

125112

JPRS-LAM-86-021

25 February 1986

Latin America Report

19980831 137

DTIC QUALITY INSPECTED 4

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

REPRODUCED BY
NATIONAL TECHNICAL
INFORMATION SERVICE
U.S. DEPARTMENT OF COMMERCE
SPRINGFIELD, VA. 22161

5
149
A07

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

25 February 1986

LATIN AMERICA REPORT

CONTENTS

INTER-AMERICAN AFFAIRS

Peruvian, Venezuelan Presidents To Visit Uruguay (EFE, 24 Jan 86).....	1
Colombia, Ecuador Lift Bilateral Trade Restrictions (EL TIEMPO, 2 Jan 86).....	2
Chilean Exiles Condemn Repression in Paraguay (TELAM, 1 Feb 86).....	4
Briefs Peru-Ecuador Visa Change.....	5

ARGENTINA

Film of Demonstrations Leads to Arrests (BUENOS AIRES HERALD, 22 Jan 86).....	6
Brodersohn Denies Plans To Sign IMF Pact (BUENOS AIRES HERALD, 29 Jan 86).....	8
Grinspun's Plan To Streamline State Investments Detailed (Andres K. Alcaraz; SOMOS, 4 Dec 85).....	9
Pucara Sale to Iraq To Uplift Military Aircraft Industry (SOMOS, 11 Dec 85).....	13
CGT Unity Congress Called Destabilizing (BUENOS AIRES HERALD, 2 Feb 86).....	15

BOLIVIA

Chamber of Deputies Repeals Compulsory Loan (La Paz Cadena Panamericana, 31 Jan 86).....	17
Disbursements for State-Run Companies Frozen (La Paz Cadena Panamericana, 29 Jan 86).....	18

Santa Cruz Drops Daylight Savings Time Request (La Paz Cadena Panamericana, 31 Jan 86).....	19
Briefs	
IMF Grants Standby Credit	20
Trotskyite Leader Arrested	20
BRAZIL	
Foreign Relations Ministry Prepares War Materiel Catalog (Roberto Godoy; O ESTADO DE SAO PAULO, 15 Dec 85).....	21
Sarney Speech on Military Role Favorably Received (Helio Contreiras; O ESTADO DE SAO PAULO, 15 Dec 85).....	23
Objectives of Army Technological Center Discussed (Helio Contreiras; O ESTADO DE SAO PAULO, 12 Dec 85).....	25
PETROBRAS Investments To Increase 6 Percent in 1986 (O ESTADO DE SAO PAULO, 12 Dec 85).....	27
Record 1986 Exports Projected; Impact of Drought (O ESTADO DE SAO PAULO, 10, 17 Dec 85).....	29
Export Projections	29
Drought Will Reduce Exports	30
Consumption of Energy Products Rises 3 Percent in 12 Months (O ESTADO DE SAO PAULO, 14 Dec 85).....	32
VW Alters Strategy So as To Expand in 1986 (O ESTADO DE SAO PAULO, 13 Dec 85).....	33
Briefs	
1985 Strike Figures	35
Antarctic Expedition	35
CHILE	
Text of Proposed Electoral Law Sent to Parties for Reaction (EL MERCURIO, 27 Dec 85).....	36
Democratic Group Proposes Electoral Regulations (ANALISIS, 21-27 Jan 86).....	37
MAPU Party Publishes 'People's Commitment' (ANALISIS, 17 Dec 85).....	39
Leader of Briones Faction of Socialist Party Gives Views (Akim Soto Interview; QUE PASA, 26 Dec 85).....	41

Mortgage Payment, Oil, Telecommunications Legislation Changes (EL MERCURIO, 27 Dec 85).....	48
Court Imposes Restrictions on CTC Leaders (Radio Chilena, 30 Jan 86).....	50
Long-Studied Easter Island Port Plan Readied (LA NACION, 18 Dec 85).....	52
Coastal Highway To Create New Towns, Agricultural Expansion (LA NACION, 10 Dec 85).....	55
Briefs	
Maritime Development for Southern Zone	58
Egyptian Amphibious Vessels Reconditioned	58

COLOMBIA

Increased Political Activity Seen in 1986, Centennial Year (Roberto Pombo; EL TIEMPO, 2 Jan 86).....	60
1985 Census Reflects Decline in Demographic Growth (Carlos Ronderos T.; EL TIEMPO, 13 Dec 86).....	63
Government Sets Goal of 4.5 Percent Economic Growth in 1986 (Jose Fernando Lopez; EL TIMPO, 5 Jan 86).....	66
Defense Minister Confirms Study To Call Up Reservists (EL TIEMPO, 9 Jan 86).....	70
Briefs	
Mining Exploitation Rights Limited	72
French Credit Aids PAPELCO	72
Uraba Military Brigade	73

CUBA

Ricardo Alarcon on U.S. Role in UN Over Last 40 Years (Ricardo Alarcon de Quesada; GRANMA WEEKLY REVIEW, 29 Dec 85).....	74
--	----

ECUADOR

Congress Issues Report on 1985 Activities (EL UNIVERSO, 23 Dec 85).....	80
Armed Forces Role in Democratic Consolidation Underlined (EL UNIVERSO, 2 Jan 86).....	82
No New Standby Agreement Needed for 1986 (EL UNIVERSO, 24 Dec 85).....	84

Briefs		
Students Demonstrate Against Administration's Policies		86
Vice President on Oil Prices		86
MEXICO		
CTM Leaders Describe Labor Congress as 'Obstacle'		
(THE NEWS, 22 Jan 86).....	87	
Favorable Trade Balance Includes Decline in Exports		
(NOTIMEX, 5 Feb 86).....	88	
Former PSUM Members Switch to PST in Veracruz		
(UNDMASUNO, 21 Jan 86).....	90	
Briefs		
Trade Agreement With Canada Signed		91
NICARAGUA		
COSEP's Bolanos on Current Economic Situation		
(EL SIGLO, 23 Jan 86).....	92	
PANAMA		
Communist Leader Says Foreign Debt Must Be Paid		
(ACAN, 23 Jan 86).....	96	
PARAGUAY		
New Itaipu Agreements Signed With Brazil		
(PATRIA, 29 Jan 86).....	98	
PLR Condemns Police Action Against MOPOCO		
(Radio Primero de Marzo, 27 Jan 86).....	100	
Police Ban Engineering Students Meeting		
(HOY, 28 Jan 86).....	101	
Briefs		
British Ambassador Meets National Accord		102
Foreign Diplomats, National Accord		102
Loans for Airport, Bridge		102
Exports Council Created		102
Fuel Prices Adjusted		103
Foreign Debt		103
Hunger Striker Ordered Hospitalized		103
PERU		
Income Tax Law Changes in 1986		
(Raul Ferrero C.; EL COMERCIO, 12 Jan 86).....	104	

Briefs	
Gen Valdivia Fuentes Retires	107
Government Appointments	107

SURINAME

Government To Impose Stricter Foreign Exchange Laws (ANP NEWS BULLETIN, 15 Jan 86).....	108
--	-----

Briefs	
Long-Term Decline in Bauxite Earnings	110
Computerized Registration of Individuals	110

VENEZUELA

Consalvi's Endorsement To Amend OAS Charter Denounced (EL UNIVERSAL, 17 Dec 85; EL DIARIO DE CARACAS, 7 Dec 85).	111
---	-----

COPEI Demands Explanation, by Alirio Bolivar	111
Consalvi's Statements, by Cenovia Casas	112

Administration's Performance During 1985 Viewed (EL DIARIO DE CARACAS, 21 Dec 85).....	115
---	-----

Agriculture Plays Key Role in Economic Recovery (EL UNIVERSAL, 22 Dec 85).....	117
---	-----

COPEI Labor Sector on Salary Adjustments (EL UNIVERSAL, 22 Dec 85).....	124
--	-----

Hernandez Grisanti's Nomination as OPEC President Viewed (Ludmila Vinogradoff; EL NACIONAL, 9 Dec 85).....	125
---	-----

Hernandez Grisanti Announces New Marketing Policy for OPEC (C. R. Chavez; EL UNIVERSAL, 18 Dec 85).....	129
--	-----

Oil Revenues Since 1975 Estimated at 125 Billion Dollars (C.R. Chavez; EL UNIVERSAL, 15 Dec 85).....	133
---	-----

Light Oil Field Discovered in Monagas State (C.R. Chavez; EL UNIVERSAL, 20 Dec 85).....	136
--	-----

Salary Adjustments Expected To Benefit 2 Million Workers (Jose R. Hurtado; EL UNIVERSAL, 22 Dec 85).....	138
---	-----

Briefs	
Carbozulia To Become Subsidiary of PDVSA	141
Crude Oil Reserves at Lagoven	141

INTER-AMERICAN AFFAIRS

PERUVIAN, VENEZUELAN PRESIDENTS TO VISIT URUGUAY

PY250132 Madrid EFE in Spanish 1418 GMT 24 Jan 86

[Text] Montevideo, 23 Jan (EFE)--Peruvian President Alan Garcia and Venezuelan President Jaime Lusinchi will officially visit Uruguay during the next few months to hold meetings with their Uruguayan counterpart, Julio Maria Sanguinetti.

