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19 April 1984

LATIN AMERICA REPORT

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ALICURA TO BEGIN OPERATIONS IN LATE APRIL

Buenos Aires CLARIN in Spanish 11 Mar 84 p 25

[Text] Neuquen (from our agency)--At the end of April, the Alicura hydroelectric powerplant will start producing energy, and the president of the republic, Raul Alfonsin, will attend the opening ceremony. That announcement was made at a press conference held in this city by the chairman of the board of HIDRONOR [North Patagonia Hydroelectric Company], Dr Cesar Garcia Puente.

The Alicura powerplant (located on the Limay River, about 400 kilometers southwest of this capital) will be equipped with four 250 mW turbines, which will provide it with an installed power of 1,000 mW, with an average annual generation of 2,360 kw/h. What is to go into operation at the end of April will be the first of those turbogenerators.

Moreover, Garcia Puente confirmed the fact that, next August, the construction work would begin on the Piedra del Aguila hydroelectric dam, which will become the powerplant with the largest capacity in the system being constructed and operated by that state company. Its capacity will be even greater than that of El Chocon.

As for the loan of \$400 million which the IDB granted for the accomplishment of this work, the head of HIDRONOR stressed that it is the largest one that this bank has made available for a single undertaking in its entire history.

Change in Policy

Garcia Puente's statements regarding matters of regional concern showed a substantial change in the traditionally irritating relations between that company and Rio Negro and Neuquen; something that was even emphasized by the representatives of those provinces on the board of directors, Dr Carocio and engineer Luis Felipe Sapag, who were also present at the meeting with the press.

Upon being asked about the by now old opinion put forth by HIDRONOR to prevent the province from establishing a municipality there, he remarked: "The last thing we want is to create jurisdictional problems. The two must be integrated

into the community. I don't know what the conflict is about, but El Chocon cannot be a fortress dissociated from the institutional jurisdictions of Neuquen. It is treading on the latter's territory, and it must become integrated into it and its community; and it must also open itself up to the residents on the other side of the riverbank (Rio Negro)."

He then described the preparation of the HIDRONOR plans.

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CSO: 3348/325

OIL PRODUCTION UP FIVE PERCENT: GAS, COAL IMPORT FIGURES

Buenos Aires LA PRENSA in Spanish 21 Mar 84 p 10

[Text] During February, oil production increased 5.0 percent over that of the same month last year; whereas, if compared with the first 2 months of both years, the increase amounts to 3.0 percent.

A report provided on a monthly basis by the Secretariat of Energy discloses that, during the month under consideration, increments occurred amounting to 4.1 percent in marketable coal, 18.9 percent in natural gas injection and 10.2 percent in electric power generation.

Oil

During February, oil production amounted to 2,227,400 cubic meters, about 107,700 more than in the same month of 1983. This year, the cumulative amount for the 2 months totaled 4,715,900 cubic meters, a figure representing an increase of 138,200 cubic meters in comparison with the same period in 1983.

Coal and Gas

Insofar as commercial coal was concerned, the positive difference for this month was 1,900 tons, with the accrual of about 47,900 tons, or 4.1 percent more.

During the first 2 months, production totaled 100,300 tons, or 11.2 percent more than during the same period last year.

Natural gas injection, for its part, amounted to 960.0 million cubic meters, about 152.4 million more than the volume for February of last year. The cumulative totals for the first 2 months of this year and last amounted to 2.0146 and 1.7734 billion cubic meters, respectively, with a difference of 241.2 million in favor of this year.

Imports

During the first 2 months, the country imported natural gas and coal with a total value of \$58.1742 million. The figure is 3.8 percent lower than that recorded for the same 2 months last year.

At the same time, the revenue from exports of by-products between January and February amounted to \$103,561,500, exceeding that during the same period of 1983 by \$22,238,300.

Electricity

During February, approximately 3,161,059 megawatts were generated; in other words, 10.2 percent more than during the same month in 1983. During the first 2 months of the year, 6,667,104 megawatts were generated, representing 7.2 percent more than last year.

Of the energy produced during the 2-month period, Water and Electric Power contributed 1,825,855 megawatts; SEGBA [Greater Buenos Aires Electrical Services] contributed 1,362,281 megawatts; DEBA [Buenos Aires Electric Power Administration], 325,975 megawatts; EPEC [Cordoba Provincial Power Company], 397,861 megawatts; HIDRONOR [North Patagonia Hydroelectric Company], 496,159 megawatts; Salto Grande, 899,753 megawatts; and the National Commission for Atomic Energy, 1,116,554 megawatts.

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REPORT ON NATURAL GAS RESERVES, INFRASTRUCTURE, PROJECTS

Increased Demand Expected

Buenos Aires CLARIN in Spanish 5 Mar 84 p 24

[Text] The priority given by the present energy authorities to the use and consumption of gas indicates that, over the short term, that resource will meet 30 percent of the total demand. When this figure is compared with the average of 19 percent of the demand absorbed by gas in the developed countries, one can infer the importance that will be attached to it in the national energy plan. The limits on the strategy will be provided by a situation typified by a shortage of funds for financing new projects, and a possible rise in demand (by means of reactivation), which could encounter an infrastructure more geared to periods of slight use of the productive system than to periods of expansion.

Although the National Energy Plan will be terminated at the year's end, the guidelines devised make it possible to cite three means whereby the greater use of the resource will take place: petrochemicals, automobiles and the expansion of the household systems.

Nevertheless, the sector's technicians note that, during the next 2 years, there can hardly be any change in the status of the area, which is burdened with the weight of meager income, a shortage of infrastructure and the waste entailed by the constant venting.

Nevertheless, the government decisions announced also imply devising mutual programs with neighboring countries (Chile, Uruguay and Brazil) for extending gas pipelines and exporting gas.

So an approach basing the energy supply on the available resources appears to have been planned. From this angle one can note the present contradiction in the balance between the stocks and the supplies. Whereas gas reserves (673 billion cubic meters) have doubled in terms of years of demand over those of oil, the use being made of both resources is in an inverse proportion: The amount of oil consumed is twice that of gas.

Hence, not only is future self-sufficiency in energy jeopardized, but also sources of income from exports of heavy fuel, primarily fuel-oil, are being diverted.

A step in this direction was taken with the program to convert thermal power-plants to gas being carried out by the Water and Electric Power entity, which is planned to be completed before the end of the year. Nevertheless, the many kinds of uses allowed by gas, particularly in view of Argentina's geological features, still remain to be resolved.

The results of the exploration in recent years, with the discovery of deep-lying structures (usually condensed reservoirs, that is, with a high gas to oil ratio), indicate that the proven gas reserves are tending to increase. The features of the wells necessitate coordination between the plans of Government Oil Deposits [YPF] and State Gas; because the lack of exclusively gas-bearing deposits causes failure to complete the planned projects in time to entail venting or expensive reinjections of gas.

Nor would it be fitting to consider the energy balance with short-term goals; therefore, rather than accept the notion that the stocks will cover at least 40 years of consumption, it is essential to hasten the studies and exploration.

If an economic reactivation (albeit slight) occurs, the demand for gas will increase to a greater extent than it did in the immediate past, and hence the capacities for a response to those requirements must be intensified.

However, the opinion of the company named for Reoberto Gazzani is categorical: The revenue (concentrated on contributions from rates) does not suffice to cover the costs. Hence, it explains: "It has become very difficult to undertake the major projects required to supply the market, anticipating and fostering the demand, with the use of traditional ways and means."

A brief assessment of what has happened in recent years affords the conclusion that the investments made by State Gas have lagged behind the demand, and have failed to meet it completely. As a result, the transportation infrastructure lacks a reserve capacity for ensuring normal service (even what is strictly necessary) during the winter. Of course the overall economic situation has repercussions on the business firms which are project contractors, delaying the construction of the projects.

On the other hand, if one analyzes the progress of the business, without counting the financial aspect and the lag in projects, one notes an increase in the productivity per agent, which refutes the efficiency-oriented notion used recently against the state companies (see graphs).

Despite the limitations that have been imposed, State Gas has started to undertake a 10-year investment plan that will require \$500 million per year. In addition to the scheduled projects, it is aimed at allowing for the export of natural gas to bordering countries.

Investment in Six Areas

Buenos Aires CLARIN in Spanish 5 Mar 84 p 24

[Text] The State Gas investment plan, which will demand a minimal outlay of \$500 million per year over a decade, consists of a series of associated programs divided into six main areas.

This sum does not include the projects to expand the West-Central gas pipeline, nor the gas pipelines the construction of which depends on the exporting of natural gas to Brazil, Chile or Uruguay, which (in all) represent an investment of nearly \$1 billion, 80 percent of which relates to the gas pipeline planned with Brazil.

State Gas is of the opinion that the West-Central projects will not constitute an investment for the state enterprise itself, but rather more spending on the expansion of services, owing to the type of contracting for the project (toll).

Hence, that \$500 million per year will be allocated for the program to obtain product, based on the collection and treatment of natural gas for procuring liquid gas, propane and butane.

Another program considered is the one for transportation, including large main gas pipelines and regional gas pipelines.

Also included is a program for storage, whether underground (for natural gas) or at very low temperatures, for liquid gas; or in large pressurized or refrigerated tanks for liquid gas, propane or butane.

Meanwhile, the distribution program includes zonal branches of gas pipelines and urban, household and industrial distribution systems. The overall investment plan is supplemented by programs aimed at new uses of gas, essentially energy and petrochemicals, and by supplementary projects, particularly civil ones.

To be sure, the six parts of the investment plan are constantly being revised.

This revision will make it possible, during the 10-year period, to achieve the execution of the undertakings depending on the available supply of financial resources.

Storage Problem

Buenos Aires CLARIN in Spanish 5 Mar 84 p 25

[Text] The abundance of proven gas resources gaged with respect to the levels of demand and their relationship to the oil supply has met with a certain obstacle (besides the discontinuity in the government programs), in the current transportation infrastructure.

Thus, during the peak consumption periods (the winter months), a bottleneck occurs which (according to the forecasts from the energy authorities) will be repeated again during 1984.

The harmful effects of this strangulation caused by a high demand and a stabilized supply exceed the household problems and entail in the industrial area a forced replacement of the fluid by heavy fuels which are thereby diverted from the volumes allocated for export.

During the next few years, the government estimates indicate that the differences between the summer demand and that in winter may even exceed 20 million cubic meters per day. While plans are being devised in the area to extend the regional oil pipelines and to bolster those known as main lines that have been installed, the seasonal nature of the consumption poses the need for resorting to a method which has not yet been proven in Argentina: gas storage.

So, to compensate for the process involving a lack of supply and (what is even more burdensome), venting for lack of channels for the resource, large underground storage places must be found, with geological features similar to those of the deposits, and locations in the vicinity of the large consumption centers: the Federal Capital and Greater Buenos Aires.

There are two already proven technical methods for having access to that alternative: the underground storage of compressed natural gas and the storage of liquefied natural gas.

The first device would afford the storage of about 600 million cubic meters, and the contracting of a specialized consultant is under way to analyze the feasibility of using the geological structures located in the vicinity of the locality of Beazley, in San Luis Province, near the route of the West-Central gas pipeline.

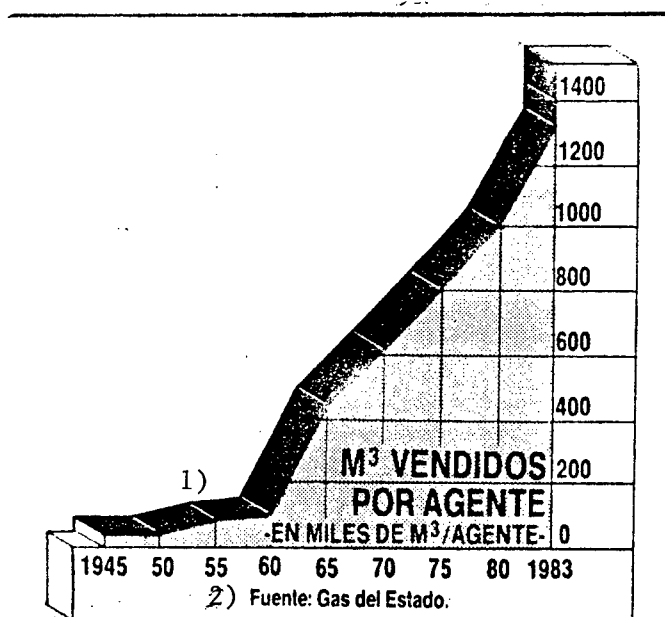
But, even with underground storage available, it would be necessary, for some days with low temperatures each year, to have an additional storage place for peak consumption (peak shaving) periods. In the countries regarded as large gas consumers, this type of reservoir does not exceed 70 in number. They are natural gas liquefying plants at 160 degrees below zero, which store small volumes during the days outside of the winter season, and which vaporize large volumes on the days required.

A design for a plant of this type has already been devised, to be located in the vicinity of the Federal Capital; but the few days of annual use and its high cost have put this undertaking among those without priority. Although it is considered technically necessary, State Gas' income precludes undertaking the construction of the liquefying plant in the near future. But it would have to be taken into account as part of an overall plan, because it would mean less use of fuel-oil, a reduction in venting and greater utilization of the oil.

The construction of the underground reservoirs would make it possible for the system of gas pipelines and the deposits to operate almost constantly during

the summer and winter, with full utilization of the invested capital that it represents.

Also to be added to these possibilities are expansions in the storage of pressurized and refrigerated liquefied gas.



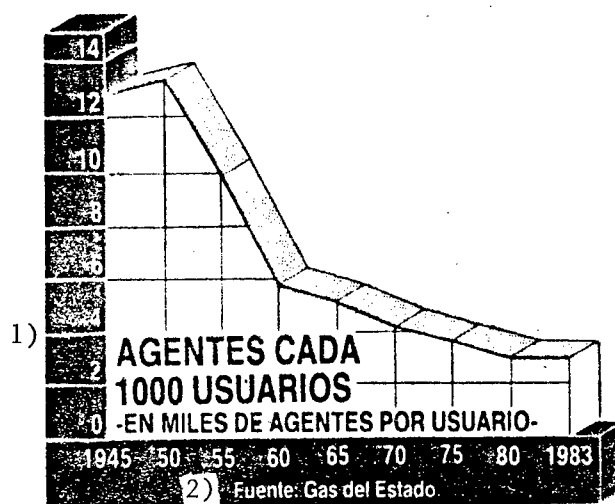
3) Los indicadores de productividad muestran un empinamiento que se contrasta con el retraso en la expansión operativa de la empresa.

Graph 1.

Key:

1. Cubic meters sold per agent (in thousands of cubic meters/agent)
2. Source: State Gas
3. The indicators on productivity show a rise that is in contrast to the delay in the company's operational expansion.

Tanto los volúmenes de venta por agente como la cantidad de empleados en relación con los usuarios tuvieron alzas en los últimos años. 3)



Graph 2.

Key:

1. Agents for every 1,000 users (in thousands of agents per user)
2. Source: State Gas
3. During recent years, both the sales volumes per agent and the number of employees in relation to users underwent increases.

State Gas Strategies

Buenos Aires CLARIN in Spanish 5 Mar 84 p 26

[Text] The investments that State Gas will have to make over the next 10 years total about \$5 billion. Of this amount, no more than 40 percent will be possible to finance with external funds, to be used for importing equipment; representing an outlay of foreign exchange totaling \$2 billion. According to estimates from the state entity, the savings in foreign exchange that will be associated with an active policy of making better use of gaseous hydrocarbons (reckoned at about \$18 billion for the decade) fully warrant this strategy, and lend it a priority nature.

The proposed investment program will also make it possible to overcome the insufficient transportation capacity. With it, the venting of natural gas, which in Argentina is currently 20 percent of the total produced (double the world average) could be reduced considerably.

Venting

The venting occurs not only on account of the deficient transportation capacity. There are other reasons involved as well, noteworthy among which are: deposits far removed from the gas pipelines, or those with low pressure and small size, wherein the expense of compression becomes major; reservoirs containing impurities, such as carbonic anhydride and sulfur, which would require expensive treatment; and deposits recently developed or put into operation.

Moreover, the venting may result (even in the deposits connected to the gas pipelines) merely from the impossibility of transporting the fluid, owing to the lack of a market, a fact associated with the seasonality of the consumed volumes.

In any event, there is no doubt that, in most instances (except for new deposits and only for awhile), the basic problem is economic in nature: According to the current State Gas authorities, "The low prices of oil and gas preclude the availability of funds for the expensive investments in collection, compression and reinjection in deposits."

According to the entity's employees, the matter needs to be considered from a macroeconomic standpoint. In this respect, they claim, the importance and the return entailed for the country by the conservation of energy resources are obvious, even though they might not be for the microeconomy of Government Oil Deposits or State Gas.

Expansion

No one would doubt that the country needs to promote to the maximum degree the use of its abundant gas resources, encouraging an increase in the fluid's share of the energy and petrochemical market. A policy in that direction is based on the supply of plentiful gas-bearing reserves, which nearly triple the proven crude reserves.

