participate in all social, administrative and productive activities. . . But of course they must look after the welfare of their families too." In 1985, the majlis passed legislation allowing women employed by the government to work part-time in order to devote more time to managing their homes.

Rafsanjani added that in the West the presence of women in social activities is done in such a way that it amounts to corruption, whereas "in the Islamic republic we shall give women all the social responsibilities that the so-called progressive world has, but without the corruption."

Rafsanjani's reference to the West and corruption is aimed at mollifying conservative critics who fear that greater social and political involvement by women is bound to cause a deterioration of traditional family life and may lead to greater sexual freedom. When referring to military training, Khomeini himself specified that this should "of course. . . be done in a sound and Islamic atmosphere." The phrase is thought to refer to observance of Islamic dress codes and the separation of the sexes during training.

Women have become a greater political force in Iran since the revolution, but the strong traditionalist sentiment that prevails in the country means the green light given by Khomeini and the others may not produce short-term results. The Islamic Revolutionary Guards Corps announced after Khomeini's speech that it was ready to provide basic military training for "interested girls and women." But significant overall changes in the position of women appear likely only under economic duress.

PROCEDURES OF HAGUE TRIBUNAL ELABORATED

London MEED/THE MIDDLE EAST'S BUSINESS WEEKLY in English 8 Mar 86 pp 6, 7

[Article by Iain Jenkins: "Iran: Paying Off the Shah's Creditors"]

[Text] A QUIET suburb of The Hague is the unlikely setting for the final act of the US hostage crisis. Outside the building housing the Iran-US Claims Tribunal in Parkweg, the only tell-tale signs are the closed-circuit television cameras, automatic security gates and bomb detectors. Inside, lawyers painstakingly determine the fate of more than \$20,000 million worth of claims relating to US contracts in pre-revolutionary Iran.

The tribunal, which opened in May 1981, has ordered Iran to pay more than \$535 million to various US companies; in turn, Iran has received payments of \$20 million from US firms and the Washington government. Progress has not been smooth: meetings were suspended for more than 12 months after September 1984, when two Iranian representatives assaulted a Swedish judge. They resumed after the Iranians were withdrawn to Tehran and the judge resigned from the tribunal.

The framework for the tribunal was established in January 1981, as part of the Algiers agreement which led to the freeing of 52 US hostages held in Iran. The Algiers accord called for all commercial disputes between the two countries — which range from massive military and oil claims to a \$15,000 payment for overdue library books — to be settled by a tribunal comprising lawyers from the US, Iran and third countries. Iran agreed to pay \$1,000 million into an escrow account as security for the claims.

The tribunal's workings have exceeded most lawyers' expectations,

despite the lengthy suspension. A recent spate of awards reflects a marked improvement in the working atmosphere at the tribunal. In January, Chevron Oil Corporation agreed to accept \$115 million, and Santa Fe International Corporation settled for \$19 million.

These claims are small in comparison with those surrounding the oil concessions expropriated by Iran after the revolution. Amoco is understood to be demanding \$1,000 million-plus, and claims filed by Phillips Petroleum Company and Atlantic Richfield Company (Arco), among others, are believed to be of a similar size.

The largest single claim has come from Iran, which is demanding \$11,600 million from the US government. The suit relates to 2,600 military government-to-government contracts — originally valued at more than \$22,000 million — dating back to the mid-1960s. Iran alleges that the US failed to deliver equipment, withheld spare parts and has frozen up-front payments.

These larger cases are a long way from being settled. Says one US lawyer: "The Iranians have not shown that they seriously want to tackle the oil expropriation claims. The claims that have gone through are either with companies that Iran wants to continue doing business with, or feels that it can make large counter-claims against." He cites as an example the Chevron settlement, in which the company was the net loser; in a deal agreed outside the tribunal, it agreed to pay around \$175 million to Iran for unpaid oil supplies.

(MEED 18:1:86).

Iran says it is willing to settle the larger claims, ascribing the tribunal's slow progress to its huge workload. "In most cases the Iranian government is the respondent, which puts an enormous burden on us, given our limited resources," say Parviz Ansari, one of the three Iranian arbitrators. He adds: "On the other hand, each US company has its own private lawyer."

In fact, the US government keeps two lawyers in The Hague; US companies fly in lawyers as their hearings arise. Iran maintains a battery of 20 lawyers, augmented as necessary by UK, Belgian and French advisers.

Unsympathetic

Ansari argues that the US is unsympathetic to his government's problems, pointing out that Iranian requests for extra time are often turned down by the other two arbitrators. As a result, justice has been sacrificed in the interests of speed — and the tribunal is already resolving cases at a quicker rate than other international organisations, or the US courts, Ansari says.

US lawyers grumble about the pace at which the tribunal works, but admit they are surprised that it works at all. They say it is unique in that it represents the first international arbitration between two countries that do not have diplomatic links. John Westberg, a lawyer with Washington-based Wald, Harkrader & Ross who practised in Iran for 16 years, says: "It has become the most significant international arbitration in modern history. It is important in setting a standard for resolving disputes between industrial nations and Third World countries."

But the tribunal's hearings could be halted again by the politically sensitive issue of claims by "dual nationals" — people holding Iranian and US citizenship. Prime Minister Hossain Moussavi has made clear that Iran does not recognise the legitimacy of these claims. And his officials have hinted that Iran will boycott the tribunal if the US presses ahead with them.

"These people (the dual nationals) made a fortune in Iran as a result of their Iranian nationality. Now they want to take it out of Iran through their US nationality," says Hamid Bahrami, an Iranian arbitrator. "The Iranian government considers that these

people are its own nationals and that it can't be a party against its own nationals before an international court. They have the right as Iranian citizens to put their cases before an Iranian court," he adds.

"As long as the court continues fairly, there will be no problems," Bahrami says. "But it would be difficult for the tribunal to go ahead in the tense atmosphere which would arise if the dual national claims were to be put forward."

The US has been surprised by the intensity of the Iranian reaction, saying that an early ruling by the tribunal allows them to proceed with the dual national claims, providing the individual acquired US citizenship before the 1979 revolution. Some US officials privately suggest that Iran's intransigence may be prompted by the large size of three of the claims, of which one is being made by the Sabet family, once one of Iran's richest families.

The dual nationality issue is only one of several Iranian grievances. Others include the method of appointment of the third party arbitrators; the language spoken in the tribunal — mainly English, and an earlier tribunal ruling which blocked Iranian claims against US companies, except in the form of counter-claims.

David Stewart, who co-ordinates US policies towards the tribunal in Washington, says: "Although Iran cannot claim against US companies in The Hague, it is entitled to file lawsuits in the US courts — which it is doing against Ashland Oil."

In turn, US officials have several grievances against Iran, which they accuse of time wasting. They are also disturbed by Iran's insistence that each of the 2,000-plus claims worth less than \$250,000 will have to be settled individually. George Aldrich, one of the US arbitrators who has been with the tribunal since its inception, says: "If we have to adjudicate every case it could take us as long as 10 years. At best, the tribunal could have finished its work within three years — if Iran settles the small claims together."

The atmosphere in the tribunal is cordial. "We have a good working relationship," says one Iranian. "But there is still no social contact between the two sides after almost five years." An American lawyer adds: "When the tribunal started, each hearing began

with a 30-minute harangue against American imperialism. Today, politics is kept in the background and the calibre of the Iranian presentations is very high."