According to official sources, Garcia will make a 24-hour visit in February, and his tour will also include Argentina.

The Peruvian president will return the visit Sanguinetti made to Lima in July 1985 to attend the presidential inauguration.

The sources stated that some of the issues to be reviewed by the presidents include the Latin American foreign debt, which is estimated at \$360 billion; regional unity; and the Central American situation--their two countries, along with Argentina and Brazil, form the Contadora support group.

Lusinchi's visit is scheduled for March or April. The date will be confirmed by the respective foreign ministries soon.

Lusinchi will also return the visit Sanguinetti made to Caracas after diplomatic ties were resumed on 1 March shortly after the inauguration of the Uruguayan democratic president.

Venezuela severed diplomatic ties with the Uruguayan military regime as a result of the kidnap of a Tupamaro guerrilla woman in the garden of the Venezuelan Embassy where she planned to seek asylum.

Lusinchi's visit to Montevideo is being interpreted as an expression of friendship and a willingness to strengthen bilateral relations.

Official sources have reported that during their visits, the Peruvian and Venezuelan presidents will also hold meetings with congressmen and opposition leaders.

/9274

CSO: 3348-400

INTER-AMERICAN AFFAIRS

COLOMBIA, ECUADOR LIFT BILATERAL TRADE RESTRICTIONS

Bogota EL TIEMPO in Spanish 2 Jan 86 p 11-A

[Text] The governments of Colombia and Ecuador agreed to lift restrictions on bilateral trade between the two countries beginning 1 January in a new effort to overcome trade problems and strengthen trade between the two countries.

That preferential treatment will remain within the spirit of unity of the Andean Group and ALADI [Latin American Integration Association]. Priority will be given to products from these countries over those that come from nations outside the subregion.

With that agreement, it is estimated that trade between Colombia and Ecuador will total at least \$80 million in the first half of 1986.

The Colombian minister of economic development, Gustavo Castro Guerrero, explained that the agreement with Ecuador is based on the following aspects.

Both governments promised to give priority to mutual trade and not to introduce restrictions that hinder that trade.

The two countries must apply the common foreign tariff of the Andean Group to the products which have been assigned to one of the two countries under the commitments in the Cartagena Agreement.

The Ecuadoran Government promised to grant a 75-percent margin of preference to the tariff in effect for third countries for a number of Colombian products. Colombia managed to overcome past disagreements about this. Some of the national products that will receive that favorable treatment from Ecuador are: white cement, carbon, polyester, polyvinyl chloride, different types of paper, glass, and centrifugal pumps.

These preferences must be in effect by 31 January. The following requirements are included:

The products must originate in the exporting country (in this case, Colombia) in accord with the existing provisions of LAFTA and the Andean Group.

In the case of unspecified agricultural, livestock, and fishing products, there must be a specific agreement in each case in order to seek preferential supply of the import needs of the other country.

Each country can establish appropriate controls for problems like overbilling, underbilling, fictitious exports, and technical smuggling based on the customs laws in effect in each country. The application of those controls must not restrict normal and legal trade.

As a complement to the trade agreements, the two governments agreed on the need to give incentives to the formation of binational enterprises in the two countries and exchange specifications for parts for the automotive industry.

Minister Castro Guerrero pointed out the importance of agreements of this type to normalize bilateral trade and indicated that such agreements do not violate the spirit of Andean integration.

7717

CSO: 3348/347

INTER-AMERICAN AFFAIRS

CHILEAN EXILES CONDEMN REPRESSION IN PARAGUAY

PY020141 Buenos Aires TELAM in Spanish 2158 GMT 1 Feb 86

[Text] Buenos Aires, 1 Feb (TELAM)--The national executive committee of Chile Democratico [Leftist-leaning group of Chilean exiles residing in Argentina] has strongly condemned the brutal attacks on more than 50 leaders of the Colorado Popular Movement (MOPOCO) at the hands of henchmen of the military dictatorship of tyrant Alfredo Stroessner.

In a communique signed by Chile Democratico Director Federico Cavada Kuhlmann, the organization stated that this new violation of freedom, of human rights and human dignity, was carried out by dozens of policemen and personnel from specially trained repressive services, who burst into a MOPOCO meeting with weapons and special equipment, injuring several leaders.

Chile Democratico voiced its permanent solidarity with the struggle the Paraguayan people are waging for liberation, and stressed that Chile and Paraguay are engaged in a common struggle to free their peoples from the bloody dictatorship of Pinochet and Stroessner.

/9274

CSO: 3348/400

INTER-AMERICAN AFFAIRS

BRIEFS

PERU-ECUADOR VISA CHANGE--Supreme Resolution 0598-85-RE approves the agreement between the governments of Peru and Ecuador to eliminate entry visas on diplomatic, official and special passports. (EL PERUANO, 1/10/86, page 41547.) [Text] [Lima EL COMERCIO in Spanish 13 Jan 86 p A4] 8926

CSO: 3348/382

ARGENTINA

FILM OF DEMONSTRATIONS LEADS TO ARRESTS

PY222111 Buenos Aires BUENOS AIRES HERALD in English 22 Jan 86 p 9

[Text] (DYN-NA)--Judge Marcelo Fainberg ordered the arrests of 18 people last night for their alleged involvement in violence at last Monday's clashes between police and protestors against banker David Rockefeller.

The identity of those to be arrested was not immediately known, but Fainberg proof reportedly was based on seeing films and still photographs taken during the violent demonstrations.

The films, one made by a local television channel and another by a United States filmmaker, were subpoenaed by Judge Fainberg on Monday.

Some 21 people remain in jail by order of the city police chief, in connection with the downtown street chashes between police and protestors.

Family members of the detainees said yesterday they were angry that police had "intended to catalogue them as vandals and provocateurs, since in fact they (the detainees) were the victims of police action."

The relatives again demanded "immediate freedom for our children and spouses" and called for an investigation into "these events that had as their victims Argentine youths, who as much in the dictatorship as in the Malvinas knew to confront the enemy of our people." [as received]

The Argentine Human Rights League (LADH) denounced that detained protestors were subjected to brutality in Villa Devoto prison.

LADH lawyer Hector Trajtemberg said that the detainees were beaten during interrogation, while those who identified themselves as "communists" were separated from the rest.

Beatings were meted out equally to all detainees, however, said Trajtemberg.

Victor Hugo Gomez, the young communist seriously injured at last Monday's violence when a tear gas grenade went off next to his abdomen, again deteriorated last night. Tomorrow he will be moved to the French hospital to have a series of tests conducted, according to communist party spokesmen.

Gomez has been in intensive care for eight days now at the Ferroviario hospital, and today showed gastro-intestinal problems and persistent diarrhea, causing doctors to suspect intestinal damage.

The Workers Party, meanwhile, called for a multi-partisan committee, with access to all relevant police material, to investigate "the totality of what happened in the demonstration against Rockefeller."

/9274

CSO: 3300/67

ARGENTINA

BRODERSOHN DENIES PLANS TO SIGN IMF PACT

PY301530 Buenos Aires BUENOS AIRES HERALD in English 29 Jan 86 p 3

[Text] (DYN) Treasury Secretary Mario Brodersohn denied on Monday that he was planning a trip this week or next to the United States in order to sign debt refinancing agreements with the International Monetary Fund (IMF).

Brodersohn also denied his Economics Policy Under-Secretary Jose Luis Machinea, had signed an extension on the 15-month IMF credit stand-by that falls due in March, once certain fiscal account adjustments were made.

Any new accords with the IMF will wait until after Congress has approved the 1986 budget, Brodersohn said.

Speaking on Radio Rivadavia, the Treasury head said the new phase of the Austral Plan, rather than a second stage, will be aimed at "coming up with the structural changes necessary for the country to start growing again."

Whereas the "agricultural sector has been dynamic and aggressive, made significant structural changes and increased its productivity," he said, "industry has lagged behind for the past 15 years."

In relation to a reported "tax on professionals," Brodersohn admitted the idea is under study: "We think post-graduate courses should be set up for people with university degrees to carry on with their education."

However, he continued, "We don't have resources to pay all that and professionals have had free education in Argentina, so I think it would be important for them to make an extra effort to help support this plan for post-graduate training in the future."

/9274

CSO: 3300/67

ARGENTINA

GRINSPUN'S PLAN TO STREAMLINE STATE INVESTMENTS DETAILED

Buenos Aires SOMOS in Spanish 4 Dec 85 pp 38-40

[Article by Andres K. Alcaraz]

[Text] The Grinspun Plan pursue its course. In the coming days, the government will have to make a decision for or against the draft internal discussion on the 1986-1990 investment program the current secretary of planning is in the process of preparing, and which SOMOS will publish exclusively.

Within the overall framework of the National Development Plan, one of the chapters, covering 136 pages, is devoted to the National Public Investment Program, based on the premise that "public investment has been the variable factor with the greatest relative increase in recent years in an economy characterized by paralysis and recession," which has led to "greater participation in public expenditure and becoming a factor in considerable additional indebtedness. This process has led to a sizeable fiscal imbalance, and in view of the lack of genuine sources of financing, it has been necessary to have recourse to currency issues."