The State Gas authorities argue: "A strategy that incorporates these premises will require simultaneous, coordinated action in several areas." In this connection, they cite the following guidelines:

To increase natural gas as an industrial fuel replacing petroleum derivatives.

To expand household distribution systems that will make it possible to reduce the consumption of liquid gas and kerosene.

To foster the use of the natural fluid as a petrochemical raw material.

Use of natural gas as fuel for automobiles (NFG).

Exports to neighboring countries.

Substitution Plans

The substitution of fuel oil by natural gas is progressing satisfactorily (after having become one of the priority areas under three administrations); however, the continuity of this program depends largely on the potential of State Gas for making progress in the projects planned, especially the expansions on major gas pipelines.

To avoid any bottleneck, the rates on gas for industrial use must be made sufficiently attractive to encourage business investments in the conversion of facilities. But, at the same time, according to the officials, it must not be forgotten that the difference in price between fuel oil and gas is far removed from suitable limits, and this makes the problem of rate insufficiency currently suffered by the state entity (75 percent of whose sales were made in the industrial area) more critical. "And even more so because the reduction in revenue in this area cannot be offset by higher prices on the domestic market, wherein social reasons preclude the setting of profitable rates."

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BRAZILIAN PETROLEUM PRODUCTION GOALS

Rio de Janeiro MANCHETE in Portuguese 7 Apr 84 pp 97-99

[Text] "The goal of 500,000 barrels set for 1985 will be achieved not in 1985 but at the beginning of the second half of 1984." Those words were spoken by President Figueiredo on the platform of Enchova in the Campos Basin, the same place where the Brazilian Petroleum Corporation (PETROBRAS) began the oil production escalation 5 years ago. Today the situation is different. Production has almost tripled and no place marks PETROBRAS' progress for the conquest of oil so well as that place on the Rio coast.

As President Figueiredo himself declared, the visit to the PETROBRAS platform coincided purposely with the fifth anniversary of his government. "A tribute to the work of those who are building the greatness of our country." The objective, as he himself declared, is selfsufficiency in oil and, although he knows that we still have some years of work ahead of us, his words expressed confidence: "We are certain as of now that that autonomy will be achieved."

The president's words are certainly based on the results presented by PETROBRAS in the course of the 5 years of the Figueiredo administration. Since he assumed the presidency of the republic in March 1979, the president can bear witness to a notable effort by the company with a view to reducing the foreign dependence on oil and its derivatives with the consequent reduction of the net expenditure of foreign exchange. But PETROBRAS did not concentrate its efforts only in that direction. The guidelines of oil sector policy also encompass priority for investments in the areas of the exploration and production of oil and natural gas; raising the percentage of nationalization of the equipment and technology utilized by the PETROBRAS system. And, finally, improvement of the operational efficiency of the company's units, servicing the market fully at the lowest cost.

PETROBRAS, the seventh largest oil company in the world, promotes its activities in various directions in addition to the production of crude oil. The company increased its tanker fleet, the production of natural gas and derivatives, decreased our dependence on foreign suppliers and, as a result, has increased our exports of oil and derivatives. And, specifically during the last 5 years, the figures are encouraging.

Suffice it to look at the figures. Since 1979, oil production has increased from 171,000 to 440,000 barrels--the yield of the drillings has almost doubled. National production of natural gas has increased from a little more than 1,000,800,000 cubic meters to more than 4 billion cubic meters. Exports of oil and derivatives have

increased fivefold and currently represent \$2 billion a year. At the same time, national consumption of derivatives has decreased by more than 10 percent while the consumption of fuel alcohol has doubled. These figures fit in perfectly with what President Figueiredo termed the "effort of conservation of energy undertaken by the whole nation" in the speech he made on the Enchova platform.

The Campos Basin is a chapter by itself in the Brazilian oil industry. It is there that about 53 percent of total national production is concentrated, which is equivalent to 232,000 barrels daily. Located between Arcos de Vitoria and Cabo Frio, the offshore area of the basin is 30,000 square kilometers. It was in 1967, 9 years after the first unsuccessful attempts, that the exploration work extended to the offshore area of the basin. The larger-scale seismic work began in 1969 and the first wells emerged in 1971. The first discovery of oil occurred in December 1974--the Garoupa field--and production began in August 1977 with a little more than 4,000 barrels. Little by little, the Campos Basin began to present ever higher levels of production which resulted in the opening of new fields. At the present time, there are 17 fields in the basin divided into three types of platforms (fixed, selflifting and semisubmersible): Garoupa, Enchova, Pargo, Bagre, Badejo, Namorado I and II, Bonito, Bicudo, Pampo, Corvina, Garoupinha, Pirauna, Parati, Vermelho, Carapeba, Cherne I and Linguado I and II.

It is in that complex of platforms that the greatest increase of national oil production in the country has occurred. There is no secret or mystery but work and technology. The great increase of production in the area is due mainly to the establishment of the Advanced Production System (SPA), a technology which PETROBRAS absorbed and perfected to the point where today it is in the vanguard in the world with respect to its setup and use. The SPA system opened up a new phase in oil extraction in the country and has marked the presence of PETROBRAS in the production of oil in deep waters, that is, at depths over 300 meters. But the basic advantage of the introduction of SPA is that of obtaining a greater volume of oil in a much shorter time than that presented by the conventional system. Previously, it took 4 to 8 years to produce oil in deep waters. At the present time, that period has been reduced to 1 year or even several months. The system worked and at the present time there are 12 Advanced Production Systems operating in the Campos Basin which, since August of last year, have been joined thus far by four Definitive Systems, one of which--the Enchova one--President Figueiredo saw on the spot.

The Campos Basin is one of the best examples of PETROBRAS' effort to reduce our foreign oil dependence. But it is not the only one. Besides the basin, three striking facts have stood out in national oil production: the turnaround that occurred in Bahia--the first Brazilian state to produce oil, where the volume obtained had been declining but began to increase again continually; the recent beginning of production in Para (an area that presents excellent prospects); and the encouraging results achieved in Ceara where the figures have doubled in 1 year. At the end of 1984, PETROBRAS was able to verify that it had recorded the highest oil production in its history--123.7 million barrels--with an increase of 26.7 percent over the volume of the previous year. The daily average was 339,000 barrels, with an increase of about 71,000 barrels over the average production of 1982. The course now is to achieve a production of 500,000 barrels of oil daily, one of the goals of the Joao Figueiredo administration. Production increases every year and there is a noticeable reduction in expenditures on the importation of oil. In 1981, for example, Brazil spent \$9.7 billion in that area. In 1983, the figure dropped to \$6.8 billion. The estimate for this year is only \$4.8 billion.

Those are only some of the many positive figures which PETROBRAS can present; figures recorded during the past 5 years which serve to give an idea of the successive victories of Brazilian oil.

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CSO: 8042/1155

ITAIPU STRUCTURE, PRODUCTION

Rio de Janeiro MANCHETE in Portuguese 7 Apr 84

[Report by Murilo Melo Filho]

[Text] It looked more like a scene from Steven Spielberg in his "Close Encounters of the Third Kind" when after hours of struggle and labor, the technicians, engineers, specialists and workers installed the second turbine of the Itaipu hydroelectric station. It weighs 1,800 tons and measures 16 meters in diameter.

The power of Itaipu is 12,600 MW and it will produce 75 billion KWH per year. The power house will have 18 generating units, two of which have already been installed.

Of the 18 generating units, nine are of 60 Hz to supply the Brazilian system by transmission to the Southeast, Center-West and South regions of the country, in addition to nine units of 50 Hz to supply the Paraguayan electric system.

The Itaipu project consists of a series of dams of various types that cross the river over a total length of about 8 kilometers. For the construction of the main dam and the power house, it was necessary to divert the river from its normal bed, which was done through the construction of a bypass canal on the left bank. That canal is 2,000 meters long, 150 meters wide and 90 meters deep.

The Itaipu plant ranks among the major ones in the world. In terms of power and the production of energy, it surpasses the Grand Coulee in the United States, the Guri under construction in Venezuela, the Krasnoyarsk in Russia, Churchill Falls in Canada, the Paulo Afonso and Ilha Solteira complexes in Brazil and the Aswan plant in Egypt.

Brazilian and Paraguayan industries furnished over 80 percent of the electrical and mechanical equipment. They are units of exceptional size. The turbines and generators are the largest machines of their type ever built. The installation of that equipment is being done by a consortium of Brazilian and Paraguayan companies. Although the purpose of Itaipu is the production of electric energy, the project envisages a vast program of protection and conservation of the environment in the whole area encompassed by the reservoir, about 1,400 square kilometers, from the cities of Foz do Iguacu (Brasil) and Presidente Stroessner (Paraguay) to the city of Guaira, 170 kilometers above the main dam.

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CSO: 8042/1155

INDUSTRIALIZATION OF MAGALLANES NATURAL GAS PLANNED

Santiago EL MERCURIO in Spanish 16 Mar 84 p A-1

[Text] The contract to be concluded during the next few months by the National Petroleum Enterprise (ENAP) for the industrialization of the natural gas in Magallanes, which will represent a private investment of about \$900 million, is in its final detail stage.

According to unofficial records, the agreement will be signed before May of this year with the United States firm Wheelabrator-Free Co, for a methanol plant; and with the Lummus Co (American) and Swedwards Development Co (Swedish) for an ammonia and urea plant.

These companies were selected from among the 12 bids received by ENAP in response to a call for international bidding competition made jointly with the National Energy Commission.

The French firm CDF-Chimie International, which was interested in the fertilizer plant, had originally been selected in the bidding, but the negotiations proved unsuccessful.

The engineering and construction of the methanol plant will be carried out by the firm W.M. Kellogg, a subsidiary of the Wheelabrator company, and it will produce 2,300 metric tons per day.

The fertilizer plant, on the other hand, will have a daily production capacity of 1,725 metric tons of urea.

In order to supply these plants, ENAP will have to build a new gas pipeline between Posesion and Cabo Negro and, during a later stage, develop a program for drilling and producing natural gas.

Methanol is a raw material with multiple uses in the chemical and lumber industry, which is currently being used mixed with gasoline to produce fuels, thereby eliminating the addition of lead, which is an element with a high degree of pollution.

Ammonia and urea are used basically as fertilizers, on the international market.

According to a study made by the Industrial Development Association (SOFOFA), the methanol plant has been devised to produce 75,000 tons per year, intended basically for export. Its estimated cost is \$250 million, with a native currency content of approximately 30 percent.

The execution of this project would make it possible to give employment to 30,000 men per month for the construction of the plant for a period of 3 years and, later, permanent employment for 300 persons.

The contribution to the gross domestic product (GDP) that this plant would represent has been estimated at \$135 million per year.

As for the fertilizer plant, the same study indicates that it has been planned to produce about 560,000 tons of urea and 115,000 tons of ammonia per year.

It has an estimated cost of \$400 million, with a native currency content of approximately 30 percent.

The study adds that its execution would mean employment for 48,000 men per month for 3 years of construction, and that it would subsequently give permanent employment to some 500 individuals.

This plant's contribution to the GDP is estimated at \$120 million per year.

2909

CSO: 3348/333

PEMEX INTERNATIONAL DATA-COLLECTING SYSTEM DESCRIBED

Mexico City EXCELSIOR in Spanish 27 Feb 84 pp 1-A, 8-A, 9-A

[Text] Paris, 26 February--At least until the middle of last year, the para-state company, Mexican Petroleum (PEMEX), ran a system for compiling strategic information on governments, companies, organizations, officials and business owners in the world associated with the oil markets, in order to avoid being caught short by sudden changes and to alert the government regarding any contingency that might affect the country's energy policy.

The established information system, with the principles of an intelligence service, is known among PEMEX personnel as SIIMI, the initials for the Integrated International Market Information System, and it was put into operation by the former PEMEX director, Julio Rodolfo Moctezuma Cid, after the 1981 price crisis.

PEMEX documents disclose that this device enabled the company's personnel to prepare profiles of officials, business owners or anyone of interest to them, using a private personal collection method which included data on their families, habits, pastimes, sports activities and type of relations that they have had and do have with the Mexican Government and other states.

Nevertheless, the fundamental goal of the SIIMI was "to alert the PEMEX officials of anything with potential immediate repercussions on the world oil market, on international relations or on relations with Mexico and PEMEX"; and to report on "any facts the likely effects of which would be rather significant, even if their repercussions might be anticipated over the medium or long term."

According to the documents, the information system was carried out in the PEMEX offices in New York, Houston, Tokyo and Paris, and the results were sent primarily to the PEMEX general administration, the foreign marketing management and the planning management.

The SIIMI, which started using the computer centers at a university in New York State, where the PEMEX data were stored, was apparently handled with extreme discretion. Officials in Mexico claimed not to know about the project.

It was reported that the SIIMI was an idea of Roberto Osegueda, who had been a PEMEX representative in New York during Moctezuma Cid's administration; but officials from the company abroad started using the information in an improper fashion. For example, the representative in Paris, Cristoforo Peralta, systematically denied his deputy directors access to the information that had been compiled.

The establishment of this service was due to the crisis on the oil market during the first half of 1981, which caused a drop in crude prices and a reduction in the consumption of hydrocarbons which seemed to have caught those in charge of Mexico's energy policy by surprise.

The SIIMI was divided into several areas and, in each one a large amount of information was collected, which was sent to the computers in the United States where information supplied to the established system by PEMEX in Mexico was also stored.

For example, the oil market was divided into categories that were called "countries," "world," "associations" and "companies," which gave an extensive view of the performance of the markets and made it possible to note potential changes in the future.

Insofar as "countries" were concerned, information was sought on their national and international policies, strategies, relations with other countries or companies, their research and development projects, their economic, commercial and financial status, their levels of imports and exports, consumption indexes, stocks, reserves, deposits and maps showing oil facilities or their historical development, among other things.

The informational priorities were (in order of importance): the United States, Saudi Arabia, Kuwait, Iran, Iraq, the Arab Emirates, Katar, Algeria, Nigeria, Libya, Gabon, Jordan, Syria, Israel, Egypt, Venezuela, Spain, France, Great Britain, the Netherlands, Italy, West Germany, Norway, Japan, the Philippines, Indonesia, the less developed countries, Central America and the Caribbean, the Soviet Union, Eastern Europe and Canada.

As for the information on "companies" and "associations," the information was focused on their policies and strategies, financial status, production systems, owners, sales, relations with Mexico or other countries, oil tanker fleet, other energy sources at their disposal and their executives, for example.

In this area, the priorities were: Exxon, Shell, Amoco, Arco, the French oil company, and the Japanese and Spanish oil companies, Royal Dutch Shell, British Petroleum, Mobil, Texaco, Chevron, and the independents, Getty, Marathon, Koch Oil and Tosco.

The SIIMI, whose reports were prepared in Spanish or English without distinction, devised a method for procuring information on the "personages" of interest

to it, which included, in addition to all the major data on them, the data on their families, languages spoken or locations in which they had resided, academic reports, professional activities, those in the government, and extra-professional activities, relations with Mexico and other governments and even awards and honors that they had received.

Moreover, the SIIMI set informational priorities in the group category, headed by the Organization of Petroleum Exporting Countries (OPEC), the Organization for Economic Cooperation and Development, the International Energy Agency, COMECON [CEMA-Council for Economic Mutual Assistance] (which regulates the trade between East and West), the General Agreement on Tariffs and Trade, the multilateral agreements, such as the San Jose Pact, the Latin American Free Trade Association and the Latin American Energy Organization.

2909

CSO: 3248/503

ENTERPRISES RAISE SALARIES ABOVE GOVERNMENT FIGURES

Buenos Aires LA NACION in Spanish 24 Mar 84 p 14

[Text] The rising pressure on consumer prices this month after the ban on beef would negatively affect the buying power of wages. Even though wages were adjusted retroactively until now, after major differences as in February the delay could affect the buying power of wages as occurred in the first 2 months. These concepts are contained in the measurement of the buying power of industrial wages done by the Economics Institute of the UADE [Argentine Business University].

According to the UADE, during the first 2 months of 1984 the buying power of wages went down about 0.6 percent for skilled and unskilled workers. This decline was the same for both categories due to the percentage increases granted. While two-thirds of all goods and services analyzed showed major recoveries, the remaining one-third had great influence on total expenses and had reductions with great impact and overall influence.

The ability to buy food and some categories of services showed the greatest decline. While foods and beverages increased about 40 percent in the 2 months, nominal wages for skilled and unskilled workers only grew 31 percent.

Prospects for the coming months show that significant declines in the purchasing power of wages are not expected. However, there could be new delays between the planned prices and their real evolution. Therefore, the report added, the corrections applied through retroactive adjustments affect the buying power of wages in the month that the difference is recorded.

One moderating effect of this situation is that, due to wage conflicts in different areas, enterprises have granted increases over those conceded by the government. This meant greater purchasing power in the sectors where economic recovery has been greater.