The dress styles of Iranian and US arbitrators are very different. In sharp contrast to the suit-wearing, shoe-shined Americans, the Iranians wear casual jackets and are never seen in ties, which they regard as symbols of western culture.

Inside the Hague Tribunal

THE registry at the Iran-US Claims Tribunal in The Hague is packed with rows of dossiers on the various claims. Each of the documents has been meticulously translated into Farsi and English, copied, and carefully filed on the shelves. The office is only part of the administration needed to support the arbitration process.

Total administrative costs, including the salaries of the tribunal's 75 permanent members of staff — secretaries, interpreters, and legal assistants — come to \$4 million a year. The cost is split evenly between Iran and the US; the latter recoups some of its outlay by charging successful US claimants 1.5 per cent of any award or settlement worth up to \$5 million, and 1 per cent of anything above.

On top of the \$2 million a year Iran has to pay for the running of the tribunal, it also maintains 20 lawyers at its embassy in The Hague. In contrast, the US government has only two lawyers at its embassy; US companies appearing before the tribunal pay for their own legal advisers.

The tribunal's workload is split between three chambers, each of which has an Iranian, US and third country arbitrator. The Iranian arbitrators are Hamid Bahrami, Parviz Ansari and Mohsen Mostafavi. Their US counterparts are George Aldrich and Howard Holtzmann — both of whom have been with the tribunal since it opened — and Charles

Brower. The third country representatives are Karl Bockstiegel of West Germany, Robert Briner of Switzerland and Michel Virally of France.

Cases coming before the tribunal must have been filed within a three-month period ending 19 January 1982. Proceedings start with a presentation to the arbitrators of written statements of the claim and the defence. A pre-hearing conference then determines the documents needed for the case and fixes dates for the hearing. At the hearing itself, both parties plead, and witnesses are called.

After the hearing, the complex process of deliberation begins: an award depends on a majority decision by the arbitrators. In practice, this means the third country arbitrator must agree with either the US or Iranian position, or persuade one party to modify its stance. But the Iranian and US arbitrators often agree to settle claims before they reach the award stage.

If an award or settlement is reached against Iran, the sum involved is deducted automatically from an Iranian escrow account in Amsterdam. The fund started with \$1,000 million and must be kept above \$500 million. The latest Chevron Corporation settlement pushed the fund below the minimum; Iran is now in the process of replenishing it by adding \$100 million (MEED 22:2:86).

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CSO: 4600/278

WEEKLY REPORTS ON PETROCHEMICAL, PIPELINE PROJECTS, OIL SALE

London MEED/THE MIDDLE EAST'S BUSINESS WEEKLY in English 8 Mar 86 pp 16-18

[Text] **Six bid for Isfahan LAB project**

Six international companies are bidding for a contract to design and engineer a \$70 million-100 million petrochemicals complex at Isfahan. The linear alkyl benzene (LAB) plant will have capacity to produce up to 50,000 tons a year. LAB is used to make detergents.

The bidders include four Italian companies — *Foster Wheeler Italiana*, *Technipetrol*, *Eurotecnica Engineering & Constructions* and *Snamprogetti* — West Germany's *Uhde* and Japan's *JGC Corporation*. The UK's *Lummus Crest* was invited to bid, but decided not to submit an offer.

Bids were submitted in early February. The companies do not expect discussions with the client — the Industries Ministry — to begin before the start of the Iranian new year on 21 March.

The government is also pressing ahead with two other petrochemicals projects. The larger, at \$1,500 million, is the Arak plastics and olefins plant. *Technipetrol* and *Kinetics Technology International (KIT)* of the Netherlands are doing engineering work; about 15 companies are expected to be shortlisted for the construction contract by April.

The other project is the 180,000-barrel-a-day (b/d) lube oil plant at Isfahan. Engineering has been done by a joint venture of *Foster Wheeler Italiana* and the local *Chagalesh Engineering Company*. The scheme is expected to be put out to tender in early 1987.

Pipeline deadline extended

The *National Iranian Oil Company (NIOC)* has told international pipeline construction and supply firms they will

have to wait up to three months for a decision about whether a \$1,500 million pipeline scheme will go ahead. Iran communicated its intentions in late February and early March to banks holding the bid bonds placed by four European, South Korean and Japanese groups bidding for the scheme.

The bid bonds were put up by the firms in early December for 90 days, ending 5 March. The deadline has now been extended to early June.

The companies involved are South Korea's *Daewoo Corporation* and Japan's *JGC Corporation* — the low bidders; South Korea's *Ssangyong Construction Company*, with the UK affiliate of the US' *Bechtel Corporation* acting as possible subcontractor; South Korea's *Daelim Industrial Company*, with the UK affiliate of the US' *Stone & Webster* acting as subcontractor; *Saipem* and *Snamprogetti*, both of Italy, and West Germany's *Philipp Holzmann* (MEED 1:2:86).

Daewoo's low bid of \$1,500 million includes the \$200 million cost of pipeline supplies; Saipem's high bid of \$1,940 million does not include this element.

The scheme, known as Moharram, is to run from the Gurreh pumping station, on the mainland north of the main oil exporting terminal of Kharg island, to either Asaluyeh or Taheri, near Kangan. The 380-kilometre twin pipeline, with a capacity of 1.5 million barrels a day (b/d), is designed to provide an alternative export route safe from Iraqi air attacks.

NIOC opened the bids on the priority scheme in early December, but has failed to start discussions with any of the bidders. This has led to widespread

speculation that the scheme has been cancelled (MEED 1:3:86). Some of the companies involved think the project will be shelved, but at least one firm is confident it will eventually be approved.

One expert said it was possible Iran wanted to wait for the international oil market to improve. Developments in the Gulf war may also have reduced the need for alternatives to Kharg island, although Iraqi aircraft have resumed successful attacks on shipping near the island (see below).

Iran is working on at least two other oil export schemes. One involves single-buoy moorings, between Kharg and the mainland, being set up by Singapore's *Ipcomarine*. Work is believed to be nearly complete; reports from Tehran that it may be delayed by Iraqi air raids in the region cannot be confirmed. Another scheme involves converting the IGAT-2 natural gas trunkline to carry crude from the Gachsaran fields to Taheri. Saipem and Daelim signed contracts for this in December 1985; observers say some of the equipment has been delivered and work has started (MEED 14:12:85).

Officials are also discussing reviving an old scheme for two pipelines to carry oil from the southern fields to a terminal 1,000 kilometres away in the Arabian Sea, outside the Gulf.

Four shuttle tankers hit

Four oil tankers running a shuttle service between the oil export terminals at Kharg and Sirri islands were damaged in Iraqi air raids in the last week of February. The attacks were followed by three retaliatory raids by Iran against tankers calling at Arab ports. The attacks on shipping by both sides are the most intense since the start of the Gulf war.

Most of the Iranian tankers were only slightly damaged, but the Iraqi successes are bound to have affected the shuttle service. Between six and 18 vessels are believed to be used to carry oil to Sirri, which has storage capacity for several weeks' supply.

The damaged tankers have all been chartered; they include the 239,064-dwt Polikon, which is registered in Cyprus, and three vessels flying the Liberian flag — the 343,423-dwt Medusa, the 268,728-dwt Castor and the 231,490-dwt Energy Courage.

Iranian aircraft attacked the 142,806-dwt Atlas 1 (Turkey), the 34,982-dwt products carrier Bow Fighter

(Norway) and the 131,654-dwt Chaumont (France). These raids took place off the Qatar coast.