The goals for public investment can be summarized in four points:

- Consolidation of the economic and social infrastructure such as to make it possible to achieve sustained growth, a process in which the private sector will play the role of protagonist.
- Strengthening of the state in all its basic functions, with the abandonment of complementary functions which hinder and pose obstacles for the development of a modern, flexible and efficient state.
- Alleviation of the regional imbalances and the strengthening of federalism, in order to consolidate the democratic structure.
- Improvement in the general well-being of the citizens, through a sustained increase in private and public productivity, the only proper way of effecting this increase.

The work drafted under the guidance of Bernardo Grinspun explains that "the lack of an adequate level of investment creates a restriction which will have to be corrected initially through an international contribution of capital and the reduction of foreign obligations, but the deeper cause of Argentine paralysis would not be attacked if the problems of investment productivity were not taken up in addition. The transfer of an increasing volume of private investment resources to the public sector have in fact resulted, because of the productivity differential, in a narrowing of the potential path toward economic growth." The conclusion drawn is "the urgent need to reorganize and modernize the functions of the state, such as to allow an increasing participation by society as well, by involving the private sector in growth."

In this connection, the proposed actions are as follows:

--The state can be reorganized through the division, separation and merger of units producing goods and services. The primary goal is to reduce the concentration of economic power in the hands of the state with a view to better social control.

--Decentralization, to achieve greater efficiency and the strengthening of federalism. The transfer of activities or functions to the provinces will make greater control on the part of the users possible. In addition, it will facilitate a reduction of personnel in those cases characterized by duplication and redundancy.

--Deregulation will result as a consequence of reorganization and transfers to the private sector, in some cases, and as a consequence of the elimination of certain bureaucratic regulations, in others, with the elimination of bodies invested with police authority. The basic purpose is to encourage private participation under competitive conditions.

--Transfers to the private sector, along with other actions, will improve the overall efficiency of the public sector through the reduction of state participation in activities which do not have priority, and do not serve social or advancement purposes.

As the breakdown of investments for the public sectors regarded as crucial is begun, the following undertakings and definitions emerge:

--Energy. This will without a doubt play a leading role. The overall investments in exploration for the next 5-year period can be estimated at an average of \$200 million annually. A high proportion of this figure may come from the private sector. To increase oil production, public and private activity added together may generate investments of about a billion dollars annually in the coming years. The private sector could invest \$300 million annually, for the exploitation of marginal high-cost areas, secondary recovery and well repair alone. To avoid venting gas, plants with a total value of \$70 million annually will be required. For the industrial processing of this gas (fertilizers, methanol, methane derivatives, etc.) the estimated investments come to about \$150 million annually.

Transportation. The main goal for the 1986-1980 period is to regain the historic investment levels, with an additional effort to reassess dimensions. Toward the end of the 5-year period, therefore, a contribution of 23 percent of the public investment total (\$4.413 billion) is foreseen. The investment program for the National Highway Office requires that by 1990, the resources obtained total \$1.454 billion. Of this, 26 percent will go to the repair of paved roads, 30 percent for the paving of dirt roads, 17 percent for the expansion of the existing capacity, and 10 percent for the graveling of dirt roads, with the balance going for bridges, minor and emergency projects. For the Argentine railroads, the planned investment comes to \$2.256 billion (70 percent of this sum will go for the purchase of traction and towing equipment). A total for the 5-year period of \$242 million will go to the General Port Administration. Of this total, the port of Buenos Aires will get 45 percent, the port of La Plata 18 percent, and the ports in Patagonia 10 percent. Another \$134 million will go to the Argentine Shipping Lines (ELMA), basically for the construction of six 20,000-ton multipurpose vessels. Argentine Airlines would get 616 million for the installation of a testing bench.

--Communications. Here the ENTEL [National Telecommunications Enterprise] accounts for 90 percent of the sector (8 percent of domestic public investment and 0.4 percent of the gross domestic product). During the 5-year period, it plans to install a million telephone lines--the Megatel Plan--at an approximate cost of \$886 million. Where efficiency is concerned, the state telephone enterprise proposes to improve its productivity index in the coming years, reducing the employees from 22 for each thousand lines to 14.

--Agriculture. There are important comparative advantages in the country, particularly in the pampas region, which have been developed in recent years thanks to technological advances making a greater increase in productivity possible, with the resulting potential for achieving increases in grain surpluses for export. In order to achieve this goal, it is necessary to increase the profitability of the producer, to popularize technology and expand the farm frontier. These are goals which are set forth when the National Agricultural Program (PRONAGRO) was formulated. The distribution of investments plan for the 1986-1990 5-year period pertains specifically to the funds for the INTA [National Institute of Agricultural-Livestock Technology], the silo construction program and the PRONAGRO. A sum in excess of \$174 million is allocated to the agricultural sector for this period.

--Industry and Mining. Plans call for the investment in this sector of more than a billion dollars in the course of the 1986-1990 5-year period. In the industrial sector, public investment accounts for 0.4 percent of the gross domestic product (\$150 million), including enterprises, corporations and mixed companies in the defense area. The goals for mining, according to the Mining Expansion Plan which has been drafted, call for an increase from production worth \$60 million in 1985 to a total of \$1.17 billion by the year 2000, an increase in the replacement of imports from \$33 million to \$468 million, and an increase in exports from \$15 million to \$270 million, while jobs would be increased from 8,400 to 30,760 between the years 1985 and 1990.

Planned National Public Investment 1986-1990
(In Percentage of the Gross Domestic Product = \$60 Billion)

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
Economic Sector	3.58	5.58	5.74	5.66	5.11	4.70
Energy, transportation, communications, industry and mining, agriculture						
Social Sector	0.36	0.83	1.00	0.99	0.81	0.72
Education, health, sewage services, social security						
Others	0.23	0.52	0.57	0.56	0.53	0.51
Defense and security, general administration						

5157

CSO: 3348/358

ARGENTINA

PUCARA SALE TO IRAQ TO UPLIFT MILITARY AIRCRAFT INDUSTRY

Buenos Aires SOMOS in Spanish 11 Dec 85 p 21

[Article by H.J.P.: "In Arab Skies"]

[Text] Radiant faces and expressions of satisfaction were the rule among the high-ranking military officers in the air force last week. The reasons for this attitude must be sought in two facts: the sale of 40 Pucara IA-58 aircraft to an Arab country, and the reorganization of the military airplane factory, which will make it possible to build aircraft of a different kind in Argentina in the immediate future.

It is no secret that the military airplane factory in Cordoba has equipment and machinery regarded as first-rate on a world level, and that it has been practically shut down in recent years. The Pucara project languished because of the lack of demand and the new advanced jet trainer, the Pampa IA-63, was in danger of getting no farther than the two prototypes already built, for lack of funds.

Unexpectedly, the sale of 40 Pucarats to an Arab country, in what was to be only a cover operation, because the final destination would be Iraq, provided the factory with the funds needed to assure the mass production of the Pampas in 1986. But matters did not stop there. Argentina will also supply parts for the Italian-Brazilian AMX fighter plane project.

In exchange for supplying these parts, the Brazilians will deliver 30 training planes of the Tucanal type, a turboprop apparatus which is much less complex than the Pampa, and which would serve as the first step toward the training of pilots, before undertaking the jet prototype manufactured by Argentina with the aid of the West German Dornier firm.

And the plans for the Cordoba airplane factory do not end there. Because of its modern equipment, a number of international firms have expressed interest in working with it to manufacture passenger and transport planes, helicopters and combat aircraft. The aeronautics personnel boast that they have received 22 proposals from various international firms, saying that they intend to select four at the most to "make the great leap in 1986."

It is estimated that there is a demand in Argentina for small and average aircraft (up to 50 passengers) for use on the commercial aviation feeder

routes. It is precisely in this sector that the lack of standardization in this country is almost total. Each aviation company has different models, and therefore maintenance, technical service, replacement parts and inspections are truly traumatic problems. In addition, the manufacture of a plane with these characteristics would make it possible to target a sector of the international market in which the large multinational companies in this sector are not competing so forcefully.

The 22 proposals of affiliation include one from Sweden, another from France, that from Dornier, one from Spain, one from Israel, four from the United States, one from the Netherlands, and so on. Apart from the passenger and freight plane and helicopter sector, there is increasing interest in the combat plane Argentina will substitute for its now ancient Douglas A4s, Mirages and Daggers.

In this connection, various offers are being considered, including one from the United States involving one of the F series, but the air force officials are inclined to stay with Douglas, with the new model M, which they regard as safe and efficient, in view of the excellent performance of the old A4s during the war in the Malvinas.

In order to set up this complex mechanism, the factory will cease to belong to the air force, becoming a corporation with total autonomy, in the form of a state company.

For the time being, Argentina has made its very first sale of planes designed and built in the country to another nation, and it will be able to provide the air force with a jet training plane which is also domestically manufactured. This appears to be no small beginning for the "takeoff" of the industry.