7717

CSO: 3348/338

PERONIST ECONOMISTS VIEW INFLATION AS MAJOR CONCERN

Buenos Aires LA NACION in Spanish 25 Mar 84 sec 3 pp 1, 6

[Interview with Jorge Dominguez and Eduardo Setti, Justicialist economists: "Justicialists and the 100 Days"; date and place not given]

[Text] Two Justicialist economists, Eduardo Setti and Jorge Dominguez, talked with LA NACION about the first 100 days of the administration of the new government. Both agreed that the danger of higher inflation persists and that closing the economy would not be feasible without great sacrifice. Consequently, they feel that payment of the foreign debt must be negotiated based on an economic plan. Both also indicated that the government union policy will have negative repercussions on the economy, according to them, because they maintain that wage bidding will accelerate inflation.

Jorge Dominguez

Jorge Dominguez, a Justicialist economist, told LA NACION: "There is no consistency. Different tendencies, at times counterposed, can be observed in the government. They impede the necessary unity of command and administration to confront a situation like ours." He had been asked to evaluate the government's economic administration.

He added: "This situation is due to the lack of a coherent overall economic plan and a united team to carry it out. In other words, there is no economic plan that harmonizes with the government's political plan."

He indicated: "Also the administration of the economic institutions is not active enough to carry out more dynamic and organized actions to benefit the priority objective: economic revitalization."

[Question] In your opinion, what is the most worrisome topic?

[Answer] The fight that the government has started in the unions. It is a fight for union power that will translate into bidding to obtain higher nominal, not real, wages. A demands race has started which will negatively affect both the public sector and the private sector. It feeds inflation at a time when hyperinflation threatens us.

[Question] What concerns you most? Inflation or the foreign debt?

[Answer] Inflation. The foreign debt can be negotiated based on an economic plan. Of course, it is necessary to have an economic plan in order to negotiate it. We have the impression that the government is postponing negotiation of the foreign debt so that it can draw up an economic plan. However, we must warn that waiting can be dangerous in these cases.

[Question] Would closing the economy be possible?

[Answer] At this time closing the economy is unfeasible and would mean greater dismantling of the production system. I have talked with the minister of economy, Dr Grinspun, and I presume he is perfectly aware of this. At least it would be clear in that sector of the government. Now we must also point out that there are many different opinions in official sectors which does not contribute to easing people's minds on this delicate subject. I am convinced that there must be a process of export substitution in order to repay the foreign debt. It is not consistent to speak of closing the economy when tourism abroad is encouraged through a subsidized exchange rate as in the best times of the Process.

[Question] Are you referring to the official exchange rate or the liberated one?

[Answer] To the official one, naturally.

[Question] Trips were not made with the official exchange rate.

[Answer] The foreign currency was mostly purchased in January when the official exchange rate and the parallel rate were almost identical. The truth is that \$500 million were allowed to leave through tourism this summer. This is not compatible with an austerity policy.

[Question] What do you think about the price policy?

[Answer] It is similar to the best of Martinez de Hoz--some prices controlled and others liberated. It has the same negative effect as to expose some prices to outside competition with an unreal exchange rate and others without competition. This distorts the price system with relative regression of some and progress of others. The state must help orient market trends.

[Question] Was there progress in the public sector?

[Answer] There is a policy to contain inflation by reducing the deficit. This does not seem feasible because the deficit is very unflexible in the short term since 80 percent is for wages and most of the rest for contracts that it would be difficult to break. The economy must be revitalized and the public sector reduced in relative terms over a prolonged period of time.

[Question] But the government says it is doing that.

[Answer] It has not mobilized all its resources for this objective. For example, there is financial liquidity but it is not used to favor production but in speculative sectors. Little liquidity reaches production.

[Question] Let us return for a minute to the foreign debt. How should it be negotiated?

[Answer] I repeat that first there must be an economic plan. The foreign debt must be negotiated based on a plan, not make a plan based on the debt as has been said in official circles. Now, the foreign debt must be negotiated and paid as soon as possible in order to insure normal supplies the country needs to revitalize the economy.

[Question] What do you think of the tax policy?

[Answer] The same as the financial policy. It must be restated in order to rescue this instrument as an incentive for economic progress.

Eduardo Setti

Justicialist economist Eduardo Setti told LA NACION: "The government was wrong in its economic focus but even more in its political focus." He was evaluating the first 100 days of the new government.

Dr Setti added: "It started from the basis that there must be negotiations with the foreign creditors based on a program of adjustment."

He then added: "They presented the adjustment at the same time the official sectors said they were not going to do it. The intention was to negotiate in June with everything already done."

Setti indicated: "To make this plan possible, the government resorted to two aspects where it thought it could obtain political clout. At the same time, this provided a smoke screen for its adjustment program. These were the military and union sectors.

"In the military sector, the government did not notice that any solution it adopted would be equally bad from the political point of view. The most drastic would produce institutional problems and passive measures would generate a reaction from the victims and their defenders. Then the government loses credibility to the point that the people today think that nothing is going to happen. This has a political cost that must be foreseen.

"In the union sector, the government came up against a reality beyond its ideological statements and started the current demands war. It is incompatible with the national situation."

[Question] What is your evaluation then?

[Answer] Today the government suffers the consequences of what we can call a military cost, a union cost, cost of the recession and poorly done negotiations with the foreign sector. If we add that it does not have clear goals for the future, the balance must be negative.

[Question] Since you mention negotiation of the foreign debt, is it necessary to pay it?

[Answer] It is necessary to negotiate. It is necessary to demonstrate that we want to pay it. International banking asks at this time--or better, at this point--for cosmetic arrangements. In principle there is no reason to refuse them but it is necessary to have domestic goals clear. The government has been developing emphatic statements without presenting a strategy and without making itself understood by nationals or foreigners. The situation of the country is serious and getting worse. To be more clear, it has gotten worse since the new government took office. We Justicialists would not have opposed a policy of adjustment if they would have clearly stated the situation and the remedies to the country, if they would have specified the sacrifices the people will have to face, quantified and classified them so that it is not just the workers who make them. However, it has been declaiming the same as in the election campaign.

[Question] In these 100 days, how have prices and wages evolved in your opinion?

[Answer] Looking at food prices--which is what really matters--wages have gone backward and the distribution war has spread. This has only accentuated a regressive system of distribution of the wealth which worsens with growing inflation.

[Question] Is there danger of hyperinflation?

[Answer] Don't we already have hyperinflation? Aren't rates of 20 percent monthly high enough?

[Question] I am referring to a German-type hyperinflation.

[Answer] The type where they must pay wages several times a day. Yes, we are in danger of that. We are living in hyperinflation now and there is also repressed inflation due to alteration of relative prices.

[Question] What is your solution for this situation?

[Answer] An agreement would be necessary, but that is difficult now. A basic political act in which all the sectors agree is needed at this time.

[Question] What do you think of closing the economy?

[Answer] That question merits a broader answer. There is a position for protection of national production and the possibility that closing will be necessary because of our situation abroad. If it is decided to "kick out the scaffolding" of the international financial system and, consequently, Argentina cannot supply itself abroad, the first results could be a mirage of revitalization and improvement of the real wage. This stage will be short and then we will end up in a situation that will demand many sacrifices and the need to give up some quality of life.

Look, closing the economy is possible but requires great sacrifices. Responsibility for regression in the quality of life must be assumed politically.

This means that there must be a commitment by all sectors. It cannot be decided by only one faction of a governing party.

[Question] What do you think about the handling of the public sector?

[Answer] They say that the deficit will go down to 8 percent of the PBI [Gross Domestic Product]. Is this with or without financing? There are many things that are not clear. It will be necessary to wait and see. They say that they will raise nominal taxes to 24 percent, the same story as always. Meanwhile, the black market continues to increase and no one in official sectors seems concerned.

[Question] How about public spending?

[Answer] It is not going to be reduced. The difference between us and the UCR [Radical Civic Union] is that we never said it would be reduced. We even believe it is necessary to increase it but the private sector must grow more than the public sector. Make the pie bigger.

[Question] What do you think about the recent ban on meat consumption?

[Answer] Look, for various reasons the problem of meat prices does not have a quick solution. The situation requires admitting the problem and indicating to the people that one of the sacrifices they will have to put up with is eating less meat. It would have been possible in the initial actions of the government. A measure like the ban, taken alone and 3 months later, only manages to distort everything and make the government lose credibility, as we have seen.

7717

CSO: 3348/338

BRIEFS

INDUSTRIAL UPSURGE--The level of industrial activity increased about 8.8 percent in 1983 compared to 1982, according to a survey of industrial activity by INDEC [National Institute of Statistics and Census]. An official report publicized by the Ministry of Economy indicates that the average employment last year was up about 3.3 percent over 1982 and man-hours increased 5.3 percent in that period. The most dynamic sectors, according to the report, were the metal mechanical and chemical industries. Textiles, excluding leather and shoes, also showed a significant increase. Comparing the four quarters of 1983 and 1982, the increases for the level of activity, workers employed and man-hours were 4.9 percent, 3.6 percent and 2.2 percent, respectively. These figures, according to INDEC, indicate that the growth of industrial activity and the number of hours worked decelerated during the fourth quarter of last year. However, there was greater absorption of manpower for industry as a whole. [Text] [Buenos Aires LA NACION in Spanish 24 Mar 84 p 14] 7717

CSO: 3348/338

GREATER SCIENTIFIC COOPERATION SOUGHT WITH DEVELOPING COUNTRIES

Sao Paulo ISTO E in Portuguese 14 Mar 84 p 33

[Text] At the end of last month, civil engineer Lynaldo Cavalcanti de Albuquerque, aged 51, departed abroad in search of new agreements for the National Council for Scientific and Technological Development (CNPQ) of the Planning Secretariat of which he is chairman. Until recently a trip of this kind would inevitably have led him to the United States or Western Europe, the great developed centers to which Brazil has always resorted to procure cooperation in the field of science and technology. However, the CNPQ chairman's destination was a Third World country, India, and this was not an unusual case: Bent on diversifying its program for international cooperation, during recent years Brazil has become increasingly close to the developing countries. Albuquerque explains: "There is a segment of the Third World that is in a rather advanced phase in the area of new types of technology."

During 1980, the year in which that new policy began to be implemented, Brazil had only 12 international agreements on science and technology, most of which were signed with the United States, France and West Germany. During the past 3 years, CNPQ has established ties with Mexico, Costa Rica, South Korea, Portugal, Iraq and virtually all the South American countries, with the exception of Uruguay and Bolivia, as well. The number of agreements has now reached 34, and the list of partners has not stopped growing. For example, at present, CNPQ is seeking out Pakistan (which is not fortuitously one of the stopping places on Albuquerque's present trip), particularly regarding the irrigation techniques developed there.

There are already agreements with China which will give the Brazilians access to programs in the areas of its traditional medicine and land utilization, among others. Outside the realm of the Third World, but also beyond the traditional centers, there is an incipient cooperation with the Soviet Union which, 2 weeks ago, sent a mission of researchers to Brasilia. India is a special case, because of the great amount that it has to offer. "It is perhaps the country with the highest rate of PhD's per capita in the world," remarked the coordinator of CNPQ's International Cooperation Program, Dourimar Nunes Moura, a 43-year old attorney and economist, referring to the huge number of Indians who display doctoral theses. Moura noted: "They are researchers who can help us with our projects." That is not just a dream. Last week,

Brazil's minister of foreign affairs, Ramiro Saraiva Guerreiro, announced that the two countries may develop cooperation in various fields, including that of nuclear energy, wherein India is highly advanced, for it has the atomic bomb.

Moura explains that the openness toward countries such as India would have been impossible without a change in the attitude of Brazilian scientists. The United States and Europe hold a very great fascination, he notes, and until very recently it was difficult to find a researcher willing to exchange Paris, London or New York for a city such as New Delhi, capital of India.

2909

CSO: 3348/83

FIESP CITES EMPLOYMENT RISE IN SAO PAULO INDUSTRY IN MARCH

Rio de Janeiro GAZETA MERCANTIL in Portuguese 20 Mar 84 p 1

[Text] It is possible that the economy has reached the point of "touching bottom," and that we are experiencing the first steps in a reactivation of activities.

Sao Paulo business owners have begun to consider that possibility more seriously since yesterday, when new indicators on the employment level in Sao Paulo industry were disclosed by FIESP's [Sao Paulo State Federation of Industries] Statistics Department.

For the fifth consecutive week, after a 19-month period of constant decline, the employment level rose during the first week in March: 0.03 percent. This actually involves a slight weekly increase but, during the past 5 weeks, the number of persons employed in Sao Paulo industry rose 0.30 percent (see graph), opening up nearly 4,500 new slots. For a sector which has continuously laid off an average of 11,000 individuals per month, since December 1980, this rehiring is unusual.

The businessman Paulo Francini, director of FIESP's Economics Department, has no doubt that one of the leading factors stimulating this start of a recovery is the activity of the automotive industry. In February, the automobile assembly plants produced 73,000 vehicles, 18.1 percent more than in January.

Strangely enough, however, the automotive industry itself did not raise its employment level, perhaps because of the high rate of automation. Yesterday, reporter Ricardo Moraes obtained the data on employment in the 15 leading assembly plants, and discovered a decline of 0.2 percent in the February indicator. But the suppliers of the automotive industry were directly benefited: The auto parts industry increased its labor by over 3 percent during the past 5 weeks; the foundries, by 5.3 percent; and the tire industry, by 1.4 percent.

The increase in the production of vehicles is due primarily to exports; but there is a new factor: According to Francini, the assembly plants are acquiring stocks to protect themselves from a possible strike by the metal workers in April.

Francini claims that there are also some "surprises in the chemical sector," wherein the industries are operating on a higher level than projected. The employment in the edible oils industry also increased beyond expectations (3.7 percent in 5 weeks). According to the comments made by Salvador Firace, vice-president of FIESP, the crushing of soybeans, for example, is far greater than it was last year.

There is also a third factor, which Francini terms "deepseated fear." In troubled times, people tend to protect savings, so as to ward off a possible loss of employment. If they start seeing new people working with them, however, they feel more secure about spending their savings based on "deepseated fear." That spending increases the demand and stimulates the economy.

The concern of the business owners with respect to that potential state of recovery has been directed toward the area of prices. During the next few days, a series of meetings will begin between them and the minister of planning, Antonio Delfim Netto, at which the issue of "prices-reactivation" will be given priority status. For example, some business owners think that price control is serving more to keep industrial prices under the administration of the Interministerial Price Council (CIP) than to reduce them.

2909

CSO: 3342/83

POLL FORECASTS DEFEAT OF DANTE DE OLIVEIRA AMENDMENT IN SENATE

Rio de Janeiro JORNAL DO BRASIL in Portuguese 18 Mar 84 p 7

[Text] Brasilia--The Federal Senate has now made its decision. Even though the Chamber has approved the Dante de Oliveira amendment reestablishing direct election for president this year, the proposal will be defeated by the senators. A poll taken by JORNAL DO BRASIL last week, covering 86.6 percent of the PDS [Social Democratic Party] legislative group (39 of the party's 45 senators), discloses that 26 of them would vote against the amendment, a sufficient number to defeat it, even if the opposition votes as a bloc.

In the Chamber (as in the Senate) the poll was confined to PDS, and took in 68.1 percent of the legislative group: 160 of PDS' 235 deputies were queried. Of that number, 106 (66.2 percent) are opposed to the Dante de Oliveira amendment, while 44 (27.5 percent) admit that they approve it; but 10 made the reservation in writing that they would do so only in the event that negotiation did not take place. If the amendment proposed by Nelson Marchezan were to materialize, with the government deciding to send it before the vote on the Dante de Oliveira amendment, set for 25 April, this number of individuals favoring the amendment would be smaller. The poll was taken with only one question: "How will you vote on the Dante de Oliveira amendment on 25 April?" And there were two choices for a reply: "against" or "in favor."

Senate

In the Senate, three blank votes were counted, and five senators were not in Brasilia. Among those present, only Amaral Peixoto (Rio de Janeiro) declined to vote, claiming that he had no statement to make on the amendment.

Senator Dinarte Mariz (Rio Grande do Norte) was admitted to the hospital 2 weeks ago, with gastritis of nervous origin, and voted in the Brasilia Base Hospital, criticizing the passage of any constitutional amendment that would change the current groundrules for succession.

Some senators, such as Passos Porto (Sergipe) and Juthay Magalhaes and Limanto Junior, from Bahia, voted overtly for the reestablishment of direct elections. The latter wrote on the ballot: "We shall have direct elections now, or never." The senator and presidential hopeful Marco Maciel also voted overtly against the amendment, explaining that his idea of direct elections entailed a more extensive plan.

Chamber

For the amendment to be approved in the Chamber, PDS would have to contribute a minimum of 76 votes, if the 244 opposition deputies voted in favor of it. In this way, two thirds of the House would be combined: 320 votes. In the universe for the poll, however, only 44 votes in favor were counted.

The poll in the Chamber was representative as well (it heard from 68.1 percent of the universe, or 160 deputies), indicating a trend in the legislative group. But since 75 government-linked congressmen were not queried, this could change the absolute number of those in favor, in the voting.

In casting his vote, Deputy Gerardo Renault (Minas Gerais) claimed: "This poll should be taken among the opposition." He thinks that it is the opposition which is interested in defeating Dante de Oliveira, and justified this by commenting: "Governors Leonel Brizola (Rio de Janeiro), Tancredo Neves (Minas Gerais) and Franco Montoro (Sao Paulo) will be far more interested in direct elections in 1988, when their governments will have ended and they will be able to run as candidates."