Sixteen vessels have been hit in attacks by both sides since 1 January; they include five used on the shuttle service. Iran is replacing the damaged vessels, but the cost in charter rates and insurance premiums is high — charter costs alone could be as great as \$13 million a month.

Iran in late February claimed to have captured a key intelligence post on Iraq's Fao peninsula, said to have been used to direct Iraqi air raids (MEED 1:3:86). For 10 days or so after the Iranian claim there were no confirmed Iraqi attacks on shipping, but they resumed on 23 February with renewed intensity. However, all attacks on vessels since 28 February have been attributed to Iran.

There is speculation that Iraq may have used helicopters and gunboats in the latest raids. A helicopter was used in at least one attack; Iran claimed to have shot it down near Kharg. In early March, the Iranian navy claimed to have sunk three Iraqi gunboats and damaged several others in the Khor al-Abdullah channel between the Fao peninsula and Bubiyan island.

France probes weapons shipments

France's Prime Minister Laurent Fabius has ordered an inquiry into suggestions that French cargo ships have delivered weapons to Iran. The move follows a French press report alleging that two vessels, carrying armaments bound for Brazil, Portugal and Thailand, had instead delivered them to Iran in late 1985 and early 1986.

France is the second-biggest weapons supplier to Iraq. If the shipments are shown to have taken place, the French government is certain to be embarrassed, particularly as there have been suggestions — officially denied — that Fabius knew about them. The Iraqi embassy in Paris has warned of a possible deterioration in relations.

The two cargo ships are said to be the Nicole and the Trautenbels. The former is reported to have offloaded 20,000 shells at an Iranian port in January.

The deliveries would have taken place at a time when relations between Iran and France were improving. However, in February they deteriorated again, following France's decision to expel four Iranians and extradite two Iraqi dissidents to Iraq (MEED 1:3:86). Iran retaliated later in the month by expelling four Frenchmen, including the Agence

France-Presse (AFP) correspondent. The Interior Ministry accused them of espionage. The three other men were involved in the construction of a power plant near Tabriz by *Alstom*.

France's expulsion of the Iranians and Iraqis has drawn strong criticism from the French press and the worldwide human rights organisation Amnesty International. Those expelled were among 64 students from the Middle East detained in connection with bomb attacks in Paris that injured 21 people.

IN BRIEF

- The *Telecommunications Company of Iran* is inviting international bids for a contract to supply 470 tons of copper-coated steel wire. Closing date is 24 May (see TENDERS).

- South Korea's *Daewoo Corporation* in 1985 completed delivery of six 40,000-dwt bulk carriers to *Islamic Republic of Iran Shipping Lines*.

- The third of four units at Isfahan's 800-MW Shahid Montazeri power plant opened in early March. Soviet technicians abandoned the site in mid-1985, following Iraqi air raids on various Iranian cities. Discussions about their return were held recently (MEED 1:2:86).

- Prime Minister Hossain Moussavi on 1 March sent condolences to the Swedish government on the death of Prime Minister Olof Palme. The Swedish premier visited Tehran several times as part of UN efforts to bring about an end to the Gulf war.

- Economy & Finance Minister Mohammad Javad Irvani visited Yugoslavia in early March to attend the annual meeting of the joint commission.

- Deputy oil minister Hossain Kazempour-Ardebili visited Malaysia and Indonesia in early March to ask the two countries to reduce their oil output in an effort to prop up falling prices. Deputy foreign affairs minister Hossain Sheikholeslam took a similar message to Bahrain, Kuwait, Qatar and Saudi Arabia in late February.

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CSO: 4600/279

BUDGET INCREASE, GAS TALKS, TIES WITH OTHER STATES REPORTED

London MEED/THE MIDDLE EAST'S BUSINESS WEEKLY in English 15 Mar 86 pp 18, 21, 22

[Text] Majlis votes for a budget increase

The majlis (parliament) on 11 March approved the proposed budget for the Iranian year starting 21 March, upsetting all predictions by increasing expenditure rather than cutting it. The vote was by a two-thirds majority; details will be released after the budget has been approved by the 12-member Council of Constitutional Guardians, which has power to veto all legislation.

In proposing the budget on 1 December 1985, Prime Minister Hossain Moussavi projected expenditure at IR 4.0 million million (\$ 50,600 million); revenue was estimated at IR 3.6 million million (\$ 44,700 million), of which oil income accounts for IR 1.6 million million (\$ 20,000 million — MEED 7:12:85). The majlis increased expenditure by IR 200,000 million (\$ 2,500 million). Projected oil revenue has dropped to IR 1.5 million million (\$ 18,600 million), but estimated income from other sources, such as taxation, has risen.

Of the increased expenditure, IR 26,000 million (\$ 324.7 million) goes to defence, IR 17,000 million (\$ 212 million) towards expanding the steel sector and IR 4,200 million (\$ 52 million) to the nuclear industry. Development and current spending go up by unspecified amounts.

The increases raise estimated expenditure to just above the IR 4.1 million million (\$ 51,700 million) projected budget for the current year. They were approved despite warnings in the majlis and sections of the press that the extra spending would fuel inflation (MEED 22:2:86). The government's oil revenue projection was also described as unrealistic. About 500 amendments were proposed during the majlis debate; 100 were adopted.

This is the first time in five years that Moussavi has not had his budget cut in the majlis. This may reflect his more aggressive approach in the past six months, and — perhaps — the successes scored on the war front.

Gas talks to resume

Senior officials are to meet their Soviet counterparts in April to discuss resuming Iranian gas exports and other joint economic schemes. The topics were agreed during February talks in Tehran with the Soviet Union's first deputy foreign affairs minister Georgy Kornienko (MEED 8:2:86).

The forthcoming talks will take place in Tehran between Konstantin Katuchev, head of the state committee for foreign economic relations, and Economy & Finance Minister Mohammad Javad Iravani. Soviet officials in Tehran say one of their main concerns is to resume gas exports, which stopped in early 1980 because of a price dispute.

It is not clear whether the 16-year-old IGAT-1 gas line will be able to cope with its former daily average throughput of 28 million cubic metres. A second pipeline scheme — IGAT-2 — to the Soviet Union was halted after the 1979 revolution; the first section from the south to Isfahan was completed recently.

IGAT-1 uses associated gas from the southern oil fields. Since the revolution, gas output has dropped, in line with the decline in oil production. IGAT-2 is fed by gas fields near Kangan, on the Gulf.

The talks will also cover the return of Soviet engineers — withdrawn in early 1985 because of Iraqi air raids on cities — to two power plant sites in Isfahan and Ahwaz, and to the Isfahan steel mill. In the absence of Soviet specialists,

Iranian technicians recently commissioned Isfahan power station's third unit (MEED 8:3:86).

Other topics will include two proposed hydroelectric and irrigation dams in the western part of the joint border, the possible resumption of *Aeroflot* flights from Moscow to Tehran, and supplies of caviare and fish from Iran's area of the Caspian Sea.

US cracks down on pistachios

About \$40 million worth of pistachio exports to the US are threatened as a result of restrictions imposed by the US Commerce Department. Pistachios are Iran's biggest non-oil export item after carpets and caviare.

The Commerce Department accuses Tehran of subsidising pistachio exports to the US by the equivalent of 99.52 per cent of the value. A countervailing duty of that amount will be assessed on imports of unshelled pistachios.