5157

CSO: 3348/358

ARGENTINA

CGT UNITY CONGRESS CALLED DESTABILIZING

PY022129 Buenos Aires BUENOS AIRES HERALD in English 2 Feb 86 p 13

[Text] (NA-DYN)--The CGT's [General Confederation of Labor] call for a "national unity congress" continued to draw praise and criticism from various quarters yesterday.

In Mar del Plata, Radical Deputy Leopoldo Moreau (Radical-Buenos Aires) criticized the unity congress idea because it could "create the conditions for instability."

"Argentine society has given a definitive 'no' to the corporativist scheme," said Moreau, adding that "neither the armed forces, nor the church, nor the unions govern the nation, the Argentine people do."

In a statement, the CGT reacted strongly to BA Province Radical Party head Juan Manuel Casella's criticism of the unity congress, saying that during his time as labour minister, "all the laws of the dictatorship continued in effect, as they do now."

"Democracy now seems to be frightened by democracy," said the statement.

The Intransigent Party said yesterday that it will attend the unity congress, as did the Peronist Youth.

CGT Secretary-General Saul Ubaldini said on Friday that a week after the general strike that shut down the country, the government and the trade union federation are still not on speaking terms.

Ubaldini also complained that the working class still "lives under the same conditions as during the dictatorship; with the labour laws of the process, without collective wage-bargaining, with 27 laws vetoed, and we're not even allowed to air a paid, twenty-second message on television."

The last assertion refers to a CGT advertisement that was to be aired the day before last week's general strike until it was banned by two TV stations, one of them government-owned.

In Cordoba, meanwhile, prosecutor Garciela de Pissicari brought suit yesterday against the head of the local CGT chapter, Miguel Angel Correa, whom she accused of trying to deny the right to work.

The suit stemmed from two incidents during the general strike, in which a picket line led by Correa allegedly tried to force two downtown restaurants to close. The penalty for infringing on the right is up to a year in jail.

Also in labour news, union leaders warned that bus transport--both long distance and within the city, plus the underground--could come to a halt throughout the country by the end of next week if no agreement is reached with management.

The bus-drivers' umbrella union (UTA) met in "extraordinary sessions" yesterday to examine salaries and work out strategy.

In Cordoba, the auto-workers union (SMATA) asked for the Labour Ministry's "urgent intervention" in its conflict with Renault Argentina, which on Friday laid off 17 workers due to slumping demand. SMATA called the lay-offs "inadmissible" in the face of "the crisis in which industrial machinics activity finds itself."

Cesar Loza, who was re-elected Friday as secretary general of the stevedores' union, called for the creation of a "great front" of maritime workers' unions to study the sector's problems and put together a "reactivation" proposal for ports, which would be presented to President Raul Alfonsin.

Court clerks repeated their criticism of the government for granting a 25-percent salary increase to judges while keeping clerks' wages frozen. They also held out the possibility of strike action soon.

The apartment porters' union said its members were on a "state of alert" throughout the country because, said the union, the recent five-austral increase brings wages only to 27 australs a month.

The health workers' federation of Buenos Aires Province (FEMEBA) said it agreed with the CGT leadership that union benefit funds, or obras sociales, "belong to the workers."

/9274

CSO: 3300/67

BOLIVIA

CHAMBER OF DEPUTIES REPEALS COMPULSORY LOAN

PY311520 La Paz Cadena Panamericana in Spanish 1130 GMT 31 Jan 86

[Excerpt] Planning and Coordination Minister Gonzalo Sanchez de Lozada has referred to a Chamber of Deputies decision to repeal the compulsory loan decree. He said that the executive branch decreed the loan in accordance with the Constitution.

[Begin Sanchez recording] I have just heard that our friend Capobianco [Chamber of Deputies vice president] has reported to us but I think that the Chamber of Deputies has gone too far, because the executive branch has a right to do this during a state of siege, according to Article (?112) of the Constitution, and the Congress cannot repeal it. I believe that the wrong procedure is being followed, but next week the situation will be clarified. [End recording]

In any case, the government seems to be determined to continue demanding enforcement of the compulsory loan decree.

[Begin Sanchez recording] It seems to me that everyone is interested in protecting those who are in a better position to give more. The compulsory loan is nothing excessive, it is very moderate and is applied only to the social class which can pay it, and it is a loan to the country. I think everyone should ask himself what the compulsory loan would be if it were imposed by the Sandinists while they are in power. [End recording]

/6662

CSO: 3348/406

BOLIVIA

DISBURSEMENTS FOR STATE-RUN COMPANIES FROZEN

PY011415 La Paz Cadena Panamericana in Spanish 1700 GMT 29 Jan 86

[Excerpts] The National Economic Stabilization and Reactivation Council this morning held its first meeting at the Foreign Ministry.

Finance Minister Juan Careaga reported on a \$21-million loan USAID has granted to Bolivia.

[Begin Careaga recording] The Council analyzed the country's financial situation based on several economic indexes. The Council is optimistic because the stabilization effort has been successful. In fact, the issuance of money has been substantially reduced, and the Council has been very pleased with this situation.

We also analyzed foreign credits. It was reported that Mr. (Dwight Ink), USAID director for Latin America, will arrive by mid-February to sign a (\$14)-million united loan to strengthen our balance of payments. [End recording]

Minister Careaga also reported that the Council decided to maintain the freeze on the disbursement of budgetary allocations for state-run companies.

[Begin Careaga recording] We analyzed the Finance Ministry's efforts to control fiscal credit levels, both in the national treasury and in state-run companies. We are trying to design a schedule of disbursements based on the needs of the treasury and state-run companies, in order to avoid unexpected situations that may cause distortions within the economy.

For the time being, the Council has decided to freeze the disbursements for state-run companies and to streamline the criteria for the use of funds. Only those absolutely essential items, like salaries, are being paid. [End recording]

/6662

CSO: 3348/406

BOLIVIA

SANTA CRUZ DROPS DAYLIGHT SAVINGS TIME REQUEST

PY312258 La Paz Cadena Panamericana in Spanish 1700 GMT 31 Jan 86

[Excerpt] The city of Santa Cruz has once again adopted the official, national time after admitting that (?difference) of time had caused problems for the development of activities in this eastern department.

On the same day, the Santa Cruz authorities decided to return to the national time Panamericana broadcast an extensive report on this issue.

Now that this problem has been resolved we have the statements by Santa Cruz deputy Walter (Pris):

[Begin recording] I believe that the problem regarding daylight savings time and the conflict that was apparently caused by the Interior Ministry when the Santa Cruz City Hall issued a measure to advance national time by 1 hour has been fully resolved. This problem has been overcome because it has been technically proven that the Santa Cruz authorities were right. It has also been proven that, from the economic point of view, it was possible to save electricity and the economic resources of the people of Santa Cruz who for more than a year have been subject to the rationing of electricity; a 3-hour cut at peak hours, that is, from 1900 to 2200. [End recording]

The Santa Cruz bloc has taken the initiative to draw up a draft bill proposing a summer timetable for the entire country as is used in other countries of the continent.

[Begin (Pris) recording] I believe that now that a draft bill proposing a summer and winter timetable for the entire country has been submitted to congress there is no need for a local timetable such as the one that has been adopted by Santa Cruz.

/6662
CSO: 3348/406

BOLIVIA

BRIEFS

IMF GRANTS STANDBY CREDIT--Information Minister Erlan Antelo has reported important news he received through the ANSA NEWS AGENCY: [BeginAntelo recording] This is very important news: The IMF administration has approved Bolivia's request for a credit and it has granted a standby credit to Bolivia. This was confirmed in a telegram sent by IMF Managing Director Jacques de Larosiere to President Paz Estenssoro. We believe it is important that Bolivia has broken the barrier of its isolation. This is an important (?development) in our new economic policy. Several more positive events have happened in the last few days, such as a decrease in the dollar price accompanied by the lowering of several staple prices. [End recording] [Text] [La Paz Cadena Panamericana in Spanish 1130 GMT 29 Jan 86 PY] /6662

TROTSKYITE LEADER ARRESTED--La Paz, 30 Jan (AFP)--It was reported here today that Bolivian Trotskyite leader Guillermo Lora, who is a leader of the POR (Revolutionary Workers Party), was arrested last night by Interior Ministry agents while on his way home. The POR's Press Office and the Local University Federation (FUL), which is controlled by the Trotskyite sector, requested the leader's release. His arrest was termed a violation of individual freedom. [Text] [Paris AFP in Spanish 1400 GMT 30 Jan 86 PY] /6662

CSO: 3348/406

BRAZIL

FOREIGN RELATIONS MINISTRY PREPARES WAR MATERIEL CATALOG

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Dec 85 p 2

[Article by Roberto Godoy]

[Text] For purposes of identification and registration, the Ministry of Foreign Affairs is attempting to locate Brazilian manufacturers of defense materiel or materiel for possible military applications so as to list all firms involved directly or indirectly in that sector in the next international edition of "Brazilian Defense Equipment," the only semiofficial catalogue of the national war materiel industry, which will be circulated in 1986.