Included among the 44 deputies who approved the proposal is Alberico Cordeiro (Alagoas), a member of the "Pro-Direct" group. He made a point of signing the ballot on which he voted, with the following reservation: "Provided there are no negotiations." Deputy Jose Carlos Fonseca (Espirito Santo) stated that he was in favor of direct elections, but is waiting for "an initiative from PDS."

Deputy Albino Coimbra (Mato Grosso) overtly declated that he would vote negatively: "If the government wants to defeat the Dante amendment, I vote in favor of it," he guaranteed. Among those who were in Brasilia and refused to take part in the poll was Franca Teixeira (Bahia), claiming that he had not decided on the issue. In addition to him, seven of the 235 PDS members voted with blank ballots.

The third most voted for deputy from Pernambuco, Nilson Gibson, voted overtly against the amendment. He gave assurance that, "My 23 prefects and all my council members have requested that I vote for indirect elections." Also voting overtly were the deputy leader of the government, Djalma Bessa (Bahia) and Jose Fernandes (Amazonas), the latter comenting: "Direct elections, never."

The PDS Members and the Planalto Amendment

PDS	Against	In Favor	Blank	Null	Total	% of the Legislative Groups
Chamber	106 66.2%	44 27.5%	07	03	160	68.1
Senate	26 66.6%	10 25.6%	03	-	39	86.6

In the Senate and the Chamber, JORNAL DO BRASIL's poll covered only the PDS legislative groups. Even though the opposition may vote in a bloc in favor of the Dante de Oliveira amendment, which is anticipated, the poll showed that there are in the Senate sufficient votes to defeat it in the government-backed party. The number of responses in the Chamber makes it possible only to ascertain a trend in the legislative group, also in the direction of rejecting the opposition-backed amendment. In the Senate, the poll covered 86.6 percent of the legislative group, hearing from 39 senators; while in the Chamber it covered 68.1 percent of the legislative group, with a total of 160 deputies.

2909

CSO: 3342/83

BRIEFS

TRADE WITH NIGERIA--According to the forecast of Ambassador Paulo Tarso Flecha de Lima, chief of the Commercial Promotion Department at Itamarati, the trade between Brazil and Nigeria should exceed \$1.5 billion this year, a level reached in 1981, thanks to a contract for PETROBRAS [Brazilian Petroleum Corporation] to refine up to 110,000 barrels of oil per day, which will be partially reexported to Nigeria. A Nigerian mission, headed by the Central Bank's research director, N.E. Ogbe, arrived in Brasilia yesterday, and will hold meetings today with authorities from the Central Bank and Itamarati, to formalize the understandings arrived at in Lagos during November of last year, during President Figueiredo's visit to Nigeria. According to Ambassador Paulo Tarso, both governments are concerned over the decline in trade relations, caused by the two countries' lack of liquidity. [Text] [Brasilia CORREIO BRAZILIENSE in Portuguese 20 Mar 84 p 7] 2909

TRADE WITH EAST GERMANY--Sao Paulo--The commercial counselor of the GDR's Embassy, Guenter Bergholz, has predicted that the trade between Brazil and the German Democratic Republic may total \$450 million this year, with an increase of 40.6 percent over that of 1983. Half of this amount would pertain to German purchases, while Brazil's direct imports would range from \$120 million to \$130 million. The remaining \$95 million to \$105 million relate to supplies from Germany to Brazil, through other countries. Last year, the GDR purchased \$170 million from Brazil, sold \$80 million, and provided nearly \$70 million in three-sided transactions. [Text] [Rio de Janeiro O GLOBO in Portuguese 10 Feb 84 p 16] 2909

CSO: 3342/83

CHANGES IN POLITICAL PARTIES LAW PROPOSAL SUGGESTED

Santiago EL MERCURIO in Spanish 18 Mar 84 p C-3

[Text] On Friday, the deadline ordered by the Council of State for receiving comments concerning the bill for a statute on political parties expired.

In addition to those submitted by the members of the Council of State and of the Advisory Commission for the Study of Constitutional Organic Laws themselves, including Francisco Bulnes and Jaime Guzman, many suggestions were received from private individuals, including Carlos Ugalde, Juan Ignacio Correa, Hugo Alamos Vasquez, Jorge Nimptsch and Claudia Torres.

Among the suggestions submitted, six were associated with political parties. They are Independent Democratic Union, whose commission was comprised of Carlos Goni, Alicia Soto, Claudio Illanes, Maximiano Errazuriz and Javier Leturia; National Union, which offered suggestions made by Andres Allamand, Fernando Maturana, Juan Luis Ossa and Luis Valentin Ferrada; Radical Democracy, which devised a series of suggestions signed by Angel Faivovich, Edwin Lathrop and Clodomiro Bravo; National Party, whose commission was headed by Pedro Correa; National Action, whose document was prepared by Pablo Rodriguez, Gaston Acuna and Federico Willoughby, among others; and Democratic Socialist Workshops.

The bill from the Informational Commission, which is chaired by former Senator Francisco Bulnes, consists of 40 articles, preceded by a 57-page explanation of reasons, describing the most substantive aspects of the articles and the differences of opinion that some of its members had on certain points.

The text develops the topics which, according to the Constitution, must necessarily be dealt with in a law on parties, and others which the legislator might deem pertinent.

According to the Constitution, the unavoidable features of a law on parties are: 1. public records of members; 2. public accounting; 3. lack of financing of foreign origin; and 4. internal democracy.

Three other points should be added to these: 5. procedural rules for the establishment of parties, a point on which the minimum number of members to be required has been debated; 6. causes for dissolving the parties; and 7. effects of the party's orders.

Public Records

The bill stipulates that any membership, cessation of membership and expulsion must be reported to the director of the electoral service.

Independent Democratic Union makes no comments in this regard.

National Union agrees that the records should be public and that membership should be restricted to individuals over 18 years of age. It thinks that this publicizing should not be excessive and should focus on the access that the electoral service should have to the records. It proposes that those under 18 and over 16 years of age might join a youth department of the party, something that would grant statutory rights different from those of the members.

Radical Democracy is of the opinion that the publication of the records should be interpreted exclusively in connection with the access to them that the electoral service must have. Excessive publicizing is dangerous to individuals, because they are exposed to persecution and revenge.

National Party and National Action make no comments.

Socialist Workshops notes that the regulation of the members will depend on each organization, and does not include the external control thereof.

Public Accounts

The bill specifies that the parties are to prepare an annual balance sheet, and send it to the electoral service, which will publish it and will have access to the accounts.

National Union and Radical Democracy think that the publicizing requirements should be limited to the obligation to report to the electoral service.

Socialist Workshops would require the submission of an annual balance sheet to the electoral service only with regard to the funds that have been procured from the state.

Foreign Financing

The bill bans the acceptance of funds from foreigners or international organizations, except those from physical persons who have had a domicile in Chile during the previous 5 years.

Independent Democratic Union suggests that the state contribution to presidential and congressional campaigns should not be in money, but only through the rendering of state services, such as free access to the state news media.

National Union proposes that there be no authorization for contributions from foreigners who have had a domicile in the country, and that indirect contributions be banned; the confiscation of the banned contributions would augment a Political Party Financing Fund that it proposes to create.

National Action agrees with the ban on contributions from foreigners who have been domiciled in the country, and makes the suggestion that the parties not engage in any activity of a commercial type except for publishing companies.

Socialist Workshops accepts any donation that is not banned; which would apparently mean subjecting the matter to the common laws.

Internal Democracy

According to the text of the Informational Commission, it comes within the exclusive jurisdiction of all members to express themselves in communal voting before a notary public regarding: a. a change in the statement of principles; b. a reform of statutes; c. voluntary dissolution of the party; and d. merger with other groups.

It is compulsory for the parties to have a national council, two thirds of whose members will be elected by the group's communal, provincial or regional entities (the number of those elected by the rank and file is equivalent to at least twice the number of its group of congressmen and other members of the council who are such by their own right, according to the statutes). This council may proclaim the presidential candidates backed by the group.

Independent Democratic Union proposes the suspension of the rights and obligations of members who hold the positions of president of the republic, minister of state, undersecretary, ambassador and chief of service in the confidence of the head of state, so long as they remain in those positions, so that they may be independent of their respective parties.

National Union proposes the stipulation that the internal elections in which all members participate must be secret; that the powers of the members may not be delegated; and that the quorum for approval should be raised from an absolute majority to two thirds of the members, to avoid decisions made by circumstantial majorities.

Radical Democracy advocates that all the party's authorities be elected by secret ballot and be allowed to be reelected for 3 years.

National Action is of the opinion that the consultation of the membership is in order only to make a substantial change in the statement of principles and to proclaim a presidential candidate.

Socialist Workshops advocates that every party have a supreme entity which meets, with the intervention of a trusted minister, an official of the electoral service. The former would decide on the party line for a particular period.

Members

The bill leaves the number of individuals who can start the procedure for establishing a party open. It requires only a public document and an

account of the members of the provisional board of directors. The formation of the party must be backed by 20,000 citizens. Francisco Bulnes put on the record his opinion requiring 30,000. Gustavo Cuevas is inclined to require the affiliation of 1 percent of the electorate, which would increase the requirement to a number between 60,000 and 70,000 persons.

National Union proposes 30,000 members.

Radical Democracy agrees with the requirement for 20,000 citizens.

National Party proposes the elimination of the requirement for a certain number of citizens to establish a group, suggesting an increase from 5 to 10 percent in the minimum popular vote that must be received by a party to survive. In instances wherein two or more parties have become federated, that percentage would be required for the party conglomerate.

It suggests that the organizers of political parties which have been dissolved because they failed to receive the minimal number of votes should not be able to organize other groups for a period of 5 years reckoned from the time of that election.

National Action suggests that the organizers be at least 200 individuals, and that the minimal backing for the formation of the group should be 50,000 members or 1 percent of the electorate.

Socialist Workshops considers it necessary to require 20,000 signatures, which would not necessarily constitute a membership.

Dissolution Due to Election Results

According to the bill, the parties will be dissolved: a. for failing to obtain representation in an election of deputies; and b. for failing to attain 5 percent of the total votes validly cast in an election of deputies.

National Union adds another cause, consisting of the dissolution of the group if its membership drops by 20 percent in relation to the minimal number demanded for its establishment (Union proposes 30,000, in other words, the dissolution would take place if the membership dropped below 24,000 individuals).

Radical Democracy and National Action are in favor of having the causes of dissolution consisting of failure to obtain congressional representation or failure to attain 5 percent of the electorate operate as a single one; in other words, the party would be dissolved if it did not obtain 5 percent or party representation in an election, and it would survive if it meets those requirements.

National Party is of the opinion that the dissolution is in order only if the group fails to receive 10 percent of the vote in a general election of deputies, and proposes the elimination of the requirement for obtaining congressional representation.

Orders From Parties

The bill makes a distinction between recommendations and orders. It allows the internal authorities of a party to make recommendations to congressmen in specified instances, and is inclined to have them made through agreement with the party's chamber of senators or deputies.

Orders are authorized only to prevent a deputy or senator from being able to commit obvious violations of the statement of principles or to seriously or repeatedly divert from the party's policy line. In no instance may they relate to matters wherein the congressmen act as juries.

Independent Democratic Union proposes a ban on orders from a party, except when voting contrarily would offend its doctrinal principles.

National Union suggests a restatement of the relations between the congressmen and the authorities and top-ranking leadership entities of the party. A moderate party discipline assures the voter of conduct by deputies and senators in keeping with the party's general orientation. Its Policy Commission can always issue orders, if two thirds of its members so decide; with the exception of the situation wherein congressmen must act as juries. Such orders may never affect the president of the republic.

National Action states categorically that orders from a party are contrary to the essence of institutionality, and makes a stipulation expressly banning parties from instructing their members of congress. The latter owe loyalty to the country, the electorate and their conscience, and only incidentally to the party. The grounds in the bill for issuing orders are regarded as being based on a subjective judgment, and hence its text would allow them to become widespread.

Socialist Workshops accepts orders only in matters of a constitutional nature, of concern to democratic institutionality and of a budgetary nature. Disobedience to the party would be punished by the loss of the congressional post and the replacement therein would be decided by the party itself.

2909

CSO: 3348/333

FALCONDO PRODUCTION, DEBT INCREASED IN 1983

Santo Domingo LISTIN DIARIO in Spanish 6 Mar 84 p 1C

[Text] During the last quarter of 1983, Falcondo increased its debt by 4 million pesos compared to its debt on 30 September 1983 of 199 million pesos, according to the enterprise.

At the end of 1983, Falcondo had an overall debt of 203 million pesos, which is 18 million pesos more than its original debt of 185 million pesos.

Since the enterprise began to amortize its contractual loans, it has paid back 147 million pesos as of 31 December, including interest, and has paid 115 million pesos on the principal.

Unfortunately, the ups and downs of a completely unstable nickel market affected Falcondo operations, bringing about an accumulation of losses which, last year alone, rose to 32.8 million pesos. In 1982 that figure was 55.6 million pesos.

Hence, the financing received by Falcondo from the two firms sponsoring the project, Armco, Inc. and Falconbridge, Ltd, amounted to 133 million pesos as of 31 December 1983.

The infusion of money by the two parent companies in the past 2 years has totaled 88.4 million pesos, showing both firms' interest in keeping the local plant in operation, always hoping that the recovery of the nickel market is not far off.

Losses of 32.8 Million Pesos

Falconbridge Dominicana Company metallurgical operations sustained a total loss of 32,762,580 pesos in 1983, which is 22,837,526 pesos less than in 1982, when losses reached 55,600.16 [as published].

This reduction in losses was due to the fact that during 1983 a production line was kept in operation at the plant and the total output of nickel in ferronickel amounted to 44,628,609 pounds. In January 1983 production was interrupted and was resumed in September 1982, hence, a production of only 10,201,000 pounds of nickel in ferronickel was attained.

Similarly, financial support provided by the two firms sponsoring the project, Armco, Inc, and Falconbridge, Ltd, amounted to 30 million pesos. In 1982 the two enterprises furnished a total of 41,070,000 pesos to maintain local operations.

Losses in the last quarter of 1983 were slightly lower than those sustained in the first 9 months of 1983. While losses were 2,292,108 pesos a month in the last quarter of 1983, they were 2,876,251 pesos in the first 9 months of that year. That is, a reduction of 585,143 pesos took place.

Something similar occurred with the financing supplied by the two sponsoring firms, which provided an average 2,397,000 pesos a month during the last quarter of 1983, while furnishing 2,534,444 pesos in the 9 preceding months; a reduction of 137,444 pesos.

In 1983 Falcondo exported 46,742,249 pounds of nickle in ferronickel, while in 1982 nickel exports were only 12.1 million pounds.

Production Record

Last December became a milestone in ferronickel production when, with just a single production line in operation, a significant output of 4,187,665 pounds of nickel in ferronickel was achieved.

Ever since two additional lines of copper coolers were installed in the sidewalls of electric furnace no 1, monthly ferronickel production increased significantly, making it easy to exceed the previous high of 4 million pounds of nickel in ferronickel a month. The copper coolers went on line in July and from then on output volumes have surpassed previous marks.

The installation of copper coolers made it possible to increase electric power above 50 megawatts. Keeping the furnace walls cool allowed them to pick up a coating of protective slag which, in turn, permitted the operation of the furnace at higher power.

In the last quarter of 1983, a total of 12,125,665 pounds of nickel in ferronickel were produced, equivalent to 27 percent of total production which amounted to 44,628,609 pounds of nickel.

Production in the last quarter of 1983 was equivalent to 37.3 percent of the output in the previous 9 months.

Among the factors contributing to this significant gain in production by just a single production line, is the high-grade ore that was used because it yielded an average 2.07 percent of nickel during this period. This value refers to previously processed ore arriving at the 50-ton hoppers of the reduction plant prior to entering the vertical furnaces to be converted into lime.

On the other hand, export shipments in the last quarter of 1983 totaled 13,303,297 pounds of nickel in ferronickel, for an overall shipment total

of 46,742,249 pounds of nickel in 1983. Shipments during this last quarter were 40.2 percent of exports during the first 9 months of 1983.

In December 1983, 6,951,648 pounds of nickel were exported. This is 52.3 percent of the total for the period.