The department is also investigating whether Iranian exporters are dumping pistachios on the US market by selling them at prices below those in Iran. It has provisionally decided on a dumping margin of 135.68 per cent; importers are now required to post bonds equal to this amount, pending a final resolution of the dumping probe.

The US clampdown follows months of protests from American pistachio growers, who have been losing markets to the Iranians (MEED 23:11:85). US exports to Iran fell by more than 50 per cent, to \$74 million, between 1984 and 1985. Imports rose by 4 per cent, to \$763 million (MEED 22:2:86, page 33; 15:2:86).

French weapons firm prosecuted

French export company *Luchaire* is to be prosecuted on charges of illegally shipping weapons to Iran, the Defence Ministry in Paris says. The 5 March announcement follows an investigation into French newspaper reports that the company delivered thousands of tons of artillery shells and ammunition to Iran in December 1985 and January 1986 (MEED 8:3:86).

The reports have embarrassed the French government, one of Iraq's main armaments suppliers in the Gulf war. It has reiterated its policy of not supplying weapons to Iran.

All French weapons shipments have to be cleared by an inter-ministerial body

headed by the Prime Minister's Office. The Defence Ministry says *Luchaire* had been under investigation for several months on suspicion of illegal weapons deals; from mid-1985, it was refused new licences for armaments sales. However, it is reported to have used licences issued in 1984 to send the weapons to Iran aboard two vessels ostensibly bound for Brazil, Portugal and Thailand.

In Buffalo, New York, a federal court jury has found an Austrian national, Heinz Golitschek, guilty of trying to buy \$61 million worth of Huey Cobra helicopter gunships for Iran. He faces up to five years in prison.

IN BRIEF

• Japanese companies with a share in the \$4,000 million Bandar Khomeini petrochemicals complex are sending a team to Tehran in late March. The Japanese want to know whether Iran intends to resume interest payments on a loan or has decided to cancel the scheme (MEED 22:2:86).

• More than 40 foreign construction specialists are attending a 10-day conference in Tehran on ways of restoring and rebuilding war-damaged areas. According to one, Iran wants to use local methods for the reconstruction of brick-built villages, but quick, modern methods for cities. Between 2,000-4,000 towns and villages have been damaged in the Gulf war; 2.5 million people were displaced in the first three months alone. Structural damage is estimated at about \$100,000 million.

• Yugoslavia is to import 1.5 million tonnes of Iranian crude oil annually — or about 30,000 barrels a day — Economy & Finance Minister Mohammad Javad Iravani says. He was speaking after a joint economic commission meeting in Belgrade in early March, at which Yugoslavia also agreed to import goods equal to 20 per cent of exports to Iran. An Iranian team is to visit Yugoslavia to investigate the market.

• Romania's Foreign Affairs Minister Ilie Vaduva visited for three days in the second week of March to discuss bilateral and regional issues. His Iranian counterpart, Ali Akbar Velayati, went to Romania in 1984. Romania is East Europe's biggest exporter to Iran: bilateral trade is put at \$550 million a year.

• An Iranian team is visiting Brazilian companies and government agencies to draw up a shopping list for a new countertrade agreement. According to the present agreement — which runs out soon — Brazil exports \$400 million worth of goods to Iran a year, in exchange for crude oil totalling \$450 million. The new deal will entail a bigger volume of manufactured products, such as medical and dental equipment, and household appliances, Brazilian officials say. The team visited the Agriculture Ministry, state-owned *Acominas*, capital goods manufacturer *Villares*, and a

subsidiary of West Germany's *Fried Krupp*, in which Iran has a share.

- The Oil Ministry has offered to provide Third World countries with a recently developed technique for building jetties and oil platforms. The system allows quick and easy installation of jetties in difficult coastal areas, according to Musa Khayyer, the ministry's projects manager. Khayyer made the offer during an inspection tour of Bandar Abbas, where several of the jetties are due for completion by 21 March.

- A \$6,500 million budget for the Iranian year starting 21 March has been requested by the Mostazafin (deprived) Foundation, which controls hundreds of nationalised industries. The proposed allocation has been discussed at a meeting with Prime Minister Hossain Moussavi, Imam Khomeini's representative to the foundation. This year's budget was fixed at \$5,800 million.

- The government has invested \$3,000 million in economic and social schemes in the south-eastern province of Sistan-Baluchistan since the 1979 revolution, according to the province's governor-general, M Ashja. The figure compares with just \$81 million from 1974-79, he added. Sistan-Baluchistan is Iran's most sparsely populated province, with about 500,000 people; much of it is desert.

- The British Overseas Trade Board plans to organise a UK pavilion at the 1986 Tehran international trade fair in September, if there is sufficient interest from UK industry. About 30 British firms were represented at the 1985 fair. The deadline for applications is 20 March.

- Technicians from *Kuwait Airways Corporation* have been granted entry visas to enable them to repair an Airbus hijacked to Tehran in December 1984 (see KUWAIT).

- The majlis (parliament) has approved a government request for an additional IR 23,000 million (\$288 million) allocation for the Education Ministry. The item is one of several approved by the majlis, which is considering the budget for the Iranian year starting 21 March. In another vote, the majlis turned down a proposal to increase its own budget from IR 1,600 million (\$20 million) to IR 2,100 million (\$26 million).

- There are 21,700 co-operative companies with 9 million members, Commerce Minister Hassan Abedi Jaafari says. The establishment of co-operatives is one of the main economic requirements of the republic's constitution.

- Senior West German parliamentarian Hans Stercken made a three-day visit in early March in preparation for the April meeting in Mexico of the Inter-Parliamentary Union (IPU). The meeting is expected to discuss the Gulf war. Stercken — president of the IPU's council — is the most senior West German official to visit since Foreign Affairs Minister Hans-

Dietrich Genscher in 1984.

- Several members of Islamic revolution committees have completed pilot and maintenance training courses on helicopters and fixed-wing aircraft. This is the first report of such training for committee members, who carry out police duties with the regular police and the rural gendarmerie.

- Imam Khomeini has divided 22 inherited plots of building land in his native town of Khomein among the local poor and invalids, as well as families of those killed in the Gulf war and the 1979 revolution, the local daily *Resalat* says. The plots are each of 200 square metres. Khomein is 260 kilometres southwest of Tehran.

- Four guerrillas of the Paris-based leftist Islamic Mojaheddin-e Khalq organisation were executed in late February and early March, according to the local press. They were convicted of spying for Iraq and killing Islamic militants. Very few executions have been announced in recent years; the latest follow a spate of guerrilla activity, including the 1 March murders of a dental paramedic and his brother. A man and a woman have been arrested in connection with the killings.

- Four habitual thieves in Shiraz have each had four fingers cut off their right hands, the local press reports. The last such case was reported two months ago, again in Shiraz. That thief had 51 convictions for stealing.

- British police are investigating whether an Iranian student who brought his 12-year-old bride to the UK is violating laws forbidding sexual intercourse with a minor. According to Muslim law, the marriage is legal, although the usual minimum age is 14-15.

- China's ambassador is Wang Benzuo. He replaces Fan Zuokai.

- A student protest march about Kuwait's and Saudi Arabia's Gulf war policies was diverted from the two countries' Tehran embassies on 11 March. Instead, marchers gathered at the former US embassy, where militant majlis (parliament) deputy Hadi Ghafari said: "I tell the Saudi and Kuwaiti governments they should get along with us. We get along with people who get along with us." The planned demonstration had alarmed the Kuwaiti and Saudi governments, which demanded protection for their embassies.