It is not an easy job: by technical definition, the Ministry of Foreign Affairs is opposed to armed solutions in matters of foreign policy and condemns the arms race in all international bodies in which it participates. That being the case, it cannot officially encourage the activities of the industry which specializes in that field. But it can do so indirectly, and it uses a unit attached to the ministry--the Visconde de Cabo Frio Foundation--to publish the catalogues in question in English, Spanish, French, and Arabic.

Coordination is the responsibility of the Foreign Ministry's Department of Trade Promotion [DPC], which is formally defined as simply a legal channel for developing Brazilian exports of weapons and defense systems--and in fact it does the same with respect to any sales transactions with other countries. In practice, however, things do not quite work out that way: in the absence of a first-echelon organization in charge of foreign trade, the DPC is currently the federal agency responsible for making Brazil's war materiel industry--one of the 10 largest in the Western World and certainly the most important in the Third World--known.

Reliability

"Brazilian Defense Equipment" was first published in 1983 with 58 pages, a press run of 2,000 copies, and the participation of 14 manufacturers. The second edition came out in the first half of 1985, this time with 84 pages and a listing of 28 firms. "The reaction was very good, and it inspired the publishing, scheduled for 1986, of a work that is resolutely technical and standardized to the extent possible," says a source in the Ministry of Foreign

Affairs itself. The result is that by June, 9,000 copies of the catalogue with its new layout will be distributed to practically all accredited diplomatic missions in Brasilia, 105 nations, and a few international magazines "of recognized respectability" for personal delivery to the authorities concerned with the procurement of material for military use.

The prestige of official publications among defense professionals is very high--higher even than that of some magazines that specialize not only in military topics but also in selling--for a high price--institutional interviews and material. "The user knows that and does not trust the information they contain, preferring the austere and serious data found in a catalogue or a news report in the ordinary press--newspapers and magazines, for example," emphasizes a top executive in the ENGESA (Specialized Engineers, Inc.) group, which manufactures tanks and wheeled armored vehicles.

Maturity

In 1987, the fourth edition of "Brazilian Defense Equipment" may bear on its cover the seal of the republic, as is true of all other publications of its kind in Europe, Asia, and the United States. In the meantime, the main concern of the catalogue's coordinators is to persuade businessmen to accept the proposed standardized format. According to one official, "in several cases, there prevails the idea that he who pays is entitled to call the shots--and that has been a serious problem."

11798

CSO: 3342/54

BRAZIL

SARNEY SPEECH ON MILITARY ROLE FAVORABLY RECEIVED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Dec 85 p 4

[Article by Helio Contreiras]

[Text] Rio de Janeiro--President Sarney's speech at the Naval War College, in which he emphasized the mission of the Armed Forces "in the defense of order, security, and the democratic institutions," had an immediate and favorable effect in military circles. The military felt that the president had clearly recognized that the Armed Forces have responsibilities in the defense of order, security, and the democratic institutions and had thus endorsed the view of the ministers. In the Armed Forces, the debate that has already surfaced concerns their principal duties. All the military ministers have already declared themselves in favor of retaining the current constitutional principles giving the military institutions responsibility for not only external but also internal security.

With his speech--although this may not have been his intention as he spoke informally in the auditorium at the Naval War College--Sarney stated his position as president of the republic and supreme commander of the Armed Forces concerning one of the points in the current and future constitutions that have most motivated the Armed Forces: their constitutional duties.

The president's stand was clearly stated when he said that the navy, "in the past, in the present, and certainly in the future, alongside the other services, will constitute the assurance of a vigilant presence in the defense of order, security, and the democratic institutions." Those words are in total agreement with the duties that the military ministers want to see guaranteed in the 1987 Constitution. In other words, the military institutions should also keep their responsibility for internal security.

The constitutional duties being defended by the ministers on behalf of the Armed Forces did not emerge with the Movement of 1964, since they were already a historical tradition at that time, as was acknowledged recently in Rio de Janeiro by jurist Paulo Brossar before he took office as general adviser to the republic. The same was also acknowledged by another jurist, Evaristo de Moraes Filho, when he spoke on the subject at the Rui Barbosa House. Miguel Reale, jurist and former rector of the USP [Sao Paulo University], said on the

same occasion that the Armed Forces are responsible not only for external security but also for internal security, and he said that the army can be called into action by the president of the republic to carry out missions of an internal nature, including the task of enforcing a judicial decision.

The military ministers are not defending the constitutional principles regarding the Armed Forces on the basis of section 5 of the Constitution, which deals with national security. They themselves recognize that the national security policy no longer corresponds to the country's present situation.

As some jurists and judges on the Superior Military Court have admitted, the national security policy has been exaggerated in the past because of circumstances completely different from current conditions, in which the country is seeking to consolidate normality by legitimizing it more firmly through a new constitution.

It has been admitted within the Superior Military Court itself that the National Security Law no longer corresponds to the country's new realities, and that includes Minister Julio de Sa Bierenbach, who prefers, however, to let the constituent assembly determine the prerogatives of military justice in deciding whether civilians will be tried by that special court or not.

A public demonstration by President Sarney of his agreement with the thinking of the military ministers concerning the constitutional duties of the Armed Forces was not necessary to ensure his military support. He already has the resolute solidarity of his military ministers when it comes to pursuing his political plan. But there is no doubt that his speech at the Naval War College will be important in reinforcing stronger respect by military professionals for the policy of their ministers and the president of the republic.

Former President-elect Tancredo Neves emphasized on a number of occasions the importance of keeping the Armed Forces united for the institutional preservation of the country. In the current circumstances, there is more consistent unity than there has been on other occasions when that word was a compulsory component of military speeches.

With his speech, the president has substantially strengthened the current orientation adopted in the Armed Forces. That orientation has caused dissatisfaction in those who considered themselves harmed by the predominance of a more professional command strategy that removes the Armed Forces from political activities which, at some points over the past two decades, have eroded the military institutions. Those activities seemed directed more at ensuring unconditional support for the government than at strengthening the country's institutions, through which the nation becomes stronger and the Armed Forces are not used for risky undertakings of the kind that some groups wanted last year during the presidential succession.

11793

CSO: 3342/54

BRAZIL

OBJECTIVES OF ARMY TECHNOLOGICAL CENTER DISCUSSED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Dec 85 p 2

[Article by Helio Contreiras]

[Text] Rio de Janeiro--Gen Hermano Lomba Santoro, head of the Army Technology Center, told O ESTADO DE SAO PAULO yesterday that "the ground force's strategic plans in the scientific-technological sector are aimed at privatization, not nationalization, an option reflecting full confidence in the nation's private enterprise and therefore a liberal one." There is no protected market in the army's technological sector, and the viability of its plans is guaranteed by the training of human resources.

In that respect, Gen Santoro emphasized "the decisive contribution by the Military Engineering Institute, the Air Force Technology Center, and the Aerospace Technology Center, the latter headed by Air Force Gen Hugo de Oliveira Piva." Emphasizing that the army's plans of technological interest are decided at high army echelons, he recalled that that policy led to the establishment a year ago of the Secretariat of Science and Technology, which is headed by an army general--the final rank achieved in an army career. He added: "This is, therefore, a liberal option concerned with domestic manufacture, and parallel with development of the strategic plans, it has made it possible to strengthen national industry with the related social benefits."

As examples, Gen Santoro explained that this has already permitted development of the priority projects for the production of antiaircraft and antitank missiles, among other weapons that have been exported. In his opinion, the antiaircraft missile will be important, since it is a tactical weapon for neutralizing air attacks on armored columns and may play a crucial role in modern conventional warfare.

The general says that the army will soon explore the technology for another missile: the portable antiaircraft missile, which is used for defense at closer quarters. In announcing the Army Technology Center's objectives to the press for the first time, the general stated that use of the laser ray and of nighttime surveillance--the latter by means of optronic cells based on research in the fields of optics and microelectronics--has also been successful.

The officer emphasized: "There are at least three Brazilian firms in a position to develop the laser project. A laser has several uses: it can be used as a missile sensor or in telemetry--that is, in measuring distances in order to determine the necessary range for a gun."

He also said that the army has now mastered active infrared technology and that it now needs to develop the passive technology, which "is very difficult." Active infrared is used to emit infrared rays to see targets at night, but it betrays its presence. "Passive infrared is based on a different principle, and it is sensitive enough to detect what is happening on the basis of differences in the thermal image. It can detect things that a man cannot see, both at night and in heavy fog," said Santoro in conclusion.

11798

CSO: 3342/54

BRAZIL

PETROBRAS INVESTMENTS TO INCREASE 6 PERCENT IN 1986

Sao Paulo O ESTADO DE SAO PAULO In Portuguese 12 Dec 85 p 32

[Text] Brasilia--PETROBRAS will make investments on the order of 48 trillion cruzeiros in 1986, representing a real increase of 47.38 percent over the 12.1 trillion cruzeiros invested in 1985. This was decided yesterday by Minister of Planning Joao Sayad shortly before his departure for the United States, according to one of his advisers.