Data Concerning Falcondo's Debt

(As of 31 December 1983, in pesos)

	<u>Principal</u>
1. <u>Original Debt</u>	185 million
Less:	
Payments made from 1972 to 31 December 1983	
a. Interest, and so forth--147 million	
b. Principal	<u>115 million</u>
Balance of original debt as of 31 December 1983	70 million
2. <u>Additional Debt</u>	
Loans (received from Armco, Inc and Falconbridge, Ltd)	110 million
Plus cumulative interest due as of 31 Dec 1983	<u>23 million</u>
<u>Total Additional Debt</u>	133 million
3. <u>Total Debt</u> (as of 31 December 1983)	203 million

Facts of Interest

1983

<u>Production</u> (in pounds of nickel in ferronickel)	<u>Jan-Sep</u>	<u>Oct-Dec</u>	<u>Jan-Dec</u>
Actual	32,502,934	12,125,675	44,628,609
Goal	30,894,600	11,105,400	42,000,000
<u>Shipments</u> (in pounds of nickel in ferronickel)	33,438,952	13,303,297	46,742,249
<u>Profits (Losses)</u> (in millions of pesos)	(25.9)	(6.9)	(32.8)
<u>Financing</u> (additional net received from Armco, Inc, and from Falcon- bridge, Ltd)	22,810,000	7,190,000	30,000,000
12674			
CSO: 3248/496	44		

INTERNAL PR SQUABBLING DELAYS BALAGUER'S PLANS

Santo Domingo EL NACIONAL DE AHORA in Spanish 6 Mar 84 pp 1,2

[Article by Nelson Encarnacion: "Squabbles Bog Down Balaguer's Plans"]

[Text] The Reformist Party's (PR) reorganization plans are practically bogged down because of serious differences that have arisen among members of the committee charged with this task and among at least three PR leaders.

These differences have considerably delayed the plans of former President Joaquin Balaguer to begin the work plans at the national level, based on the recommendations of the reorganization committee.

Dr Balaguer, president of the Reformist Party, attached the utmost importance to the reorganization of the PR, just as those within the PR who say that the reorganization was going far beyond the simple opening of party offices and the enrollment of new members.

According to PR sources, the committee did a good job in ascertaining the number of potential voters in the nation in 1986, and in locating them by area in the National District, as well as in the principal provinces and the municipalities.

According to information obtained by EL NACIONAL, the reorganization or organization committee, as some call it, has collected a large quantity of data that could be fed to the computers available to the Reformist Party to prevent any possible irregularities in the next elections.

Nonetheless, all this data has been blocked because three PR leaders very close to Dr Balaguer allegedly boycotted the program when it was almost in its final stages.

It was reported that these leaders even tried to keep some members of Dr Balaguer's committee at a distance, pointing out events from recent political history as explanation.

In this regard, Dr Balaguer was reminded very subtly of the difficulties he encountered in exile, at a time when some members of the committee were holding high-level government positions.

Although the former president of the republic has not given much importance to those past events, it has been learned that PR leaders at the highest level succeeded in blocking the organization plan, a situation that may be highly detrimental to the political future of the principal opposition party.

The differences between the committee and ranking PR leaders have been treated more or less discreetly, giving Dr Balaguer an opportunity to deal with the situation just as he was able to do on occasions of greater internal difficulties than the present ones.

There were comments that various motivations are behind the principal differences between the PR committee members and high-level leaders close to Dr Balaguer, but in the main, they hinge on the fact that the latter look with disfavor on some of the recommendations that the former president proposes to make to energize the party.

Many leaders believe that if the recommendations concerning candidacies to elective office are applied by the committee, certain PR personages would have slight chances of being nominated.

It has leaked out that the committee has recommended the contracting of polling firms, possibly German or U.S., to determine, in a sort of primary sounding, who are the most popular leaders at all levels inside and outside the ranks of the PR.

Thus it is asserted that the PR would have an opportunity to present itself at the elections with the best of its leadership and membership in each locality in the country in an attempt to succeed in the elections of 16 May 1986.

Dr Balaguer had accepted these plans at the outset because he felt that it was the best way to determine who is and who is not popular, inasmuch as in the last elections, people without any popularity, not even among their own close friends, were able to "sneak in" as candidates,

Dr Balaguer is therefore trying to avoid a repetition of that situation by conducting polls within the party, considering this to be the best solution.

It will all depend, however, on the attitude of the leaders who oppose the recommendations, although it is felt that in the end, the PR leader will, as is his custom in similar cases, have the last word.

The reorganization plan, nevertheless, has met with fewer stumblingblocks in the National District. It has not moved ahead as well, however, as Dr Balaguer would have wanted due to the same difficulties, according to reports.

The committee is headed by Dr Donald J. Reid Cabral and includes among others, Dr Salvador Garcia, Caridad Rodriguez de Sobrino, David Olivero Seguar, Jose Rafael Cohen, Jr., and Reynaldo Montes de Oca.

12674

CSO: 3248/496

LEFTIST PARTY FIGURES SEE POLITICAL RADICALIZATION IN SOUTHEAST

Mexico City EXCELSIOR in Spanish 24 Feb 84 pp 1-A, 23-A, 33-A

[Interviews with Heberto Castillo of the Mexican Workers Party, Pedro Penaloza and Edgar Sanchez of the Revolutionary Workers Party and Manuel Diaz Salas of the Socialist Labor Party by reporters Fausto Fernandez Ponte, Rogelio Hernandez, Nidia Marin and Carlos Velasco]

[Text] "Central Americanization" of political life seems to be developing in southeastern Mexico from the isthmus belt to the Suchiate and Hondo Rivers. It looks like the peasants are being gradually infected by a revolutionary theory that comes from the south.

That viewpoint was described by Heberto Castillo, leader of the PMT [Mexican Workers Party]. He stated that this phenomenon--"which we must all be aware of"--is one of "revolutionary osmosis." It must not be ignored in political plans for the next 10 years.

Other political leaders--Pedro Penaloza and Edgar Sanchez of the PRT [Revolutionary Workers Party] and Manuel Diaz Salas of the POS [Socialist Labor Party]--agreed about the radicalization of workers and peasants.

Penaloza and Sanchez stated: "There is a process of quiet radicalization." They added that this movement is occurring in large labor organizations.

The PRT leaders--committed to not losing their registration--indicated: "We see a displacement of the traditional political leaders of the working class, a silent change that is harder to conceal each day. It will lead to a new government-worker relationship."

Diaz Salas of the POS stated that, as a result of the economic crisis, new opposition social and political organizations with a high degree of autonomy have been formed. Other already existing ones are developing independence from the state and the traditional political parties.

Central Americanization of the Southeast

Heberto Castillo--whose party is doing its best to become registered as a party--said that there are scientific elements that predict that the peasants

in the southeast will see themselves more as Central American political fighters than as Mexicans.

He also said that if the doors are not opened for all political parties to participate in the elections, the best option will be the worst.

He stated that no political party--not even the PRI [Institutional Revolutionary Party]--will be able to control the violence.

He said: "If the revolutionary winds blew from the north in 1910, they blow from the south in 1984."

He told the reporters: "Therefore, I say that what can be seen are deceptive signs of peace. One indication of what is happening in the countryside is the situation in Chiapas, in Yucatan, in Quintana Roo....Also the PMT has observed that its new members from the rural area are migrant workers, the poorest people. The community farm workers join the government party because their interest lies in solving land or credit problems."

As part of the statement that the revolution is coming from the south, Heberto Castillo commented that the Chiapas peasant especially does not discern whether a leader is from one side or the other of the border. Since Guatemalans especially arrive in search of shelter among brothers who even speak their own language, it is natural that the peasant's political philosophy is more Central American than Mexican.

This situation which he insists on calling "revolutionary osmosis" shows how difficult it is for the members of his party to explain to the peasants that they have not achieved the registration they ask for to carry out electoral activities. They (the peasants) have to support themselves with a wage of 80 pesos per day which barely suffices for their family to eat tortillas, chile and beans when things are going well.

Castillo added that the time will come when it will be better for the peasant to take up arms than provide an option.

He also said that the government will think that it will be best to return the Central Americans to their country. He emphasized that this or repression would not solve the problem of "this social phenomenon that must be very seriously considered."

He warned: "As long as there are politically excluded groups, the historic reason for groups to think they have no other choice but violence will persist."

He commented that the current national situation "resembles that of 1968." He argued that the middle class is becoming proletarian while employees, "white-collar" workers who vacationed in Europe and Las Vegas, can no longer do this. The only refuge they have found "is the PAN [National Action Party]."

To support his statement, he spoke of the north where 4 million unemployed people in the last 2 years have not had any choice other than underemployment, stealing or migrant labor.

In-Bond Plants No Solution

Meanwhile, to attack the problem of unemployment, the government resorts to in-bond plants. He warned: "That is like throwing gasoline on the fire because in-bond plants are a job source that only produce taxes for the state. Enterprises with fiscal privileges are developed with very cheap manpower that only creates a semiproletarian conscience in the worker, an awareness of the situation."

He felt that a revolutionary awareness will appear both in northern and southeastern Mexico "if the state does not open the doors in the next elections." Otherwise, "the last years of the government of Miguel de la Madrid will be years of uncontrolled popular violence."

He was asked if he thought any party could control that alleged violence and he answered negatively. To reinforce this, he said that the PRI only controls people to wave banners and for festive occasions. He stressed: "Only the troops could control a popular outpouring."

He insisted that democracy was indispensable, not only in the parties but in the unions. He referred to the case of URAMEX [Mexican Uranium] where the rights of the workers are violated. He censured the Mexican Supreme Court of Justice that takes up to 10 or 12 years to decide labor cases.

Heberto Castillo was interviewed in a restaurant near Bucareli. The clientele was also interested in the conversation.

He was asked about the doomsayer tone of his words.

His answer was:

"This viewpoint is not the product of bitterness. They accused us of being doomsayers about oil and what happens now? Am I a doomsayer to think that we have no economic alternative when numbers show that all the revenue from oil sales will barely pay the interest on the foreign debt: 1.25 million barrels per day merely so the debt does not increase? Grain has been imported since 1972. In 1965 I warned that we would become importers if appropriate measures were not taken to increase grain production. This has happened now. We import 9 million tons and those grains are subsidized for tortillas in Mexico. This is like saying that the government sells a car at one-fourth its price."

"If I see that a bridge is going to fall, what should I do? If I mention it, they can repair it while there is still time even if they call me a doomsayer. If I remain silent and the catastrophe occurs," who must be blamed?

He indicated: "An intelligent government would consider what we tell it about the Mexican countryside. National reality cannot be resolved by one single person. I not only believe that the government must not obstruct criticism but, on the contrary, it must encourage it, especially if it has no argument to refute it. Even if a statement sounds like a doomsayer, it must be known so that one is at least on guard."

The subject changed. He was asked about popular mistrust of political parties in general.

He explained: "There is no confidence because they are not heard. There is no awareness of reality. This awareness, as history demonstrates, occurs when the dam breaks."

That is when the need to implement democracy in the unions, electorally, again becomes imperative.

He indicated: "As a party, we in the PMT are opposed to the PAN theses. However we defend their rights to express them and to participate in the elections."

He admitted: "We in the left are sometimes very democratic when we do not have power but later we resort to undemocratic ideas."

He pointed out his party's position that democracy means to expand, socialize government. "When there is all-embracing power, funny situations occur like when Caligula appointed his horse, a noble beast but in our case a perverse beast, consul." The laughter of those overhearing this briefly interrupted the interview.

Democracy: Eliminate Union Corruption

Castillo explained that democracy also means eliminating corruption in the unions: the corruption in PEMEX [Mexican Petroleum], for example, "where they will not do anything to prevent it because it would be like dynamiting government bases." Democracy means ending the sham unions formed by the bosses. They talk of freedom and virtue and do not realize that they "rail against heaven." Later their own words will be used against them when the workers decide to fight. "They rail against heaven" because this type of organization hurts small and medium businessmen. The PAN has won support in these enterprises. That is the reason for Pablo Emilio Madero's rise.

He said that internal pressure produces disputes among the labor unions and takes different expressions. For example, he mentioned the Labor Congress' support for the Sole Trade Union of Nuclear Industry Workers.

Castillo stated that the left will benefit from this general situation. In the case of the PMT, the exceptional number of signatures on the petition for registration can be noted. This is connected to the visits to the work centers and peasant communities by the members. He stated that this party is present throughout the country except in Colima, Quintana Roo and Campeche.

He also said that the left "has not identified with the young people through a deformation of the middle class by its own members, a condition that has alienated them."

Nevertheless, he explained that the party most likely to find its way again is the PSUM [Unified Socialist Party of Mexico]. Like the PMT, it has a better

situation with workers and peasants although the limitation--he added--is the state, the development of state capitalism, state bureaucracy.

He was asked if Cruickshank Garcia, leader of the PPS [expansion unknown], is right when he states that the rest of the left is wrong to blame the government for what is happening in the country.

He answered: "He is right. One sees it as the enemy because it is the government of the class in power. However, it is not guilty as the government but as the representative of the class in power, the bourgeoisie in power. Who holds the power? Who benefits from the sinecures in PEMEX and Ferronales, for example?"

He also said that some parties like the PPS want to see the government "as a representative of an unbetrayed revolution but this is only an illusion. In the best of cases, they see the government as a continuation of Lazaro Cardenas' government."

Nevertheless, Castillo recognized that the PPS is right about the coordinated effort by the clergy, U.S. imperialism and big business not part of the government to achieve greater influence over the government and major decisions.

He added that those statements try to ignore the fact that big business is also in the government. He mentioned Carlos Hank Gonzalez. "Is there any bigger businessman than Hank Gonzalez now? Or Antonio Toledo Corro who now admits that his children are John Deere representatives? What is their answer to the question of who benefits from wet-nursing PEMEX, Ferrocarriles Nacionales, the Federal Electricity Commission...?"

He offered figures about the businessmen: 500 enterprises control 38 percent of the production in Mexico. There are 5,000 businessmen. How do they explain the fact that, under Jose Lopez Portillo, surplus profits were multiplied by five? How do they explain the departure of \$20 billion in deposits, \$8 billion in fixed assets and \$13 billion from fixed term deposits? Could the workers and peasants have done it soon? Who has provided facilities to strengthen the class in power?

Squeeze Everything with Juice

Then he said: "It is necessary to be fair and apply the criterion of squeezing everything that has juice. However, instead of squeezing the rich, the government makes the weight of the crisis fall on those who cannot be blamed for the situation. It freezes wages and freezes prices under the pretext that this will end the crisis."

He added: "The people will understand who is right when they analyze the ways to handle the crisis. Otherwise, we would be left with the government idea that the businessmen are patriotic and they only need to improve their morality."

However, he commented that the political parties cannot reach the people. He added, though, that change will occur "because the working class cannot be

squeezed forever." He repeated that it is necessary to reach the workers. "Reading Jules Verne does not make you an adventurer."

He stated that if the PMT has any future, it will certainly lie with the workers. "We have had very little influence on them but more than some political organizations that are registered."

He gave an example: "The parties are the gentle cows that lure the fighting bulls. The organizations that bring the peasants asking for land to see the president of the republic are figureheads."

He stated that the PMT has managed to survive, denounce and fight without registration, without support. It considers registration a weapon for the workers. "We are not working for our sainthood. We think it unlikely that we would be the leaders even if we won. If it is necessary to pay a price, we will be the first to pay it. However, we will not give up the revolution even if it must be done by nonpeaceful means. We do as much as possible for it to be by peaceful means and we hope the government understands this and opens the doors."

He added that the class in power is going to change anyway. Until now this class has been the leader of the bureaucracy but when this political class is displaced by violence, the military will be installed.

He concluded: "That class will lose power even if it refuses to understand. We think there is still a chance for the government to understand that there must be a change even though we see great stubbornness...." Then he left.

POS Sure of Achieving Registration

Manuel Diaz Salas reported that his party, the POS, the socialist current and the revolutionary movement of the people presented a petition for registration. Fernando Elias Calles, director of government of the Secretariat of Government, anticipated that "the government of the republic will not object to the registration of new parties and organizations as long as they meet legal requirements."

The secretary general of the POS talked to EXCELSIOR in a snackbar. He was assisted by two party comrades and a pile of papers with figures, ideas and information on this organization, one of the three leftist organizations that, with the PMT, have requested legalization of their activities.

He said that the most subversive group in the current national situation is not the Mexican left. The urban and rural workers are quickly politicizing and have expressed this in forms that go beyond street protests. The counterpart is what is dangerous. Big businessmen and landowners are training self-defense police corps with paramilitary instruction. Allegedly protecting them against popular actions of discontent, they only incite violence.

The young political leader added that the context, the original cause of these new social phenomena, is the economic problems due to the crisis that the

majority of the population faces, the imposed austerity and management positions. He stated: "No one who is involved in political activities can ignore these expressions in Mexican society."

Representatives of the MRP [Revolutionary Movement of the People] and the CS [Socialist Current] organizations that arose with the POS from the events of 1968 and "the forces that fought" also came to the interview.

He explained that the importance of new political organizations--especially if they are registered--is obvious. They express the degree of organization of the workers, the tenant farmers and the students. They are the instrument of politicization and alternatives to institutional or traditional organizations. He stated that they are the logical result of society.

Their existence does not make a society like the Mexican one more or less democratic. Rather, it reflects "the need for popular organization and the weakness of the existing parties and organizations in representing all the citizens." One positive sign by the government would be to recognize their presence.

He said: In our case, we decided to request government registration under the Federal Law on Electoral Organizations and Processes because, among other reasons, we more than meet the legal requirements: presence in 18 states, 9,000 affiliates compared to the 5,000 required and more than 2 years as a political organization.

Twice, with the representatives of the organizations mentioned, they went to request a formal audience with the secretary of government. On one occasion the director of government, Fernando Elias Calles, stated that the government is not opposed. He anticipated that when the Federal Electoral Commission announces new registrations, their members will be the ones who decide when to receive it.