- The mother of a soldier killed in the war has pledged to pay \$25 to war organisations for each Iraqi aircraft downed by Iranian forces, according to the official Islamic Republic News Agency (IRNA). In early March, she sent \$1,700, as well as gold, to majlis (parliament) Speaker Hashemi Rafsanjani for the 68 Iraqi aircraft Iran claims to have shot down since the 9 February start of the latest offensive. IRNA concludes its report by announcing the destruction of two more Iraqi aircraft, bringing the total to 70.

BENAZIR SPEAKS TO HUGE CROWD IN GUJRANWALA

BK130948 Hong Kong AFP in English 0935 GMT 13 Apr 86

[Text] Gujrenwala, 13 Apr (AFP)--Opposition leader Benazir Bhutto on Sunday repeated her call for elections at a mass rally here, after a triumphant 65 km (40 mile) journey which took a marathon 13 hours.

Miss Bhutto, the 32-year-old daughter of hanged ex-prime minister Zulfiquar Ali Bhutto, should have addressed the crowd on Saturday afternoon. But in the event she did not make her speech until 3:30 a.m., after hundreds of thousands of supporters along the route reduced her convoy to walking pace most of the way from Lahore.

She had also been greeted by a colossal crowd at Lahore on Thursday, when she returned to Pakistan from a two-year self-imposed exile in Britain to challenge President Ziaul Haq, at the head of her Pakistan People's Party (PPP).

Urging him here to organize immediate elections open to all parties, she accused the martial law regime he installed in 1977, after the military coup which overthrew her father, of selling off Pakistan's national interests.

She charged it with wrecking a contract for French construction of a nuclear power plant "for peaceful purposes," signed by her father.

Gujrenwala in April 1979 staged one of the rare demonstrations in Pakistan against the execution of the former prime minister.

In a first reaction to Miss Bhutto's call for political change, President Zia and Prime Minister Mohammed Khan Junejo on Saturday again ruled out new elections ahead of schedule, advising parties to show patience until 1990.

General Zia, who lifted martial law in December, said in Quetta he was satisfied people had "faith now that they can say what they want," but added that freedom of expression "should not transcend the borders of sanity."

Miss Bhutto was to have made her speech in this northern Punjab city with small industries and some one million people on Saturday afternoon.

But her convoy was overwhelmed beyond Lahore by crowds which had converged on the road from the remote countryside, and was soon crawling through villages bedecked with the red, green and black PPP colours.

It had to ease its way past groups of celebrating PPP supporters, and trucks and cars to which whole clusters of people clung.

Those not on foot had arrived clinging to tractors and ploughs pulled by horses or buffaloes. The crowds included many teenagers and also unveiled women as often seen in the Pakistani countryside.

In the many built-up areas Miss Bhutto had to make impromptu speeches. Perched at the front of a brightly coloured truck she saluted her supporters like her father, hands raised above her head making a "V" for victory sign.

Tens of thousands meanwhile waited in Gujrenwala, in festive mood as night fell, chanting slogans against Gen Zia and listening to a poet declaim a poem quoted by Miss Bhutto in Lahore, "I am a rebel."

/9274

CSO: 4600/277

LEGALIZING OF ARMS MANUFACTURING IN NWFP SUGGESTED

Karachi BUSINESS RECORDER in English 3 Apr 86 p 2

[Text] Legalized though it is not, the arms making industry in the Darra area of the NWFP has been working for a long time and providing employment and subsistence to thousands of people of the otherwise very backward and poverty-ridden region. In an interview with our correspondent who visited Darra recently, the Assistant Political Agent suggested that the industry be regularised, which would provide 'miraculous boost' to the economic life of the people. And, in view of the demand for the industry's products, this does not seem to be an exaggeration. According to an estimate there are as many as 3000 arms making units in the area inhabited by 1.25 lakhs of people out of whom 50 per cent earn their livelihood directly or indirectly from this industry. These units are said to be producing 400 to 500 weapons per day. As it is basically a cottage industry, there is no automation or use of modern machines. Those are

engaged in the industry are actually artisans doing the job for generations. The experience and expertise they have acquired over the years is manifest in the fact that some of these units are said to be also successfully manufacturing the famous Soviet sophisticated gun, Kalashnikov. As a result, the prices of these guns which were said to be selling illegally at Rs. 40,000 to Rs. 45,000 a piece, are reported to have come down to Rs. 19,000, i.e., less than half the original price!

Since the entire industry is supposed to be illegal its sales remain unrecorded. Unlicensed guns, pistols, other types of arms and ammunitions used in many of the crimes, might have come from those very sources. As a matter of fact, the region at present serves as an ordnance depot for the criminals in the country. We allow that some of it might have been smuggled into the country, but a major part of the crimi-

nals' arms and ammunition must be locally made. It has also been proved during the last few years that the guns and ammunition which some criminals have been using in dacoities, murders and other crimes, are far superior to those possessed by our law enforcing agencies. The fact has been admitted by some heads of these agencies and they are now trying to arm the police and other para-military forces entrusted with the job of combating crimes, with better and more sophisticated weapons. It would definitely involve substantial investment.

The only defect in the arms being produced in Darra is that the raw materials used by the industry are of inferior quality; otherwise, the form and the initial performance of these weapons can compare with the genuine ones. This is but natural. The manufacturers have no access to better quality of alloys and other materials. Consequently, these weapons are not as durable as the imported ones.

All said and done, it is a

considerably big industry of the tribal area of the Frontier Province. It is in the knowledge of the highest authorities in the state. It has been selling its products to anyone who has the means to purchase and take them out of the tribal area. At the moment it is only strengthening the hands of the anti-social elements. Viewed in this background, the proposal made by the APG deserves to be considered seriously. Regularisation of the industry would mean the regularisation of its entire operations. It will help in checking effectively the illegal proliferation of arms and ammunition in the country. Besides, with the availability of standard quality of raw materials to the industry, the standard of its products would also improve. Then its products can also be exported. As such, it can become a foreign exchange earner for the country. The matter needs to be taken up and decided promptly, considering the threat to law and order from the proliferation of illegal arms and ammunition.

/12851

CSO: 4600/283

PRIME MINISTER ANNOUNCES PROPRIETORY RIGHTS FOR SLUM DWELLERS

Karachi BUSINESS RECORDER in English 8 Apr 86 pp 1, 3

[Text]

LAHORE, April 7: Prime Minister Mohammad Khan Junejo granted proprietary rights to residents of Katchi Abadis, saying: "You are the owners of the houses you live in from this day — Monday April 7, 1986".

With it came the announcement of an allocation of Rs 50 crore for providing basic amenities to katchi abadis.

The Prime Minister told a massive public meeting at Mochi Gate today that till March 21, 1985, a Katchi Abadi had to consist of 100 houses but from today a settlement comprising 40 houses would come under the definition of Katchi Abadi.

He added land up to five marlas, at present used for commercial purposes, will henceforth be considered a residential area.

To convert these Katchi Abadis into separate modern colonies, Junejo said development charges for a period of three months will be paid by the government in lump sum with 50 per cent discount facilities at the time of repayment.

He also announced the final approval of seven marla scheme for the rural areas of Punjab. Comprehensive details of the scheme, he said, were being worked out and would be announced later.

SUI GAS

The Prime Minister also announced that the interior city of Lahore would get Sui gas connections which had been refused so far on one pretext or the other. Orders in this regard, he

said, have been issued.