PETROBRAS investments, practically all of which are concentrated in the Campos Basin, represent one-third of the total 150 trillion cruzeiros earmarked for investment in 1986 by the 236 firms in the state productive sector. On average, investments by state-owned firms will rise by 6 percent, but except for the petroleum sector, only the electricity and telecommunications sectors will show a significant real increase in their investments.

In the case of petroleum, the goals to be achieved and already defined are the following: the continuation of exploration and production activities to reduce dependence on other countries and increase domestic reserves; the adaptation of refining facilities to meet the requirements of the domestic and foreign markets; a suitable price policy that will take prices on the international petroleum market into account; the exporting of petroleum products to take advantage of installed capacity and excess supply in the refining industry; and stepped-up efforts to improve the sector's technological capability by promoting research and development in connection with new prospecting and exploration methods.

The government plans to increase petroleum production from 565,000 barrels per day in 1985 to about 740,000 barrels per day in 1989, representing a real increase of 31 percent. It also expects the consumption of barrels of petroleum to rise from the current 930,000 barrels per day to 998,000 barrels per day in 1989, for an increase of 7.3 percent. Net imports will decline from 345,000 barrels per day to 258,000 barrels per day in 1989.

Electricity

In the field of electric energy, the government intends to expand installed generating capacity by 30 percent by the end of this administration's term and

to extend transmission lines by about 8,000 kilometers. Total investments by ELETROBRAS for 1986 have not yet been determined, but they will probably jump from this year's 11.1 trillion cruzeiros to somewhere around 33 trillion cruzeiros. The amount will not be determined until Sayad returns, especially since one purpose of his visit to the United States is to try to set up \$1.2 billion in cofinancing for this sector.

The telecommunications sector wants to invest 21 trillion cruzeiros, compared to the 5 trillion cruzeiros invested in 1985. But the conservative proposal by SEPLAN provides only for investments on the order of 15 trillion cruzeiros, or 10 trillion cruzeiros less than is wanted. The telecommunications sector is complaining that a pent-up demand for over 1 million telephone terminals exists.

A decision as to the total amount of investment by state-owned firms will also have to await Sayad's return. The proposal being circulated in SEPLAN comes to around 147 trillion cruzeiros. And overall expenditures are reported to total 804 trillion cruzeiros. But not until the 19th will we have the official 1986 figures for the state's productive firms.

11798

CSO: 3342/53

BRAZIL

RECORD 1986 EXPORTS PROJECTED; IMPACT OF DROUGHT

Export Projections

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 Dec 85 p 36

[Text] Santo Andre, Sao Bernardo do Campo, and Sao Caetano do Sul--The volume of Brazilian exports should set a record in 1986 and may total \$26.5 billion (compared to \$25 billion for 1985). But imports will also rise by at least \$1 billion, both to replace foodstuffs lost because of the drought and to meet the modernization requirements of industry, which will need new machinery.

Some foreign expenditures will be reduced. One example is spending on petroleum, foreign purchases of which will drop by \$500 million (for a total of \$5 billion, compared to \$5.5 billion in 1985), the drop being due basically to increased domestic production. The result is that the country will stick to its goal of closing the trade balance with a surplus of \$12.5 billion in 1986. The surplus for 1985 is expected to total \$12.3 billion--provided that Brazil again shows a trade surplus of \$1 billion in December--thereby exceeding the original goals (a surplus of \$12 billion) but less, in any case, than the \$13.4-billion surplus in 1984.

Those predictions concerning the performance of the country's trade balance in 1986 were made in Sao Paulo yesterday by Roberto Fendt, Jr., director of CACEX (Foreign Trade Department), after he had participated in a meeting with businessmen from the auto parts industry at SINDIPECAS (National Union of Automotive Component Manufacturers). According to Pedro Eberhardt, chairman of SINDIPECAS, he promised them a 5-percent increase in exports for their sector in 1986 (in 1985 they have exported \$1.4 billion worth of auto parts, for an increase of 4 or 5 percent over 1984).

Roberto Fendt, Jr. announced that his visit to SINDIPECAS yesterday was part of a series of meetings he is having with the main economic sectors involved in exports, the purpose being to evaluate and contribute to joint solutions by businessmen and government authorities to the problems arising from the country's foreign trade. He has already met with businessmen in the sectors of paper and cellulose, electro-electronics, textiles, and--also yesterday--with representatives of the vehicle assembly industry. This week he will also meet with businessmen in the footwear industry.

While pointing out that he did not yet have the figures on the performance of the trade balance in December, the director of CACEX said that expectations are that the goals for 1985 "will be exceeded." In his opinion, the surplus of \$12 billion for 1985 will be achieved despite significantly higher imports, which rose by 10 percent in November alone. That increase was due primarily to imports of foodstuffs and replacement parts for industry. The surplus will be possible only because exports "will be slightly over \$25 billion."

According to Roberto Fendt, imports will increase significantly in 1986. They are expected to total \$14 billion (in 1985 they are absorbing \$13 billion from the country's foreign exchange). "We are already authorized to import \$200 million worth of foodstuffs in January and February--chiefly corn, rice, and soybean oil--to replenish the government's strategic stocks. The government has decided that we will import all the foodstuffs necessary to prevent a rise in inflation. But some of those foodstuffs will be paid for with a reciprocal increase in our exports of manufactured goods. We are requiring that countries from which we import grains purchase our products, and in that way we will avoid trade deficits."

Fendt also said that imports of industrial machinery would also rise in 1986. "We are providing more room for investment to ensure our goal of 6-percent growth in 1986. It happens that with the recovery in domestic demand, many business sectors--textiles and paper and cellulose, for example--will be working to the limit of their industrial capacity. Those industries will therefore need new machinery and equipment to increase production and modernize for the purpose of satisfying the growing domestic market while not losing foreign markets, which they have spent years trying to open up."

With that in mind, Fendt regarded as "good" the income tax changes that will make investment easier for the firms, which will be able to deduct more from their taxes as a result of equipment depreciation. He also gave assurances that there will be no lack of funds for financing exports. "We are working with funds sufficient for the financing of as much as \$27.5 billion in exports, or \$1 billion more than the export volume forecast for 1986."

Drought Will Reduce Exports

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Dec 85 p 37

[Text] Rio de Janeiro--Roberto Fendt, Jr, director of CACEX, said yesterday in Rio de Janeiro that the drought in the southern part of the country was going to affect Brazilian exports in 1986 because of the smaller surplus available for sales abroad. He said: "We are going to lose a rather large amount of soybeans, and productivity will be lower despite replanting of the crop." According to Fendt, imports of foodstuffs may be greater than planned because of the drought. "We are prepared to comply with new wishes by the National Monetary Council," he announced, adding that doing so might mean revising the goals for the trade surplus in 1986.

According to the director of CACEX, the effects of the drought on Brazil's trade balance in 1986 may be offset in other sectors. Even coffee, which is

also being harmed by the dry weather, has been protected by firm prices on the international market. Fendt foresees other sectoral changes, examples being an increase of from 5 to 10 percent in automobile exports with the inclusion of the North American market and growth of 5 or 6 percent in foreign sales of auto parts. He said that the strike by cocoa sorters--now ended--would not cause any losses on the cocoa market. And sales of iron ore from Carajas will increase in 1986.

Fendt made the above statements during an interview immediately following a luncheon held in his honor by FUNCEX (Foundation of the Center for Foreign Trade Studies) and the Rio de Janeiro Trade Association. He said that if the drought continues, food import requirements may increase. Although not mentioning the quantity of foodstuffs to be imported, Fendt said that CACEX is prepared to satisfy all of the National Monetary Council's wishes in that regard. "We are already going to provide a planned \$200 million for corn and soybean oil in January and February, in addition to the \$200 million to be provided before the end of 1985," he said. In terms of overall imports including foodstuffs, the director of CACEX said that so far, the forecast calls for an increase of \$1 billion over 1985 imports. In other words, purchases abroad are expected to rise from \$13 billion to \$14 billion as a result of the economic recovery. For their part, petroleum imports should decrease. Fendt said: "We will save more than expected in the petroleum account--on the order of \$500 million--because of the drop in international prices."

In the opinion of the director of CACEX, foreign sales will face two basic difficulties in 1986: modest worldwide economic growth (on the order of 3.5 percent) and the effects of the dry weather, with the harm it will do to both components of the trade flow by forcing an increase in food imports and making it difficult to produce exportable surpluses. But those difficulties will be offset by lower spending on petroleum and an increase in sales on other markets--especially in Asia (primarily Japan and China), the Middle East, and East Europe--as well as by the recovery in sales to Latin American partners.

11798

CSO: 3342/53

BRAZIL

CONSUMPTION OF ENERGY PRODUCTS RISES 3 PERCENT IN 12 MONTHS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Dec 85 p 24

[Text] Brazilian consumption of energy products (petroleum products and fuel alcohol) rose by 3 percent over the past 12 months, by 2.9 percent from January through November in comparison with the same period in 1984, and by 16.5 percent last month alone in comparison with the same month of 1984.

Although gasoline consumption declined by 6.3 percent over the past 12 months and by 6.5 percent from January to November, there has been a distinct rising trend in the demand for that product since March 1985.