Hard to Be in Opposition

Diaz Salas, like almost all the leaders of these political organizations, received his first political experience as a student. Now, he admitted, "we know how hard it is to be a leftist politician in the opposition, partly because of lack of resources." His salary as POS leader is about 26,000 pesos a month.

He referred to discussions he had with the members of his party. He spoke of the possibility of social violence. He stated: "If there is a hardening process, there will be another process with different forms of violence. They will not be physical or widespread yet, but they cannot be discarded."

He said that residents on the outskirts of the cities have begun desperate acts against food trade and transportation. There have been labor and peasant marches. Movements of union resistance through prolonged strikes are predictable. All this is a reflection of a hardening by the people. Others will go beyond traditional actions like street demonstrations, meetings, etc.

Diaz Salas agreed with other political leaders that this situation undermines the relationship between union leaders and their people. It marks a process of adjustment in relations between the labor movement and the state.

The leftist leader referred to the tendencies of PAN voters. According to him, "they will soon abandon the PAN when they have political experience and fight against delaying tactics. Then they will fatten the ranks of the left because they have already broken with the official party."

According to Diaz Salas, the logical reaction to this process of politicization that also leads to new organizations is uncertainty among those who have benefitted from the functioning of the system. He explained:

Sectors of big businessmen, the Catholic clergy and large rural landowners pressure the government and seek forms of physical self-defense. They carry out ideological campaigns to convince the people that they are not responsible for the crisis. It is due to the corruption and inefficiency of those who govern. He added that they leave room for a fascist phenomenon.

They already had guards on rural properties; they already had private police corps in urban industries. Now they are reinforcing their personal security teams. We have discovered that they are training youths recruited from poor sectors. They give them paramilitary training for eventual confrontations they assume will occur with the rabble--as they call the poor. They have already used them to break strikes or disperse protest demonstrations.

Diaz Salas explained: "We have to act responsibly in this. The left does not incite violence. It does not want it, it does not suit it or the workers of the country. All the above is an indication of what can be a widespread phenomenon. It is necessary to stop the violence. When this occurs, it is due to resistance to change, not because people advocate it."

The left is not intrinsically subversive. He stated that subversion in Mexico has occurred because of problems that the majorities have not created. He repeated the necessity to recognize the need to legalize new political organizations and their freedom to propose programs "of class defense." There is also the need to change an economic orientation that has only proven to be harmful so far.

No one can say that there is a political crisis now. There are the beginnings of one, he stated. The political system is not in crisis. However, it is recognized even officially, he added, that there were no crises like the present one before the outbreak of the three major revolutions in Mexico.

Diaz Salas said that some people predicted these situations some years ago and were not called doomsayers: Pablo Gonzalez Casanova and Jesus Reyes Heróles. They expressed the only possible alternatives: democratic changes or fascism.

Worker Radicalization: PRT

Pedro Penaloza and Edgar Sanchez of the PRT stated that the workers are not defeated. There is a process of quiet radicalization with occasional outbursts in their ranks, in the large unions. Meanwhile, there is a displacement of the traditional political leaders of the working class, a silent change that becomes more obvious and unconcealable each day. It will lead to a new government-worker relationship.

The PRT members said they are harassed and virtually banned from legality. They are recognized as part of the left but admit that this does not have the influence it should have on Mexican society. Penaloza and Sanchez stated that "even without Rosario (Ibarra de Piedra) as a candidate, we will be able to maintain our registration."

Penaloza and Sanchez explained that the most important prospect in 1984 for the Mexican workers is their combativeness, the fight they will continue since government policy continues to be antilabor and favor the interests of large capital.

Penaloza said: "Therefore, we say that the workers, in spite of the brutal offensive against them, are not defeated. There is a process of radicalization in the ranks of the labor movement controlled by the union bureaucracy."

Penaloza stated that the economic policy tries "to modernize trade unionism now, create a new model of trade unionism adapted to new conditions in the country, according to the Mexican technocracy--that is, a domesticated trade unionism without mobility or capacity for action."

He said that this was terrible in 1983. "It tried to box in the workers to avoid any outbreak at all. Also the government tried to impose new union rules of the game--that is, impose a new relationship between the government and workers. The conflicts between the union bureaucracy and the regime in the June 1983 strikes and the 5,000 jobs meant the beginning of the union bureaucracy-government conflict."

He added that in 1984 one aspect that acquires greater dimension is that the traditional leaders of the working class are displaced. "This also occurs in other sectors of the dominating class since its political personnel is replaced by the technocrats, the 'masters.' Even unofficial sectors admit this."

Penaloza emphasized: "There is a readjustment in the union bureaucracy, in the traditional forms of capitalist domination in the country that causes this new articulation of forces. These changes have a multiplying effect among the workers. It is a silent change that becomes more public and unconcealable each day. It is reflected in the bold defiance of the traditional union leaders to defend the interests of the working class, according to them."

He stated that the union bureaucracy is not against the austerity plans but proposes a different way to impose austerity. He noted: "They are the transmission belt of the bourgeois policy within the labor movement."

PAN Advance Dangerous

He considered the PAN advance dangerous because it could lead the workers to a deadend. He stated that the left cannot sit back but must go on to qualitatively more important and bolder offensives. Therefore, he spoke out for a Pole of the Workers--that is, unity at the elections.

They have not done this so far; each one has arrived with his own registration. The formula the PRT proposes is to go to the elections under the single banner of the PSUM and the PRT. It would permit this coalition not only to be seen as an electoral redoubt but as the motor and promotor of social struggles. There are thousands and thousands of fighters in the country who do not have a means of expression.

Penaloza said: "It is a matter of ending situations that have occurred in the past, whether due to sectarian interests or for other reasons like the failure of the leftist parties to understand. It has not been possible to achieve a coalition like this."

Edgar Sanchez added: "This pole would not only unite the PRT and the PSUM but broad sectors of the population that are discontent and see the PAN as their only option for a useful vote."

They were asked if they recognized their mistakes that prevented a coalition in the past.

Edgar answered: "We are an analytical and reflective party. We are not a sect that does not admit its mistakes. There were mistakes in every sense. There was no electoral alliance in past elections because there was a lack of political will in many cases. Also both parties (the PSUM and the PRT) had a different idea of how to present themselves in the elections. Since that situation persists, we propose the pole."

He added that there was a flaw in the political analysis: underestimation by the left of the level of discontent in the population and how it was going to be handled.

He recognized: "We underestimated the people's search for an option. We underestimated the PAN."

He added that the left is concentrating in certain poles and dispersion seems to be ending. However, he also said: "We believe it is not possible to advance more toward the formation of a single party due to historic differences and different national and international concepts. This does not mean that certain sectarian attitudes have prevailed that could impede our joint advance facing our common enemies."

Penaloza indicated that a divided left suits the government. Therefore, some legal mechanisms have been used to abet that division. He mentioned as an example that the Federal Law of Political Organizations and Electoral Processes requires the parties to present different lists to maintain their registration. Not even the PRI has a definitive one.

They feel that although there has not been a government decision that the PRT will lose its registration, there is a current within the regime that has tried to limit the democratic rights of the left, particularly the PRT, since 1982.

He added that all this is viewed from the leftist position facing government policy. It has been clearly reflected in the Civic Strike last October in which currents like COCEI [Labor, Peasant, Student Coalition of the Isthmus] that now oppose that stand participated.

He added: "The COCEI affair is a warning to us."

He refused to believe that the system advocates bipartisanship. He said: "The most serious thing is the tendency of the workers toward that bipartisanship. This is what we want to prevent if the left goes to the elections united."

Only Three National Parties

With respect to political options in Mexico, Penaloza mentioned that the left is well defined. There are only three national parties: the PRT, PSUM and PMT. "Getting into the sphere of the PPS and the PST [Socialist Workers Party] means entering science fiction."

Sanchez referred to the project to end the crisis--broadly explained--and said that agreement in the government itself about this cannot be assumed. There is internal resistance within the government since political and business sectors traditionally tied to the PRI do not completely share the government's ideas.

He felt that the government project does not have consensus in the government itself since the government bureaucracy--support of the system--does not agree with this project.

Sanchez emphasized: "There is a tendency toward isolation even of politicians considered traditional, an isolation that can only be sustained by troops. I do not say that this is already occurring because there are traditional bonds of interest to maintain power but the tendency exists."

In conclusion, Penaloza and Sanchez denied that the Mexican electorate is turning to the right. Neither the PAN nor the votes for it express an ideological trend, only a policy of proposed improvements against corruption.

7717

CSO: 3248/499

NATIONAL FISHING INDUSTRY SAID TO BE IN DISARRAY

Mexico City PROCESO in Spanish No 382,27 Feb 84 pp 20-23

[Article by Emilio Hernandez]

[Text] Ciudad Carmen--Between the spendthrift past of Fernando Rafful when he headed the Fishing Secretariat and the do-nothingism of the current secretary, Pedro Ojeda Paullada, the national fishing industry is collapsing beneath a burden of debt, ineptitude, bureaucracy and corruption.

The fishing industry had a dazzling new start under Fernando Rafful. He set in motion a wideranging program that jolted the industry. Everything was possible during his term in office. He wanted a brand-new, up-to-date fleet. Shipbuilders proliferated. The tuna fleet was consolidated. The so-called industrial fishing ports "developments" were constructed (17 in all). High-capacity trawlers were purchased overseas. Technology was imported, and the sector's official bank, Banpesca, granted loans without many conditions. The Mexican fleet was being modernized to become profitable and competitive. That, at least, was the official line.

It did not happen. Many projects were undertaken, so many that not all of them were completed. Others turned out to be less functional than expected. Some of them were too costly and have been abandoned. The lending also depleted the bank's coffers. The money ran out ahead of schedule. The shipbuilders have now had to close down or lay off workers, because the government no longer gives them work or does not pay them what they are owed. The cooperatives are also short of money, and more than 1,000 vessels in need of repairs or maintenance remain in drydock in Mexican ports. The boats purchased overseas gather rust, lashed to the piers. The vessels built by local yards are still on land almost 3 years after completion. Loans are no longer granted so readily. From an upswing to a standstill in less than a year.

There is one powerful reason for this 180 degree turn. The shrimp cooperatives have not completely paid for the boats they have received. Although there are exceptions, most of them are in a jam. Too much use was made of foreign loans in undertaking projects. Furthermore, Banpesca uncovered a series of irregularities that had a major impact on its finances

The biggest one was this: In late 1980 and early 1981, Banpesca granted a 4.98 billion peso loan to the representative of four tuna enterprises in Ensenada, Efren Cenoz Baca, to have boats built in American and Canadian yards

At that time, Banpesca ran itself, and its main officer was the chairman of the Board of Directors, a post that inevitably belonged to the fishing secretary. Therefore, Rafful had to have authorized the loan.

Cenoz Baca did, in fact, place orders for the vessels on behalf of his clients, the enterprises Atunera Cainseco, Atunera Tris, Armadores Armenta, Hermanos Armadores Tecnicos Unidos del Noroeste

However, he had been granted the loan without meeting major requirements and had been given unusual privileges, such as a 60-day period from the time the vessels were finished for the loan recipients to submit the documentation to Banpesca and guarantee payment by mortgage. Taking advantage of these circumstances and the failure to comply with the compulsory entering of the contracts in the National Maritime Registry, Cenoz had no problem selling the vessels to American companies that he himself had hastily set up, later pawning them to the H.g.N Corn Company for \$7 5 million

The court case, which involves companies and authorities from the two countries, seems unresolvable. The only result so far has been to increase the cost of the boats with U.S. lawyers fees and other outlays.

The above information is based on an official communication drawn up by the fiduciary and legal director of Banpesca, Valeriano Cano Evaristo, and sent on 24 June 1983 to Miguel Valdes Villarreal, the nation's public prosecutor.

There were an overwhelming number of irregularities in Banpesca under Fernando Rafful. The April 1983 Board of Directors report states: "As of 31 December 1982, 52 percent of the bank's total assets are tied up in high risk, low liquidity, low recoverability investments (vessels and Federal Government bonds). Its loan portfolio represents 43 percent of total assets and is concentrated in a small number of clients; moreover, we do not know how recoverable they really are, owing to the systematic practice of rebilling loans fallen due."

The report mentions other problems with the bank's loan portfolio:

"There is a high degree of centralization in the home office. Functions are discharged that are not in keeping with its specific responsibilities (accounting records and entries). As of 31 December 1982, the loan portfolio totaled 26 1 billion pesos, which represents about 43 percent of total assets. The distribution pattern is the same as in previous years, with about 80 percent of the loans going to the fishing sector and the rest to port and shipbuilding activities.

"Fifteen percent of the total loan portfolio has fallen due. We should mention here, however, how rebilling conceals the true status of the portfolio. The disregard for operational standards and the lack of a qualitative file of customers prevent us from knowing how matters actually stand today "

It has this to say under "Vessel Risk": "Banpesca is covered for only 14 of the 142 boats (for which it granted loans) in terms of duly registered guarantees "

Banpesca applied the brakes hard as of early 1983. It canceled a high percentage of loans and is now granting others only if the requirements are fulfilled completely. Nevertheless, it is recovering slowly, and the fishing industry even more slowly.

The precarious situation of the fishermen and of the entire industry is as clear as day here in Ciudad del Carmen. The "Laguna Azul" port, which cost more than 1 billion pesos and which Jose Lopez-Portillo inaugurated in November 1982, looks like a silent, lonely giant. The structures that appear on the port model are not to be found on the sites next to the piers. The cement foundations are slowly but surely being covered with grass.

There are no boats plying the feeder channels, which were poorly placed because too much silt accumulates in them. The only boats in evidence are 18 from Spain that sailors from La Coruna brought here almost 3 years ago.

They brought the boats over and taught Mexicans how to fish with them all along the coast as far as Yucatan. They were here for more than a year. One day, however, they left, unaccountably. The 18 boats, all of them magnificently outfitted, are now abandoned at the brand-new "Laguna Azul" port. No one wants them. They are very expensive, about \$4 million (some 700 million pesos) each. An unrecoverable investment, private enterprise calls it.

Ojeda Paullada was in Yucatan on 15 February and remarked that the fishing fleet was obsolete. Jose Hesiquio, the president of the Federation of Cooperatives of Ciudad del Carmen, told PROCESO:

"It is not obsolete. The problem is that they are not lending us money to keep the boats in good shape. The situation is very difficult for us now, because when Banpesca does loan money, it charges 67 percent interest. And it doesn't do it that often. Some of our loan applications have been in for more than a year. It seems that we are back to the same obsolete bureaucratic system that the National Cooperative Development Bank had.

"This hurts the fishing associations, of course. Nonetheless, here in Carmen we got 282 boats in the transfer of the shrimp fleet. We plan to pay for 110 of them by late March. This means that profits can be made."

Hesiquio noted that 70 percent of the shrimp boats on the island are in operation and catch about 450,000 kilos a month of the crustacean, all of it for export.

"I think that we are doing our job. But the government is not responsive. That's why we decided at the national meeting of fishing cooperative leaders to withdraw our funds from Banpesca. We did so on 23 January of this year, and now each cooperative does business with the bank that best suits it."

With regard to the Spanish vessels moored at the "Laguna Azul" port, he said that the government deceived them: "Even though those are trawlers, they were going to let us have them. They changed their minds, though, and then wanted to hand them over to the private sector. So they're rotting away there, because I don't think that those gentlemen want anything to do with them; they're too expensive."

Jose Hesiquio says that although they are doing fine now, sooner or later they will have to replace part of the shrimp fleet. "It's necessary if we want to maintain or boost the level of production. But the ball is in the government's court."

The Fishing Secretariat's failure to take action to overcome the crisis has hurt all fishing-related sectors. Several shipyards in the city have had to lay off personnel because of the lack of work.

Jose Zavala de la Cruz, the manager of "Varaderos Zavala," one of the major shipyards in Ciudad del Carmen, has this to say about the situation: "We have serious problems, precisely because the loans are not coming through on time. They are not coming through for the cooperatives, and they are thus unable to repair their boats. They are not coming through on time for the shipbuilders, who have thus had to halt production. The problem is actually very complex. We went from a period in which quite a few construction orders were submitted to one in which things are almost at a standstill. That hurts a lot."

Zavala de la Cruz cites a compelling example: "Using loans from the International Development Bank, Banpesca, Fideicomiso Pesquero and Mexican Fish Products ordered boats from several domestic shipyards. Here we built 21 multipurpose fishing boats and 18 trawlers. Four-fifths of them have been completed so far. However, since the order was put in 3 years ago, the devaluations of the peso made them too expensive. When the order was submitted, they cost around 5 million pesos. Now they cost 30 million. This has caused the government enterprises to be depressingly slow in handing over money. Too much red tape. First they ask for a reconsideration of the price, and then when they get it, they say that they don't have the money."

The boats built for Banpesca, Fideicomiso Pesquero and Mexican Fish Products are deteriorating on land, and there is no launch date in sight.

"The cooperatives must be having a lot of problems too. Though they might not admit it, more than 35 percent of the shrimp fleet is currently in drydock. You can take a ride around the port and see several sunken boats. When the boats break down, they often take parts from the damaged vessels."