Junejo said it was a policy of his government not to hold out promises to the people which it could not fulfil. During the last one year there is not a single instance where the Party who had forced it (PPP) out of power in the name of Nizam-i-Mustafa".

He said their purpose could not be to serve the country or the people. They want to get back into power and to this end they have been crying hoarse for mid-term or fresh elections.

The present government, he said, had been voted into power by the people for a period of five years government had failed the people. "We promised to lift martial law in a stipulated period and it was lifted on time. We put an end to the 20-year-old state of emergency and restored to the people their fundamental rights".

Today, he added, all sections of the society are free. They have the freedom to hold public meetings, take out processions and establish contact with the masses to acquaint them with their political and economic programmes. "But what intrigues me most is the alliance of those elements with the People's and "we intend to complete our tenure not because we are power hungry but because of our commitment to the people to make Pakistan strong, united and prosperous. We are determined to bring the sort of solidarity to the country and a sense of security to the people that is enduring and that does not wear off with the change of governments".

The Prime Minister declared that in near future the government

would announce a Rs 7,000 crore programme for the construction of new roads, for providing electricity to more villages and to construct more basic health centres.

The huge crowd rejected the demand for mid-term elections from certain political quarters, and gave a green signal to Prime Minister Mohammad Khan Junejo to complete his five-year term with full peace of mind.

The peoples' mandate came when the Prime Minister posed them a question whether they supported the mid-term polls or wanted the elected government to rule for another four years.

The audience in one voice said the present government should continue.

Earlier in a brief talk with the newsmen at the airport the Prime Minister said that there was full freedom for everyone to advocate his point of view in accordance with

the norms of democracy and within the ambit of law.

Answering a question the Prime Minister said that presently the non-registered political parties were being allowed to hold public meetings and take out processions, but a comprehensive law would naturally come into being to regulate these activities as the things moved forward.

Earlier Chief Minister Nawaz Sharif said this was the time to learn from our past and to vow to avoid repetition of yesterday's mistakes in pursuit of selfish interests and to solemnly undertake to establish a rule of law under which every citizen is treated at par.

The government, he added, was determined to establish an era of peace, honour and fairplay. It has taken unto itself to purge the society from all evil-political, economic or social.

/12851

CSO: 4600/283

FOREIGN AID TERMED A 'MISNOMER' FOR LOANS

Karachi BUSINESS RECORDER in English 8 Apr 86 p 2

[Text]

Ever since the early 1950s, this nation is being made to believe that the economic development of Pakistan is not possible without foreign aid. This myth has now taken roots. We have been going abroad and borrowing money from wherever we can and calling it aid, while paying interest not only through our nose but also through begging for more loans from the so-called friendly countries. Today our foreign debts stand anywhere between 15 to 18 billion U.S. dollars and we will shortly be going to Paris to ask for more. The question arises as to how one defines aid. Could one call the people doling aid money at interest rates too high for a loanee to pay, as loan-giving friends or would they be termed as loan sharks?

We have raised this question because for any country's development it is imperative that it achieve an economic surplus. And, only such

steps by friendly nations as help a developing country to achieve that end, can be called aid. Indefinite loanings and continuous borrowings at burdensome interest rates can only lead to further impoverishment and restrict economic and political sovereignty. It is particularly so with Pakistan which is mainly an agricultural country and largely depends on the exports of its agricultural commodities. This country has been encouraged more and more to produce larger quantities of its agricultural commodities for exports to be able to pay its loan instalments and interest thereon. Now, who controls the world market for the commodities we export? Are they not mainly the same countries who give us loans in the name of aid in open or in camouflaged forms? In our anxiety to live up to our commitments, we lose sight of what the ever-increasing use of synthetic fertilizers and more and more water

is doing to our agricultural land and what is going to be the effect of it in the long run. Are we not already borrowing more to deal with our water-logging problem?

It is time we faced facts. We have been caught in a situation which just cannot lead us to an economic surplus or even self-sufficiency. Nor are we in a position to put a moratorium on debt repayment or interest thereon. In these circumstances, is it wise of us to go on borrowing more in the name of aid, praise like sychophants the loan givers in speeches and statements over the radio and in the Press for their generosity and seek to justify our actions to our people? Is it not a fact that these very generous friends export much more to Pakistan than they import from this country? Are these very loans not used to buy goods and services from them as also from our own resources? We are now going to Paris to ask for a loan (sorry, aid) of 2.6 billion dollars. This 9-country Consortium, both individually and collectively, exports much more to Pakistan

than they buy from us. The exports from the Consortium as a whole to Pakistan amount to something like Rs. 36 billion, while it buys from Pakistan commodities worth about Rs. 13 billion. This alone should illustrate the quandary in which we find ourselves today. This is just an illustration. World Bank loans or IMF credits or any other international so-called aid, in their total effect, are not much different.

It is time we changed our approach to the problem of development and re-plan our economic development strategy. We make bold to say that we should ask the countries who show interest in our development and profess friendship to buy more from us whatever we produce and manufacture. The money that is given as aid should bear no interest because it will also go to support their industries. Every single dollar that is thus borrowed should and must be used for production purposes and not to pay out emoluments to foreign consultants and local bureaucrats.

/12851

CSO: 4600/283

PAKISTAN

LONDON PPP ACTIVITIES, GHULAM MUSTAFA KHAR STATEMENT

Karachi JANG in Urdu 3 Mar 86 p 3, 14

[Article by Zahur Niazi in the column "London Diary": "Street Power Versus State Power"]

[Excerpts] The People's Party [PPP] is the country's largest single political party but, as it prepared to launch a powerful campaign toward providing alternate leadership, its responsibilities are doubled. It is easy to generate street power but difficult to control it. Me'raj Mohammed Khan adopted a different course for this reason. Mr Bhutto wanted to crush street power with state power because it had become difficult for him to rule without it. One group within the PPP consists of active young men who consider it a matter of pride to sacrifice their lives for their leadership. But in the words of Jahangir Badar, party president of Punjab, when Miss Benazir Bhutto nominated him as the president of an important province like Punjab from a lower rank, she bestowed upon him such an honor and encouragement that after this, even if he were to give his life, it would only be a trifle. This is the same group that stood by the PPP in its difficult days, when most of the people who had shared power and authority with Mr Bhutto, who could not win even local elections on their own and who had been raised to high posts and allotted buildings on the Mall, abandoned him and instead of sharing his misfortunes hatched conspiracies to become chairmen within the party and came to an understanding with the government. Jahangir Badar, speaking on behalf of this group, said, "Miss Benazir Bhutto would like to make the party a political organization and, to do so, must defeat forces both inside and outside the party that are determined to destroy it." He said that, on behalf of all the party workers and the people of Punjab, he would like to assure that they do not accept anyone as their leader except Begum Bhutto and Miss Benazir Bhutto. He added that if anyone claiming to be brave and worthy of being a leader challenges their leadership, he should come forward and measure his strength. He said that, though the days of hardship are not over and they are confronted by Gen Ziaul Haq's policies, they will succeed on both fronts.

There is another group inside the party which tends to vacillate and follows a policy of give and take. This group, too, has a political position of its own. Just now this group and the party are dependent on one another.