Gasoline consumption in March was only 90,200 barrels daily (b/d), but in November it was up to 142,800 b/d, the highest figure for any month this year except February (149,700 b/d), when demand is normally higher because of vacations and Carnival in that month.

Other indicators confirming the upward trend in demand for gasoline are the comparative figures for October and November. Whereas consumption rose from 127,800 b/d in October to 142,800 b/d in November of 1985, it had fallen between October and November in the 2 previous years--from 161,600 b/d to 112,000 b/d in 1984 and from 164,900 b/d to 116,800 b/d in 1983.

The upward trend in demand for gasoline is also observed in the consumption of fuel alcohol (hydrated and anhydrous). In this case, consumption was 91,300 b/d in March 1985, but rose to 163,100 b/d in November.

The comparative consumption figures for October and November also confirm that trend. This year there was an increase from 157,400 b/d in October to 163,100 b/d in November, whereas in 1984 and 1983, there were decreases of from 150,300 to 93,600 b/d and from 106,400 to 79,000 b/d respectively.

Gasoline consumption currently represents 12 percent of the total consumption of energy products. Another 12 percent are accounted for by alcohol consumption (9 percent hydrated alcohol and 3 percent anhydrous alcohol). So those two products alone account for 24 percent of all consumption.

11798

CSO: 3342/53

BRAZIL

VW ALTERS STRATEGY SO AS TO EXPAND IN 1986

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Dec 85 p 27

[Text] Santo Andre, Sao Bernardo do Campo, and Sao Caetano do Sul--Volkswagen of Brazil is preparing to become a "new" firm beginning in 1990, when exports will account for 40 percent of its entire production (it currently exports 10 percent of what it produces). Production will increase from the current 2,400 units per day to 3,300 units per day, making it necessary even to build new vehicle plants. By then the assembly firm's exports will total \$1 billion annually (its exports for 1985 total \$350 million), with the U.S. and Canadian markets--of fundamental importance--expected to absorb 200,000 vehicles per year (sales to those markets will begin in 1986, and the outlook is that VW will export 100,000 Voyage and Parati models annually during this first phase). Between now and then, the firm is to hire from 8,000 to 10,000 new employees (it currently has 45,544 workers).

And the company's changes in strategy are already being coordinated by the chairman of the assembly firm, Wolfgang Sauer, who believes that in the next decade, Brazil will be one of the world's largest vehicle producers "if it succeeds in reducing the cost of some raw materials somewhat, an example being steel plate." For that purpose, Volkswagen is to invest \$750 million within the country over the next 5 years, and that total may be increased. Sauer returned yesterday from the FRG, where he had been visiting the firm's head office to present his "bold" plans. He announced: "Of the \$750 million we have to spend by 1990, we are already spending \$150 million in 1985. But the remaining \$600 million may be increased by over \$100 million or \$150 million, depending on the head office's final decision, which is to be known within 5 months."

Besides modernization of the plant in Sao Bernardo do Campo (which has no more physical space for expansion) with a new vehicle painting system and in addition to the future introduction of 20 new robots to help assemble the automobiles that will go to North America, Wolfgang Sauer said that expansion of the plant in Taubate would begin as early as 1986 and that plans call for hiring 3,000 more employees. And the firm is already thinking of setting up a new plant, which may be built in another state outside the region traditionally home to the automobile industry (Sao Paulo).

United States and China

Wolfgang Sauer said that "by Christmas," he will announce a big new contract for exporting trucks to the United States, where two of the firm's directors are currently settling the final details of the sale, which should amount to 4,000 units initially. There is a possibility that sales will reach 10,000 units annually. "The only reason I am not announcing the details of the contract today is that we have not signed it," explained Sauer, who feels that the "fact that we are equipping our trucks with Cummins engines (a firm whose capital is North American) is fundamental to completion of the deal, since those engines have a large share of the U.S. market, and the firm will provide technical assistance for our vehicles."

Also in 1986, Volkswagen will expand its foreign trade with China, to which it will send 5,000 gear units and axles for the Santana automobiles that Volkswagen of Germany is building on the Chinese market. "In the second phase, depending on the changes in Chinese economic policy, we also intend to export our vehicles, which may be the Voyage or even the BY," which the firm will introduce on the Brazilian market in 1987.

Incidentally, Sauer said yesterday that introduction of the BY (the new car, intermediate in size between the "bug" and the Gol, that VW is going to put on the market) was to take place in the second half of 1986 but that it has now been postponed until 1987 "because the 54-day strike by the metalworkers has delayed completion of our project by 4 or 5 months."

11798

CSO: 3342/54

BRAZIL

BRIEFS

1985 STRIKE FIGURES--Brasilia--Of the 500 strikes occurring during the first 10 months of 1985, 30 percent were in Sao Paulo. Labor actions were also very significant in Rio de Janeiro (14 percent), Minas Gerais (8 percent), and Rio Grande do Sul (8 percent). According to a survey by the DIEESE [Interunion Department of Statistics and Socioeconomic Studies] in Brasilia, in 1985 the union movement "played an organized and active role on the national scene by raising practically all its wage demands to the level of political action." It was labor gains, says the DIEESE, that were responsible for the country's economic recovery through their effect on the domestic market. The study says: "This can be explained in terms of the lack of a government policy aimed at economic growth and the absence of objective measures for solving the problem of external and domestic debt, as well as the high inflation rates." Marcio Pochamam, the DIEESE's representative in Brasilia, believes that the demands noted in 1985 will be stepped up in 1986: quarterly wage adjustments, a shorter workday, stability, and recovery of lost wages, along with worker discussion and participation in the National Constituent Assembly. He says the DIEESE has studied 161 collective bargaining agreements signed in 1985 and concluded that in 68.9 percent (111 agreements), the workers succeeded in guaranteeing early wage increases, while 83.8 percent (135 agreements) provided real increases, 50.3 percent (81 agreements) shortened the workday, and 91.3 percent (147 agreements) provided complete wage correction for all workers. The DIEESE notes little progress on the institutional level. Marcio Pochamam recalls: "The minimum wage again showed a negative increase throughout the 12 months, dropping by 2.5 percent in 1985." Today the purchasing power of the official minimum wage is only 50.68 percent of what it was in 1940, the year in which the minimum wage was established. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Dec 85 p 36] 11798

ANTARCTIC EXPEDITION--Sao Paulo University's oceanographic ship "Professor Wladimir Besnard" will sail from the port of Santos on the 13th on its fourth expedition to Antarctica. The expedition will last for 2 months, and its return is scheduled for 12 March. The crew and meteorologist Rubens Junqueira Villela will make the trip entirely by sea and are leaving ahead of the research team, which will depart on 28 January on board a special FAB [Brazilian Air Force] flight for Chile's Marsh Base on King George Island, where it will join the group. Prof Motonaga Iwai of Sao Paulo University's Oceanographic Institute, who is coordinating the Antarctic Project, says that this year the expedition is no longer part of an international program. This allows the scientists to determine their own priorities: "The main purpose of the research, which will be conducted in the Bransfield Strait, is to study living resources and environmental parameters so as to acquaint ourselves with the local ecosystem." The other Brazilian ship--the "Barao de Teffe"--left Rio de Janeiro nearly a month ago and is already in the Antarctic region. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Dec 85 p 10] 11798

CHILE

TEXT OF PROPOSED ELECTORAL LAW SENT TO PARTIES FOR REACTION

Santiago EL MERCURIO in Spanish 27 Dec 85 p C-1

[Text] Interior Minister Ricardo Garcia stated that today he will provide copies the bill on the Public Electoral System to the various political groups with which he has had contact so that they can express their opinions on it and improve it.

The cabinet chief made these statements yesterday after his scheduled meeting with President Pinochet and Minister Secretary General of Government Francisco Javier Cuadra. On that occasion he explained that the groups to which he will send the text are those which participated in the round of talks on the institutional future at the Palacio de la Moneda. These groups duly expressed their support for the Constitution and their repudiation of violence and Marxism.

In November and December, Garcia met with the National Democratic Party (PADENA), the National Civic Union, Radical Democracy, the former Socialist Workshops, the Social-Christians, and the Democratic Social Workers Movement.

"With regard to the processing of legislation, tomorrow (today) I will distribute the bill on the Public Electoral System to the groups with which I have had contact. Our specific goal is to be able to send the bill on the Electoral Registry to the Government Junta in early January, or within the current legislative year. This will enable the text to be approved and will therefore implement voter registration among the citizens," stated Garcia.

When asked if the bill contains any deadline for registration to begin, he answered that "as soon as the law is passed, the registration will begin. If the bill is sent during this legislative term, once the Junta dispatches it the electoral registries could open. The legislative year ends on 15 January 1986, so we will send it before that time."

"It is interesting that the bill will be sent to all the groups with which I have had contact (and as you know we began talking with them about this bill and asking them for their opinions and analyses of the proposals) so that they can let us know their views and opinions as soon as possible. I am referring to the groups with which I met some time ago, the ones which expressed their support for the Constitution and their repudiation of violence and Marxism."