Zavala offers this solution: "Most of the shrimp cooperatives are poorly run. Some captains earn as much as 300,000 pesos a month. But it's not easy for them to save money for repairs. I think that first of all the government should provide advisory services so that they learn to run themselves properly and then it should have loans ready when they really need them. At present, the cooperatives are surviving on government assistance."

"Several cooperatives, such as the one in San Roman de Lerma, Campeche, are well run. But they are exceptions. Most have no idea about administration." He then refers to his repair chart to illustrate his point: "Look, in 1980 120 repairs were done on shrimp boats; in 1981, 93; in 1982, 72, and in 1983, just 5. That says a lot."

He has this to say about the Spanish vessels: "There was a lack of organization. We've never trawled here. How could they have brought them over when we didn't even have the personnel to operate them. That's why they go around saying that Minister Rafful earned his commission."

The fact is that there are more than 400 new boats, both domestic- and foreign-made, that are waiting to weigh anchor all along Mexico's coasts. In Yucatan, for example, the shipbuilders of the Asociacion Peninsular de Embarcaciones, A.C. had their representative, Mario Sanchez Castro, draw up a document explaining the problems they are facing "because of the lack of understanding of Banpesca and Mexican Fish Products." The two government institutions are forcing the builders to deal with annoying bureaucratic red tape to secure contracts and prefer foreign-built vessels, which hurts domestic production and has shipbuilders on the verge of bankruptcy.

"So far," the document says, "six Yucatecan companies have had to close their doors because of this wrongheaded policy. The rest are in a serious cash crunch."

Industrialists say that the new lending policies implemented by the Finance Secretariat exceed its actual potential and that they have 30 vessels in storage that are ready for launching but that the government's fishing agencies have not purchased them.

"In contrast, 2 years ago Mexican Fish Products imported one-hundred 22-foot long fiberglass boats from Cuba, and they have not been used so far," the letter states.

The tuna fleet, which is thought to be the second largest in the world, is also idle at Ensenada, and its external debts exceed 80 billion pesos (PROCESO, No 377).

Now that the tuna embargo decreed by the United States Government 4 years ago is over, all that the owners of some 50 tuna boats are waiting for to put out to sea are loans. While they are in the pipeline, however, the vessels are already beginning to deteriorate.

8743

CSO: 3248/512

NUEVO LAREDO DISTURBANCES LAID TO PRI CONGRESSMAN'S ABUSES

Mexico City PROCESO in Spanish No. 382, 27 Feb 84 pp 32-33

[Article by Carlos Acosta]

[Text] Pedro Perez Ibarra, leader of the CTM [Confederation of Mexican Workers] in Tamaulipas, local deputy for the PRI [Institutional Revolutionary Party] and emulator of Joaquin Hernandez Galicia, La Quina, has been party boss for about 20 years with absolute impunity. He has become even stronger under the current governor, Emilio Martinez Manautou. However, he went too far for the people of Nuevo Laredo.

Perez Ibarra called a strike on Tuesday, 21 February, in support of the local union of gardeners and cleaners which was demanding a collective contract. This led to complete paralyzation of all activities in the municipality: 272 local enterprises came to a halt, urban transportation service was suspended, import and export operations stopped in the most important customs office in the country, domestic gas was no longer sold and the tourist industry suffered irreversible damage. The occupants of the main hotels in the city were literally thrown out.

However, this time it backfired on Perez Ibarra. Although used to these crazy strikes that give him more strength and political and material power, he received a serious setback from the people of Nuevo Laredo. For several hours the city was embroiled in total violence. About 10,000 residents poured out into the streets and leveled almost everything. They burned vehicles, destroyed a gasoline station, tore down and burned strike banners along the way, attacked the LAREDO AHORA newspaper building owned by this leader and stoned two of his residences. Three students were seriously injured in the last incident.

Students, workers, housewives, tenant farmers and even bosses participated in those actions. They all joined in. They met at Plaza Hidalgo "to formalize the protest" and let off steam. They said party boss Perez Ibarra was to blame for the anarchy reigning in the municipality, the corruption in the two municipal administrations before this one, the continual upheavals in the city and attempts to destabilize the municipal government headed by Ricardo de Hoyos Arizpe. Far from giving in to Perez Ibarra's wishes, he has kept the Perez Ibarra clique from interfering in his work.

At the meeting, two business leaders pointed out that Perez Ibarra uses the strikes to manipulate the local government. They agreed with Jose Leopodo Lara Salinas, president of the Management Center. In August 1983, he told PROCESO (No. 355):

"For 20 years we have sent more than a ton of papers to the state government and the Secretariat of Government requesting a Conciliation and Arbitration Council. Perez Ibarra paralyzes enterprises without notice and starts strikes without observing labor procedures and without any negotiation between the interested parties."

As this issue went to press, calm was being restored in Nuevo Laredo although the tension and the possibilities for violence remained. Private initiative, civic and student groups and youth organizations planned a massive demonstration to ask for PRI deputy Perez Ibarra's suspension.

7717

CSO: 3248/499

PSUM GUERRERO HEADQUARTERS LOCATED AT TLAPA

Mexico City EXCELSIOR in Spanish 23 Feb 84 p 30-A

[Article by Teofilo Arce Villa]

[Text] This electoral district and judicial seat is today the operations center of the Unified Socialist Party of Mexico (PSUM), from which an attack is being organized throughout the region of La Montana, profiting by the exploitation and neglect from which the last 200,000 Indians who live in the approximately 80 communities of the state's mountain area suffer.

Agustin Garcia Flores, the Institutional Revolutionary Party [PRI] mayor of this place, points out that Tlapa is also the principal center of exploitation of the Indians of the mountain area bordering on Morelos, Puebla and Oaxaca, home of the most voracious merchants, middlemen for the buyers of handicraft products and recruiters of farm laborers, who are taken to the states of Sinaloa, Veracruz and Morelos to harvest the farmers' crops in these states.

With regard to the economic and political situation in the La Montana area, Garcia Flores says: "The stupidity of the area's PRI leaders has favored the victory of PSUM, the merchants' criminal exploitation of the Indians and the constant abuses of the police authorities."

"From the moment I was named as the official PRI candidate for mayor, the numerous political groups in the region began to work against me and it was only by hard work that I succeeded in defeating the communists and my own party colleagues," he said.

Tlapa has 80,000 inhabitants, divided among 32 communities, 50 percent of which lack drinkable water, electric power, employment opportunities and highways.

Garcia Flores noted that the governor of the state, Alejandro Cervantes Delgado, has prepared a budget for the town of 27 million pesos, half of which has to come from taxes, but, he said, "we have a deficit of 10 million pesos a year because of tax evasion."

He added that "we have no funds at all to defend the Indians from exploitation, illiteracy and malnutrition; we can only hope that the National Adult Education Institute and the Ministry of Labor and National Company for Basic Commodities will meet their responsibilities."

Every year, the mayor said, more than 10,000 families leave their communities to be taken to Sinaloa, Veracruz and Morelos to harvest tomatoes and sugar cane; they return to the mountain area at the beginning of the rainy season.

In general, the PRI mayor affirmed, the Indian is abandoned to his fate and not even God remembers him.

For these reasons and other, more complex ones, PSUM militants are able to trick the Indians into voting for them, supposedly to put an end to their exploitation.

The mayor justifies the lack of action on the Indians' behalf with these words: "The municipality is so fragmented and has so many political groups that we spend all our time trying to get them together to help us or at least let us work; for this reason, we cannot look after the mountain people's needs."

Tlapa has half a dozen local bosses, who own practically all the economic activity in the area. One of them is Abel Barrera, who owns hotels, drug stores and grocery stores and who pays his employees between 50 and 300 pesos a day for a long workday.

The mayor was asked what the Ministry of Labor was doing about the exploitation of Indians. He replied: "There is no representative here. We have heard about someone called Alfredo Sanchez Sanchez who is responsible for these matters but we have never seen him."

In conclusion, Agustin Garcia Flores noted that "this is not a denunciation of my PRI colleagues; I have only analyzed the region's political situation, and if it goes on this way (i.e., if the state directing committee continues to make bad appointments), the PSUM will go on winning adherents in La Montana and among the Indians."

12336

CSO: 3248/490

MEXICO STATE: ENLARGED POLICE FORCES

Mexico City EL DIA in Spanish 20 Jan 84 'Metropoli' supplement p 5

[Article by Lazaro Serrania Alvarez]

[Text] Interviewed by "Metropoli" at a dinner given by the city of Nezahualcoyotl for the governor of Mexico State, Alfredo del Mazo, Maj Juan German Anaya, director general of police and traffic for the state, declared: "The State of Mexico has a new police force; we have tried and tried to eradicate bad practices and we can say that the safety of the state's inhabitants is assured."

Anaya asserted that the state and municipal police have undergone substantial changes, in respect both to their uniforms and to their relations with the citizens; he said that, so far in Governor Del Mazo's administration, 450 bad policemen have been fired and both the capabilities and salaries of the police have been increased, the latter increase being obviously of vital importance in keeping policemen incorruptible.

He said that 16 urban service and state and municipal police units exist and that 5 of these have been reinforced, so that the citizen protection network has been closed still more and street surveillance is guaranteed 24 hours a day.

He indicated that there are 330 new positions in the state and municipal police forces; moreover, 70 new patrols have been put into service and these will help to make Mexico State more secure and peaceful.

In conclusion, he declared that policemen in the area's units are responsible for giving all possible assistance to the citizens; every urban service unit, he indicated, has emergency telephones for public use, an information and complaint box and personnel who provide tourist information and any aid that may be sought in an emergency situation.

12336

CSO: 3248/490

OBSTACLES TO GERMAN INVESTMENTS MAY BE REDUCED

Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT 20 Feb 84 p 2

[Text] tb. Mexico City, 19 February. Since President Miguel De la Madrid assumed office in December 1982, Mexican business circles and foreign companies interested in investing in Mexico have puzzled about the posture the Mexican Government will adopt toward foreign capital.

The Industrial Development Plan for Miguel De la Madrid's term of office, published in May 1982, contained an initial statement indicating that existing laws were adequate to guide the technical, administrative, and financial contribution of foreign investments in a flexible manner and in accordance with the priorities for economic development. It further stated that foreign investments should serve as a supplement to domestic investments. However, future policies should no longer inhibit but rather attract foreign investments to fill gaps in areas of need. The plan further indicated that foreign investments should replace imports, help achieve a balanced foreign exchange budget, produce export goods which can compete in the world market, and help acquire modern technologies. Expediting of administrative procedures was also mentioned. The text called special attention to middle class and small foreign investors. Since such investors represent only a small risk of causing dependency on foreign countries, they should be especially accommodated through flexible application of existing laws. However, acquisition of majority control of Mexican companies by foreign investors was rejected as a matter of principle.

On the occasion of a visit of a delegation of the Federal Association of German Industry to Mexico in October 1983, both the president and Minister of Finance Silva Herzog announced that a list of priorities for foreign investments would be forthcoming, as well as clear rules in the form of implementing regulations concerning the handling of foreign investment applications. On this occasion it was also indicated that banks would be allowed to pass on their industry participation to private companies in economic areas not of strategic interest to the government. This would apply particularly to those foreign investors who had made joint investments with formerly private banks.

On 7 February, following the issuance of the Industrial Development Plan, President Miguel De la Madrid stated publicly and in no uncertain terms before foreign journalists that the law concerning control of foreign investments would not be changed. He stated this with such emphasis that the recent

demands for changes in the law, in particular those voiced by foreign circles, might cease for good. It is well known that the 1973 law stipulates as a matter of principle that the share of foreign capital may not exceed 49 percent. However, this rule is not absolute and may, in individual cases, be applied with some flexibility. But there is no provision for discretionary tolerance in the licensing procedures for petrochemistry or the automotive parts industry. In these areas the maximum foreign capital participation is set at 40 percent.

However, in the same press conference the president promised "great flexibility in applying criteria in favor of foreign capital under certain aspects." [He further stated] that the National Commission for Foreign Investments would issue a detailed list of points in accordance with which the Mexican Government would encourage and attract foreign capital. The president thereby said nothing that was not already known to and expected by the relevant business interests of Mexico. The fact that these guidelines for foreign capital were announced months ago and that they still have not been issued, points toward an internal political discussion and lack of agreement within the government vis-a-vis foreign capital.

The above-mentioned commission for foreign capital comprises seven ministries which represent the different political currents and attitudes of the country toward foreign capital. This is also the reason why there has been no progress in the application of the repeatedly emphasized flexibility to the implementation of the foreign investments law. The commission must decide each individual case. So far only a few cases have become known in which a foreign partner has been able to convert a minority interest into a majority interest. Decisions are pending in countless cases, either because the commission is unable to come to decisions in its meetings, or cases remain undecided because of political problems.

In this connection, the continued inability to reach an agreement concerning the treatment of participating banks in joint foreign investments, definitely also plays a role. Because of this unresolved situation, State Secretary Adolfo Hegewisch, who is responsible for foreign investments and technology transfer in the Secretariat of Commerce and Industrial Development [SECOFIN], had to cancel his participation in a trip of delegates to Italy, Spain, France, and the Federal Republic of Germany shortly before its start (6 February 1984), which was organized by the Institute for Foreign Trade. The official reason given was that European investors could not, at this time, be told anything that would be different from hitherto applied practices.

It remains to be seen what the rules will be which President Miguel De la Madrid promised before the journalist on 7 February. For months now the most important foreign chambers of commerce located in Mexico have all been asking for them. Potential investors from the United States, the Federal Republic of Germany, Great Britain, Italy, and Japan are not willing to transfer investment capital to a country which has not clearly formulated how foreign capital would be treated in general, and which has thus neglected an important element to satisfy a foreign investor's understandable need for security. According to the "Business Environment Risk Information of California," (BERI), from a study of 40 nations, the risk of investing in Mexico has increased for the year of 1985 in comparison to the previous 5 years. No financial transactions

are recommended because the country is suffering from structural insolvency, even though the current financial situation appears to have improved. Despite the fact that the ruling government party, the PRI, is increasingly being subjected to critical pressure, no change in government can be expected in the near future. It appears certain, therefore, that the state-capitalistic planned economy, with its nationalistic overtones, will continue to be official policy.

Even though a more liberal approach vis-a-vis foreign capital would be in the interest of the national economy, current signs, and the attitude of De la Madrid's government so far, suggest that this need is being sacrificed to national political interests.

Apprehension remains that a more generous treatment of foreign capital would promote the political influence of foreign elements at the expense of the political sovereignty of the nation. This ignores the fact that the country, according to leading U.S. banking circles, cannot expect to receive any credits beyond the 3.8 billion dollars in new money which were granted this year. An impetus to the Mexican economy would, therefore, have to come primarily from foreign investment capital, in view of the meager generation of capital from within.

However, a trend may continue in 1984 which was already apparent in 1983, namely a minimal net influx of foreign capital. Last year, according to research carried out by the respected economic newsletter "Mexican Business and Investment," the net balance for foreign investments showed a deficit of about 1 billion dollars. Investment capital in the amount of 1.2 billion dollars is said to have left the country, while only about 200 million dollars in new money have come in. By comparison, it can be noted that in 1980 and 1981 new investment capital of about 1 billion dollars was transferred each year. At this time the total foreign capital in Mexico amounts to 11 billion dollars. Of this amount, U.S. companies hold 68 percent, German companies hold 8 percent, and Japanese 7 percent of the total. Continued influx of investment capital especially from the latter two countries is hoped for, not the least to counterbalance massive investments from the United States. What is being overlooked, is not only that the indecisive attitude of the Mexican Government toward foreign capital constitutes a barrier to further German investments, but also the capital structure of German companies which lack capital for investments in their own domestic market.

Furthermore, Mexico, as a result of its economic crisis, has joined the ranks of numerous other countries who have the same cyclical and structural problems. Even the much-vaunted Mexican political stability can no longer be taken for granted; internally because of the ever increasing disparity in incomes and externally because of uncertainties relating to the development of the Central American conflict.

12628

CSO: 3620/225

NAUCALPAN MUNICIPAL GROUP APPEALS FOR ECONOMIC RELIEF

PSUM Backing

Mexico City EL DIA in Spanish 25 Jan 84 'Metropoli' Supplement p 5

[Text] Toluca, Mexico, 24 January--Approximately 300 members of the Union of Low-Income Developments (NAUCOPAC), headed by their leader, America Abaroa, submitted to the State Congress a proposed decree whereby a change is requested in the procedures for water rates, so as to make the collection more democratic.

"Metropoli" met with the president, who explained that the goal is to have the minimal consumption established on the basis of the number of members of a family and not in a general manner, as is being done now.

Also demanded are more clearcut procedures from a legislative standpoint, so as to prevent manipulation on the part of certain deputies, who only report on results and never on the devices used.

She noted that it is unfair to set similar rates for the low-income developments and those in which privileged groups reside; and hence she called for an immediate amendment of the law.

Also submitted for the consideration of the State Congress was a draft decree to have the gas company concessions transferred to the authority of the municipalities, and the profits from that petroleum by-product transferred to the people, and not to privileged groups, which are also rendering poor service.