Mr Ghulam Mustafa Jatoi's name could be given as the best example of this group. It was Mr Jatoi's courage and resolve alone that allowed him without showing any disloyalty to the Bhutto family to withhold the list of office holders sent by Miss Benazir for the Sindh organization. The leadership, too, knew that if it were to disregard Jatoi and announce the nomination of officers, it would harm the party in Sindh rather than benefit it. The party's present leadership has snubbed Jatoi in many respects. For example, when before arriving in London Mr Jatoi announced that he would be going to France to hold important discussions with Begum Nusrat Bhutto, party sources in order to let Mr Jatoi know the type of person he would be dealing with announced that there was very little possibility of his meeting with Begum Bhutto, that he did not have her address or telephone number. It was merely coincidence that just when Jatoi was meeting with Miss Benazir she received a telephone call from Begum Bhutto, who, being informed of Jatoi's presence, spoke with him. He was asked to reconsider his circle of friends by conveying to him the message that dinner parties were being given practically every night in honor of Jahangir Badar, president of Punjab, and that his invitations had not yet started. It may be that Mr Jatoi did not need such parties but still this message was particularly intended as a warning for him to mend his ways. Makhdoom Khaliquzzaman and Sayed Qasim Ali Shah's names are being mentioned among the people who are causing concern to Mr Jatoi. They have been advised by Miss Benazir to see her in London. During a meeting Mr Jatoi denied having any differences with Makhdoom Khaliquzzaman. As these lines were written, nothing was definitely known about his arrival in London. But a new element was introduced into this contention with the attempt to prevent Qasim Ali Shah's departure at the Karachi airport. A question is now being raised as to whether the government is trying to influence the decisions of the PPP.

The third group within the party as far as Sindh is concerned covers workers who have been supporting the Abdul Hafeez Pirzada and Mumtaz Bhutto Front but consider themselves members of the party and do not accept their expulsion from the party. Together with the "Jiye Sindh Movement," the Front may become another significant source of trouble in Sindh to the People's Party. For this reason, the party has been undecided about the affairs of the Front.

Ghulam Mustafa Khar is challenging the party leadership on this basis. He says that confederation is aimed at breaking up the country and that conditions existing inside the country are the same as those prevailing at the time of the fall of Dhaka. According to him, certain people look the same and are moving towards that kind of destruction right now. Mustafa Khar could be called the fourth group of the party. If it can be alleged that Khar is raising the bugbear of the Front just to enhance the brilliance of his leadership in the Punjab, there can also be no doubt that the lion of Electoral District No 6 has once again come out of his den after 8 years and that by opposing the Front he cannot only gain forgiveness from the people of the Punjab for his past sins but also create difficulties for the party. According to Mr Khar, before he challenged the Front he used to meet

practically every morning and evening with the party leadership and now it has been 8 months since he last saw them. He says that, at first, he remained silent, believing that the party leadership would react immediately and vehemently and would call him to account for his actions, because on the one hand he was considered one of the party leaders and on the other hand was conspiring against the country to break it up, but the party leadership remained silent. If the people have supported the party, he says, it is because they expect it to work for the good of the country and, if anyone thinks that the party got the country transferred in its name, he is the victim of a misunderstanding. No political leader owns this country. The leaders are the guardians of the country and give their lives when the country is faced with difficulties.

It is believed that Malik Ghulam Mustafa Khar, more than anyone else was awaiting the arrival of his friend Ghulam Mustafa Jatoi, hoping he could have discussions openly with the leadership in his presence. It is for this reason that Mustafa Khar neither complained about the excesses committed by the leadership against himself nor criticized the leadership. From the outset, he had opposed the Front and criticized the party as well. It appears that when Mr Jatoi presented Mr Khar's case to Miss Benazir he either failed to gain any consideration or could not present his case forcefully enough in accordance with Mr Khar's expectations. Therefore, Mr Khar had to come out openly himself.

Mr Khar says that perhaps no one had the opportunity of seeing the People's Party and Zulfiqar Ali Bhutto as closely as himself. He says that he learned a lot from Mr Bhutto and after so many years of political life, and keeping apart his personal feelings, it is his duty to warn the people in the light of his ideas and experience of the dangers the country is facing. It is up to them to decide what is right and what is wrong. He goes on to say that he witnessed the situation in East Pakistan very closely and that it was through him that Mujib and Bhutto made contact with each other. At that time, he says, his political ideas were not very mature and that his position was nothing more than that of a trusted colleague of the late Mr Bhutto, and he could not understand the situation so well. He wishes his ideas had been mature or that he had held the position he now holds so that he could have played the role he is playing today. He says that Shaikh Mujibur Reahman was reared by Hussein Shaheed Suhrawardy, who was a member of the Pakistan movement, but later on Mujib used Suhrawardy's party to partition Pakistan. It happens, he says, that some parties which at one time performed great duties, at other times, as a result of human error and weakness, led the country towards destruction. If the country's fate were to be trusted to a single person and he made the owner of everything, then however much he may wish the country well, he can lead it to destruction. It is the duty of the leaders and members of parties to execute their duties rightly, Mr Khar says, adding that let alone learning from the experiences of others, they did not learn from their own experience of the "Fall of Dhaka". He says that they closed their ears and blindfolded themselves and, instead of preventing disaster, they were constantly moving towards it, and believed that God would save

Pakistan. He says that, at the time the "Fall of Dhaka" power struggle was in progress, some people thought that they alone could understand the situation and did not feel it necessary to warn the people. When East Pakistan was being defeated, a dictator was busy announcing the future constitution, and when General Niazi was surrendering his arms to General Arora, good tidings were being broadcast over the TV and radio that Indian attacks were being repulsed. Mr Khar says that he is now 50 years old, that he has held power and authority to some extent and also has paid for it. He says that, except for Mr Bhutto, no one paid as much as he did, that after a political struggle lasting 25-30 years, he ruled only for 2 years, that he is not picnicking in London, and every moment he passes away from home is full of torment and suffering. He says that he left the country when he was 100 percent sure that he would be hanged, that even though the chances of his being hanged are 50 percent even now he has decided to return to Pakistan, that the country needs him badly and that the conditions are not so bad as to be beyond repair. Once the cancer spreads, treatment will become difficult, he says, and he sees destruction looming right ahead of him. He says that if it could be stopped with his blood he would be willing to lay down his life. He says that he has already spent more than half his life for the good of the country and that henceforth all his efforts will be in that direction. He asserts that he does not want any position either in the government or the party, that for 7 years now the People's Party has been taking a beating whereas he himself has been doing so for the last 10 years. He says that his worldly love consists of love and honor bestowed on him by the common man and no one can ever say that he refused to take any risk to save his own neck. If that were true, he says, neither would he forgive himself nor would the people forgive him, and similarly he would not be able to account for his actions before God.

He says that he does not want any credit for himself, but the fact is that, when he criticized the Front, if at first it had been going at the rate of 100 miles per hour, it slowed down to 30 miles per hour. As a result of his criticism, he added, the Front changed its tactics and Hafeez and Mumtaz changed their attitude and started talking about Punjab before Punjab was their goal. He says that in his message to the people of Pakistan he is asking them to stand up to the Front with all their strength and that, if the people are united, the Front will be exposed and defeated.