Those proposals are backed by the Unified Socialist Party [PSUM] deputy, Tona-tiuh Mercado Vargas, who expressed his fear of a possible freeze on the proposal which stems from the people's need.

Details of Proposals

Mexico City EL DIA in Spanish 29 Jan 84 'Metropoli' Supplement p 9

[Text] The Union of Low-Income Developments of the municipality of Naucalpan, Inc, through its head, America Abaroa Zamora, announced that, a few days ago,

it sent two draft proposals to the Local Congress of the State of Mexico. One of them seeks to reform the State of Mexico's Municipal Finance Law, citing the social problems resulting from the water shortage and the excessive increase in the costs of purifying, bringing in and supplying the precious liquid.

The other draft proposal is intended to reform the State of Mexico's Municipal Organic Law, adding a Section IV-A to Article 42, which would authorize the town halls to obtain the concession for the distribution of gas for household use.

The explanation of reasons for the first proposal stresses that the social problems stemming from the drinking water shortage and the increase in costs of purifying, bringing in and supplying that liquid make those belonging to the low-income sectors of the urban area the ones most harmed in the society, because the lack of the most fundamental services (including, precisely, the absence of a suitable drinking water system) is compounded by the constant increase in the tax burden in various categories.

It is also claimed that the large population groups are still been treated, for purposes of paying taxes for services, on an equal footing with the bourgeoisie living in residential areas, and with that operating in industry and trade, who are really the ones fully enjoying the urban services.

It states that NAUCOPAC hails the incentives that the aforementioned law has established for saving drinking water, by setting discount percentages for lesser amounts of water consumed; but that the same measure should call for an increase in the rates associated with the surtaxes for industrial and commercial use.

"As a right of the population to better living conditions, we cite the need, so long as there is not constant, continuous service in supplying drinking water, and until a meter has been installed, for not applying rates based on a cubic meter. Rather a special rate should be set for such cases, using a charge of 1.57 percent of the minimum wage for the area involved."

As for the second proposal, NAUCOPAC proposes that the town halls be authorized to conclude agreements with PEMEX [Mexican Petroleum] so that they may be supplied directly with household gas.

It states that, if the reform is approved, the profits now being made by the concession-holders would go to the municipality; thereby setting up a revolving fund for rendering that service, and even others, in a better manner.

2909

CSO: 3248/489

PEASANT GROUP ATTACKS AGRARIAN REFORM LAW CHANGES

Mexico City UNOMASUNO in Spanish 15 Feb 84 p 22

[Political advertisement by National Coordinating Body for the Ayala Plan]

[Text] After over 70 years of peasant struggles, Zapata's ideals continue to be more effective today than ever. Since the armies of Zapata and Villa were betrayed, the bourgeoisie's governments have refused to resolve the demands of the rural poor satisfactorily.

The government's repressive, anti-peasant policy has been most clearly defined by the approval of some changes to the Agrarian Reform Law. The essence of those changes is profoundly reactionary in nature and, in fact, it has lent a new impetus to neolatifundism and to the penetration by imperialist capital.

In order to progress in the total resolution of our demands, the National Coordinating Body for the Ayala Plan (CNPA) has decided to call for peasant mobilization. The peasant contingents will leave various parts of the country, arriving in Mexico City on 10 April and, paying tribute to our Gen Emiliano Zapata, we shall raise throughout the entire country the cry of "land and liberty," putting forth the following demands:

1. Against the regime's agrarian policy and for the immediate turnover of land to the poor peasants.
2. For political and democratic liberties, and against repression.
3. For democratic control of credit, production and marketing by communal farms, communities and landholding groups.
4. Against the high cost of living, unemployment and low wages imposed by the regime.

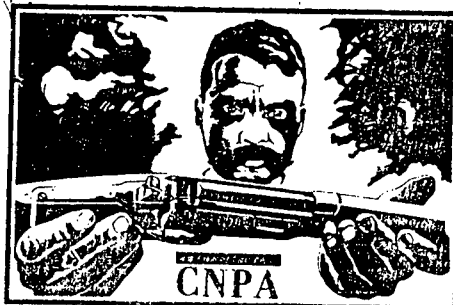
We call upon all the peasant organizations and groups which share these demands to join in this initiative for a peasant mobilization. Similarly, we appeal for the solidarity of all popular, democratic, revolutionary organizations, and of the people as a whole.

Let us struggle today for land and also for power!

National Coordinating Body for the Ayala Plan

Responsible for the publication: Carlos Ramos, Saul Vicente, Ana Sandoval and Alfonso Chanes.

**¡A IMPULSAR LA
MOVILIZACION
NACIONAL
CAMPESENA!**



Drawing Caption:

Promote the National Peasant Mobilization!

2909

CSO: 3248/489

ARGUMENTS FOR, SUPPORTERS OF SOCONUSCO AUTONOMY PRESENTED

Mexico City EXCELSIOR in Spanish 6 Mar 84 pp 5-A, 27-A

[Article by R. Hernandez L.]

[Text] A specter haunts the Mexican-Guatemalan border--autonomy for El Soconusco.

Nine months ago, in reaction to centuries-old abandonment and neglect by the Federal and state governments, the devastating existence of agricultural blights and the impact of immigration from the Central American isthmus, the Tapachula politician Alonso Rodriguez Gamboa revived the demand that the 16 municipalities of El Soconusco in the state of Chiapas be converted into the 33rd state in the Mexican federation, and the men in power called him a madman.

But others, especially wealthy persons, supported him. The idea spread; small meetings were held; in one or another of the three coastal municipalities, adherents were won over to the cause. At that time the debate was carried on seriously but quietly, covertly and fearfully, by the principal political forces in the state. It was like a rock that in falling carries others with it. For this reason, the Secretariat of Government had to intervene. But the movement continues.

Today its principal promoters released a lengthy document addressed to the president of Mexico and to the parliamentary political factions in the Federal Congress of the National Action Party [PAN] and Unified Socialist Party of Mexico [PSUM], summing up El Soconusco's problems and, at the same time, announcing that, on 1 April, a general council of the 19 coastal towns will be set up to decide whether or not to declare the area a free and sovereign state.

The importance of the movement can be judged by the quantity of information in Chiapas newspapers, by the documents handed over to this correspondent by various sectors of varied opinions. Opposing it and speaking on behalf of 18 mayors of coastal towns, Cipriano Barrera Cruz, mayor of Escuintla, called "those who want to divide the fatherland near-sighted and traitorous;" Jorge Moscoso, leader of the Mexican Workers Party [PMT] in the state, affirms that

those most interested are the big landowners and merchants. But the arguments in favor of it are similar

Andres Bejarano Ortega, leader of the region's coffee-growers, also laments the neglect and unequal treatment to which the area has been subjected. "Nothing of what is taken out comes back again," he says. For this reason such movements are justified. On behalf of the Social Democratic Party, Angel Aguiar Diaz declares that its national leadership has decided to support autonomy for El Soconusco.

The debate is getting rougher. In conversation with this correspondent, Oscar Mauro Ochoa Zepeda, the new head of the League of Agrarian Communities of the CNC [National Peasant Confederation], recognized the problems and social contradictions of the area but insisted that "the solution is not to seek separation." Other, more emphatic people every day send letters to the newspapers with categorical declarations; "They are putting the country's security at risk," they warn.

As of now, 9 months and 5 days have lapsed since the idea was revived. El Soconusco was a territory free of Guatemala and Mexico for 18 years, until 11 September 1842, when it became part of Chiapas.

Alonso Rodriguez Gamboa agreed to meet the EXCELSIOR correspondent in one of the restaurants on the central square. A witness to the conversation was the journalist Alfredo Cordova Solorzano, a promoter of autonomy for El Soconusco and former PSUM candidate for mayor of Tapachula. Today he is leader of the Workers, Peasant and Students Coalition (COSES) and chief editor of the newspaper EL ORIBE. With each statement he handed over documents and he traced the history of this movement, which "has caused concern and fear in many but has also won the support of those who resent the neglect."

"Chiapas has totally abandoned us," alleges the document circulated on 1 June 1983, in which the call was made for creation of a "33rd state." The similarity between it and the letter sent today to President Miguel de la Madrid and the national leadership of the opposition parties is evident in the diagnosis of the situation:

"The programs to fight blights on coffee and other products are ineffective and wasteful without giving any results. They are frauds that should be investigated. There are obvious forms of corruption in Bancrisa, Mecafe and Conadeca; the Plan Chiapas projects should be audited," they say.

Afterwards, he explained this position: El Soconusco is the richest region in the country; it contributes the most to the state budget and receives less than 20 percent of the expenditures; only 20 percent of the potential for agricultural, stock raising and fishing production is utilized; more than 500,000 hectares are lying idle. On the other hand, the Puerto Madero installations, which cost 4 billion pesos, now serve no purpose; the ecology continues to change; fleets from Veracruz and Oaxaca benefit by the riches of the coast; archaeological riches are being sacked and destroyed...the list is endless.

The COSES convention of 18 February came to the same conclusions. A representative from the Secretariat of Government came to this convention to say that Rodriguez Gamboa spoke with the leaders for several hours. The governor did not try to do anything. "They do not understand that the best way to prevent Mexico from going the way of Central America is to confront this situation, which has brought only the specters of hunger and social violence to El Soconusco," he reiterated insistently.

Rodriguez Gamboa agrees that the municipal governments and PRI leaders in the state are still opposed to the idea. He also agrees that there is not yet a strong popular movement in support of it. But he proudly recalls that "this only began 9 months ago and has already received much support in the 19 coastal municipalities."

In a quiet voice, he said: "Everyone knows that we have decided on 1 April as the date on which to set up the general council of the 19 coastal towns. And when the promoting organization is a social organization, nothing will be able to stop it," and he handed over a document that is being widely circulated among the municipalities and party and government offices: "Bases for the Formation of El Soconusco as a Free and Sovereign State," with a 38-point program. "The Constitution backs us up," said the present leader of what apparently will be a regional party come 1 April.

12336

CSO: 3248/487

BRIEFS

FOREIGN INVESTMENT, CAPITAL FLIGHT LINKED--According to Bank of Mexico statistics, for the last 20 years, for every dollar that has come into the country, 2.6 have left; this situation will get worse now that the government has revealed the new foreign investment guidelines, the Mexican Workers Party [PMT] and Unified Socialist Party of Mexico [PSUM] predicted yesterday. In the opinion of both organizations, permitting majority participation by foreign capital "will only increase foreign control of our economy," this being added to the fact that the investment will not create jobs, because it has been shown that the intention is to impose the installation of complex machines, which would replace workers. The PMT and PSUM denied that the Mexican people welcomed foreign capital, "since it has been proven over and over that it has only served to decapitalize the nation"; "besides," the PMT maintains, "it is a well-known fact that the companies that have the most employees are Mexican, not foreign." The socialist organizations raised questions about the fact that the guidelines determined by the Secretariat of Commerce and Industrial Development for the external sector cover several areas vital to our economic development. They warned that, if the foreigners invest in capital goods and high technology in such industries as the chemical, petroleum and petrochemical industries, "national sovereignty will suffer even more." And they added: "These activities are being left in foreign hands so that those competing in the international market will be foreigners, not Mexicans. We are against the fact that this 'porfirista' scheme of things is being carried out on a much greater scale." [Text] [Mexico City EXCELSIOR in Spanish 19 Feb 84 p 14-A] 12336

PLANT DISMISSALS IN TLAXCALA--Tlaxcala, Tlaxcala, 25 Feb--As a result of the economic crisis, some 20 manufacturing companies in the industrial zone of Santa Ana Chiautempan and Apetatitlan have reduced their work shifts and laid off 3,000 workers and some 10,000 artisans in several municipalities in this state. Labor leaders Lucio Saldana and Odilon Zarate said that the companies eliminated the second and third shifts because of a seasonal drop in sales, tight credit and sizable inventories in their warehouses. They pointed out that most of the laid off workers were part-timers who could not demand their labor rights because they are hired only seasonally. The companies stopped giving the 10,000 artisans custom work for them to do in their home workshops; they also used to provide the raw material for these custom items, which the artisans would deliver weekly. They asserted that the layoffs would continue because the banks have refused to lend to industry. Therefore, several factories will shut down in the coming weeks. [Text] [Mexico City EXCELSIOR in Spanish 27 Feb 84 p 32-A] 8743

STPRM: BARRAGAN CAMACHO SUCCESSOR IDENTIFIED--Coatzacoalcos, Veracruz, 26 February--At noon today, in the presence of 5,000 workers from the industry, the director of the Trade Union of Petroleum Workers of the Mexican Republic [STPRM], Senator Salvador Barragan Camacho, identified the secretary general of Local 10 of the labor organization in the south, Sebastian Guzman Cabrera, as a virtual candidate to succeed him on the STPRM National Committee. As a birthday present (he has reached the age of 55), a party was held for Guzman Cabrera at the oil industry's club in this town where, at an expense of over 10 million pesos, 10 beef cattle, as well as beverages, were consumed, with musicians from the University of Veracruz; and Barragan Camacho made the announcement of his virtual replacement. Federal Deputy Wilfredo Martinez Gomez spoke at the function, reiterating the fact that the oil workers in the southern zone backed Barragan Camacho's decision to name Guzman Cabrera as a future national director of the oil workers' association. In attendance were 29 heads of oil workers' locals. Guzman Cabrera told the oil workers: "Just as the workers at one time retrieved the oil from foreign hands, in the same way they will battle in the future against the snares that are set for the union organization." [Text] [Mexico City EXCELSIOR in Spanish 27 Feb 84 p 32-A] 2909

CSO: 3248/503

BOUTERSE ASKS POLICE CORPS TO ASSIST REVOLUTION

Paramaribo DE WARE TIJD in Dutch 23 Feb 84 p 1

[Text] In his talk Wednesday morning, the Commander of the National Army asked the men of the Suriname Police Corps to lend their cooperation to the Suriname government.

The Commander addressed the men while introducing the Udenhout government to the Suriname Police Corps.

Only As a Nation Can We Solve Our Problems

The Commander said the following: "I am very pleased with the decision to introduce the policymakers to the men of the police corps.

"Important parts of the community must feel more closely involved in policy. Seemingly insignificant matters are apparently often very important. The entire community must be imbued with the fact that in the year 1984 the Udenhout government faces the great task of pulling Suriname out of its problems. Not a single government will succeed in doing this without the cooperation of vital parts of the community.

"Only as a nation can we find a solution for our problems. Our people too have a great task to be realized in 1984," the leader of the revolution said.

Change of Mentality

The Commander continued.

"As a first step, work must be done on a change in mentality. I want to convey this symbolically to the men of the police corps--symbolically, because I am now talking about a personal experience with the police.

"Recently, with two ministers and a foreign guest, I paid a visit to the nearly abandoned Constanica estate on the Commewijne.

"Early in the morning when we arrived, there was no one to be seen. Going to the shore, I met two fishermen whom I asked who was in charge here. The answer I heard was, 'Wan skotoe drape...' [Sranan dialect]

"When I went there I thought, 'This policeman is surely still asleep, because this looks like a ghost town.'

"There are only mosquitos and snakes here.

"After knocking, a policeman appeared before me in full uniform.

"Meticulously dressed and clean-shaven, a young man who was already at work at that hour of the morning in spite of the miserable state that the surroundings were in.

"I felt proud of this man who at that moment represented the police corps.

"Agent Third Class Cornelis Breider deserves a pat on the back, and I have already instructed the minister that this man receive an expression of satisfaction.

"So this is what I mean by change in mentality: this policeman has shown that in spite of all the miserable conditions in which he must work and live (since he has been there for years), he is present and meticulous at his post. This is the cooperation which the government needs in order to solve its problems," the Commander concluded his speech. With a firm handshake, the Commander expressed his satisfaction with Agent Breider to Provincial Commander Inspector Julian Chocolaad of Commewijne.

12271

CSO: 3214/27

BRIEFS

ADVISORY COUNCIL INSTALLED--Yesterday, 27 February 1984, Prime Minister Dr W. Udenhout, who is also minister of foreign affairs, installed the Foreign Affairs Advisory Council. This council, composed of six members, will advise the minister in all matters concerning Suriname foreign policy. Included in this is providing advice with regard to the structure of Suriname ministries and posts abroad. This council, which is the highest advisory organ within the ministry, is under the direction of Mr R. Cruden, and is further made up of Mr E. Amanh (vice-chairman), Ambassador Dr E. Leeftang, Ambassador Dr J. H. Kolader, Ambassador Mr R. Kensmil and Mr E. Nahar. In his speech for the installation, Minister Udenhout said that the establishment of this council is clearly a consequence of the setting of tasks by the interim government. In view of time periods and the expected urgency of certain advice, the council will have to meet frequently and have frequent contact with the minister. The minister said that in putting together the council he went on the basis of experience, loyalty and confidence in the individual persons. In his response, Chairman Mr R. Cruden thanked the minister for his confidence in the members, and touched on the importance of an advisory group such as this one. [Text] [Paramaribo DE WARE TIJD in Dutch 28 Feb 84 p 1] 12271

CSO: 3214/27

END