He said that Hafeez attacked him personally during his interview and, though he does not wish to engage Hafeez in personal conflict, he would like to challenge him to debates in Karachi, Hyderabad, Lahore, Peshawar and Quetta and let the people decide for themselves that he was not afraid and would not be subdued by feminist warfare. He says that he began fighting Hafeez for the sake of the country and that he would continue to fight him to the last. He said that Hafeez today was talking about provincial autonomy whereas he (Khar) had given up the post of chief minister for it, fought against the party leadership. At that time, Khar says, Hafeez was the biggest adversary of provincial autonomy and Mumtaz Bhutto was busily engaged in provoking strife between old and new Sindhis and today is

trying to deceive them again. As a result of Mumtaz Bhutto's nonsensical talk against the refugees during cabinet meetings, 45 percent of the people of Sindh turned against him, Khar says, and he was forced to relinquish the post of chief minister. He believes the PPP received the greatest setback from the language riots in Sindh. He says the records of TV interviews Hafeez held during this period, his speeches in the National Assembly and press conferences show that Hafeez was the biggest advocate of a strong center when he himself was clamouring for provincial autonomy, because in addition to the smaller provinces Punjab would benefit the most. Many people died for provincial autonomy in Electoral District No 6, Mr Khar says, adding that he did not want to become either the prime minister or the chief minister, but wanted to demonstrate the greatness and the strength of Punjab. Hafeez and Mumtaz put an end to provincial autonomy, today they want to destroy Pakistan, he says.

Mr Khar says that recently he has been receiving hundreds of telephone calls from Pakistan asking him to make a decision, that party members are saying that the whole leadership is in London while others intrigue against the country and that the expression of despair on his part would be harmful to the party. Mr Khar believes that they have not been able to defend themselves against the allegations of their adversaries about the party leadership and its policies but that they must respond now, as perhaps it will not be possible later. He says that people are now inquiring about the role played by the party leadership when shooting was going on in Sindh and the people were being oppressed. People looked to the People's Party when Sindh was being subjected to tyranny and oppression and Pakistan was becoming weak. When it is a question of the life of the nation and the country, the leadership should fight to the last for the good of the country. The message sent from here was that Begum Bhutto called on the members of the national and provincial assemblies to come out on the street with the Holy Koran in their hands. This message was not sent by any leader of the party but through a personal friend of the family, Dr Xafar Niazi. It is evident that such a call could not be effective. He says that today he believes that the sacrifices and the subsequent feeling of deprivation in Sindh gave rise to the formation of the Sindhi-Baluch-Pashtoon Front. One that fails to give the right kind of leadership in evil days deserves to be blamed. He says that, if such things had happened while Zulfiqar Ali Bhutto was alive, he would have kept awake for 24 to 48 hours without sleeping, but today the attitude of the leadership is not serious. He says that he is very disappointed and angry that Hafeez and Mumtaz are using the name of the People's Party. Among the people who welcomed Mumtaz at the Karachi airport was a large number of Party workers. On the other hand, a small man dismisses 150 workers because he does not like them.

He asks whether anyone has respect for Zulfiqar Ali Bhutto's grave, who his successor is, who his attendant is and who is using his grave for the sake of gaining leadership. He says that Bhutto's grave is being used to destroy Pakistan. He asks where his guardians are, adding that Noora, who was a witness, died. He recalls that Bhutto used to say that, if his bones were needed to save Pakistan, they could be collected and asks why the party

leadership does not take up a clear-cut position, as, God forbid, if something were to happen to Pakistan, what prestige and honor will his grave have. However, he says, the leadership did not have the capability to stop the formation of the Front, and the government did temporarily benefit from the Front's formation. He enquires as to whether the leadership of the People's Party played a role in the formation of the Front. He appeals to his leadership, in conjunction with opposing the rulers and working to change the government, not to overlook its duty towards the conspiracy to destroy Pakistan; otherwise, if the people come to the conclusion that the party's strength is being used, not to unite the country, but to break it up and that this leadership cannot save Pakistan, the dream for the future of 1 million to 1.5 million people will not be realized, and hardly 10 people will come. The people's support is for Pakistan only, he says.

Mr Khar says that he is the friend of Benazir's father and that Mr Bhutto had had her vacate her room for him and told her that her uncle would be living in her room. He says that he cannot bear to see his friend's daughter being ruined and adds that he is working for the well-being of the party, that he does not want any position and that he is Pakistan's, especially Punjab's, voice. He says that he is not talking about removing Benazir from the chairmanship of the party and neither is he trying to acquire the leadership for himself or give it to someone else. All he wants, he says, is that the policy of the party should not be kept secret, as they kept it secret in the beginning and, as a result, lost the fight. If the people had been taken into confidence, East Pakistan could have been saved. People who wish to run the country should take the decisions of the people into account; they do not have the right to conduct talks behind closed doors.

He says that he is grateful to her father and that he will not forget the benevolence conferred on him as long as he lives. He says that, as far as he is concerned, the people are the real masters and that he cannot include anyone else in the ownership of the country. He says that he has seen the rise and fall of the party, that if people knowing nothing about the ABC's of politics had led Mr Bhutto astray and made him hold elections he repented all his life and adds that he wished he had not listened to them.

He said that it is the duty of the party leadership to settle differences. He says that groups are formed by those people who are weak, but today the party leadership itself was forming groups. He added that some have small differences of opinion with the leadership, but that doesn't mean that they hate the leadership, they just have some complaints about it. He said he knows that whatever he says will be harmful for him in Pakistan, but the question is to whom he should be faithful. He adds that if you follow the right path you will respect him all your life otherwise you will be obstructing the way.

In his words, old leadership is not a pair of shoes that can be disposed of at will. He compares old leadership to the trunk of a tree and says that you cut away dried branches, not the trunk. Zulfiqar Bhutto also tried to cut the trunk and the people, as well as Mr Bhutto, saw the consequences. When Bhutto introduced the new leadership, he did not have a successor. He says that old leadership is not a sheep or a goat that can be slaughtered and thrown away and that no one can put an end to leadership, no one has the strength to do so. Leadership, he says, is conferred by the people and, thus, leaders need acceptance not from one man, but from the people. Mr Khar went on to say that Benazir is his daughter and cousin and whenever she calls him he will not refuse, be it by day or by night, but if she does not call him he cannot force her to do so. But he says the question is not about meeting but coming to an understanding. It is quite possible, he added, that a meeting can pave the way for improved conditions.

In the end Mr Khar says that he can prove that the people of Punjab support him. He says that even after 8 years the people follow whatever he says. However, he adds that the horse and the field are finally about to come together. He says it will become clear, and adds that Punjab always supported him and that he has begun telling his friends that if they want to take part in politics they should return to Pakistan.

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BRIEFS

TALKS WITH POLAND--Lahore, April 6--Prospects of Polish participation in the power generation projects were discussed at high level meeting between the visiting Deputy Minister for Mining and Energy, Poland and Wapda officials, here today. Chairman, Wapda, Lt Gen Chulam Safdar Butt informed the Polish Minister Ryszard Euchowiecki and his delegation that Wapda would welcome Poland set up of one or more 350-450 MW oil fired thermal power stations at Jamshoro, which were part of Wapda's power development plans to meet the growing demand of electricity on the system. Wapda chief emphasised that Wapda had full confidence in the capability of Polish engineers and manufacturers of electrical equipment. He pointed out that this power station could be set up under suppliers credit, as a joint venture, or even under barter trade agreement between the two countries. Ryszard Euchowiecki informed that Poland was now manufacturing transmission and grid station equipments ranging between 110 kv and 750 kv and was also in a position to supply the full equipments for big thermal power plants. [Text] [Karachi BUSINESS RECORDER in English 7 Apr 86 p 1] /12851

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