CHILE

DEMOCRATIC GROUP PROPOSES ELECTORAL REGULATIONS

PY250158 Santiago ANALISIS in Spanish 21-27 Jan 86 p 12

[Excerpts] The Group of Constitutional Studies, known as the Group of the 24, announced to the public on 14 January, the main aspects of its proposal for an electoral system.

It proposed that the Supreme Electoral Court should be of a political-legal nature, and that it should be composed of a Supreme Court judge, a constitutional or administrative law professor having taught in any state-recognized university, and three former presidents or vice presidents of the Chamber [presumably the Chamber of Deputies]. The Supreme Court judge and the law professor will be chosen by lot, while the other three members will be elected from a list of three candidates presented to the Senate by each political party.

In order to elect deputies, the country will be divided into 20 homogenous electoral districts, taking into account population and geographical aspects. Out of a total of 150 deputies, each district will elect a minimum of two plus deputies, each district will elect a minimum of two plus additional deputies, who will be elected in accordance with the number of district's inhabitants. There will be 50 senators. Each region will have at least two senators. The others will be elected on the same basis as the deputies, in accordance with the number of inhabitants.

The system to be used for determining the number of seats will be based on the D'Hondt method (a distributing number) which was used earlier in Chile and in several other countries, but with certain modifications to allow a better distribution of positions among the population. According to Manuel Sanhueza [president of the Group of 24] "this is known as the evenness or Udda method, which is used in Scandinavian countries and which favors the representation of medium-sized parties, contrary to what happens with the D'Hondt method, which overrepresents the big parties to the evident detriment of the minorities."

Without going into details, the project takes into consideration some aspects such as the public character of the elections, the candidates' access to the media, the voting rights for those older than 18, and the use of modern computer technology to register voters.

Apparently, the only electoral system project that is known to the public is the one proposed by the Group of the 24. The law regarding this subject that is being prepared by the government is not known to the public yet, except for voter registration regulations. Many believe that the regulations are only meant to be a sort of an official anesthesia to appease the people. Others believe that it may be the first step toward a possible plebiscite masked as democratic, allegedly to take place by the end of the year. The only certain thing is that, for the time being, the universal, personal, free, secret, direct, and informed vote is just a tempting proposal by the Group of the 24.

/9274

CSO: 3348/397

CHILE

MAPU PARTY PUBLISHES 'PEOPLE'S COMMITMENT'

Santiago ANALISIS in Spanish 17 Dec 85 p 30

[Text] "A few weeks ago the United Popular Action Movement (MAPU) released the document "The People's Commitment." Since it emerged from the discussion and practice of broad sectors of the population, I felt it would be important to request that this document be published as a contribution to debate among the different political sectors."

Victor Medina
C.I. 4836.775-5
Santiago, December 1985

Rising like an unstemmable tide, the people advance in their struggle and their desire to do away with the dictatorship once and for all. Clearly September is the most obvious example of the resolve that has been inspired by the Popular Movement. This willingness to struggle pervaded the country despite all attempts to stifle and distort it.

This force, this determination that is rising up in every factory, every mining center, every school and town, and is growing and taking shape in the streets of our country, is the expression of a single desire: to achieve democracy. To put a quick end to the reign of destruction and superexploitation that has prevailed in Chile for more than 12 years now. MAPU, a popular and revolutionary force, is working uncompromisingly and ceaselessly toward this goal.

Our party calls upon the left as a whole and upon the masses to join together even more closely to express to the country, succinctly and without hesitation, the will and aspirations of the people: THE PEOPLE'S COMMITMENT. We call upon them to promote and defend the aspirations of the national majorities in every battle and mobilization against the dictatorship. We want the people in every part of our fatherland to express the desire of the people for:

--The elimination of Pinochet and his regime, the destruction of their repressive force, the defeat of any attempt at negotiation or manipulation that leaves intact what this dictatorship allowed or that maintains any vestiges of what this regime built.

--The promotion of the mobilization constantly in every corner of the fatherland: mobilization in the factories, workplaces, schools and territories; battles in the streets, marches, and the National Strike. We regard these as the only way to attain victory.

--The exercise of the people's right to self-defense, and the use of different forms of struggle against the regime. We contend that this is the only way to ensure the survival of the popular movement and to destroy the underpinnings of the dictatorship.

--The charting of a course of struggle that will directly meet the needs of our people. The dictatorship has forcefully taken everything away from us and deprived us of everything. By force we will recover our bread, our work, our shelter, our roof. By force we will regain our dignity.

--The expulsion from our soil of the imperialist and transnational interests that have buried our people in poverty. For this reason, we will prevent the payment of the foreign debt, and these resources will be used for the benefit of the country. The debt is the responsibility of some antinational minorities--the monopolistic clans and the generals--who lined their own pockets and sold the country to the transnationals.

--The imposition of real justice, preventing the dictatorship and its institutions from going unpunished for the crimes they committed against the people. This justice will restore rights and liberty to exiles and political prisoners.

We have tremendous confidence in the people and in the left. Their unity and strength will enable the popular movement to move forward and face the challenges ahead.

Consequently, we call upon them to create and strengthen the Social Coordination Boards, which we consider the principal organ for the leadership and direction of the popular mobilization from the bottom up. This is the best way to express the unity of the workers, the slum dwellers and the students.

Similarly, we commit ourselves and call upon others to commit themselves to building a stronger unity in the left, through territorial boards and through fronts, and to strengthen the unity of our National Executive Committees. That is the best tool for helping the people move forward toward their objectives.

THIS IS THE HOUR OF THE ENTIRE PEOPLE AND THE LEFT!
THIS IS THE HOUR OF THE NATIONAL MAJORITIES!
ALL OF THE FATHERLAND FOR THE PEOPLE!
DOWN WITH THE DICTATORSHIP -- POPULAR CHILE!

MAPU Party, December 1985

8926

CSO: 3348/336

CHILE

LEADER OF BRIONES FACTION OF SOCIALIST PARTY GIVES VIEWS

Santiago QUE PASA in Spanish 26 Dec 85 pp 16-19

[Interview with Akim Soto by Gloria Stanley; date, time and place not given]

[Text] His Personality

He is not your typical leader. At a time when much of politics takes place at social gatherings, embassy cocktail parties, seminars and round tables, Akim Soto prefers to remain in the bustling offices at 220 San Antonio.

"I don't go to cocktail parties and dinners, not because I think they are bad--I think these things have contributed to improved relations among the parties, especially during times when no party activity was allowed. But the problem is that I cannot do it, because I have no way of returning the favor," he says. He is probably one of the most modest politicians in Chile today. His home, located at 782 Eleuterio Ramirez, is slated for demolition ("It is practically a deathtrap, but I have no way to fix it up. I live there with my wife, a son who is ill, my daughter-in-law and my grandson. The little house I had in San Antonio was destroyed in the earthquake of '71"). He earns his living from a glass business that he runs with his son.

Tall and thin, he looks younger than his admitted 51 years. He chain smokes as he expresses his ideas. He likes to explain things calmly, and his thoughts come out in an orderly fashion, almost repetitively. He uses just the right words, and sometimes he sounds like he is making a political speech. He speaks straight from the cuff without beating around the bush, and does not hide the pleasure that political work gives him. He shows no resentment, and when asked about his arrests and banishments, he asserts that he was treated well. He considers himself a moderate, and believes that the solution for Chile lies not in violence, but rather in rationality.

As I See Myself

"I see myself as a simple, unsophisticated man, a little extroverted, cheerful, intuitive, sometimes unpleasantly blunt. A man who tries to be rational, but who nonetheless passionately and vehemently defends what he considers to be rational, above all on political issues.

"I see myself as a man who wants to be the 'inhabited man' that Albert Camus wrote about: a man with his senses functioning at all times, because in that state he is able to perceive the world around him with a certain degree of precision; a man who aspires to internalize that perception correctly and process it consciously to achieve thereby a proper, balanced relationship between sensitivity and rationality."

His Family

He is the youngest of 12 children in a modest family from the port of San Antonio. His father was a carpenter, his mother a simple housewife of the evangelical religion. "They were exemplary parents. Their only concern was to feed, clothe and shelter, as the old Popular Front used to say to its children." The local socialist party was founded in the Soto family home. Around the table, the young Akim Soto learned to love politics and to be a socialist. ("I believe that politics plays a fundamental role in the structure of society. Without politics, it is impossible to govern the people.") The party was also the real school of the current leader. With only a sixth grade education, he acquired the knowledge to enable him to become the councilman with the largest majority of votes in the district in 1971.

Key Facts

Although his name is almost unknown to national public opinion, Akim Soto, 51, is a key man in Chilean socialism. On the difficult, complex and multifaceted map of socialism, he belongs to the sector that regards Carlos Briones as its leader.

A self-taught worker, he owes all of his education to "the party." He is a socialist by tradition and by conviction; his parents founded the San Antonio local in 1933. He barely remembers when he became an activist. He served as mayor of the port of San Antonio after the 1971 election, when he obtained the largest majority as councilman.

He has a very extensive knowledge of what he calls "the anthropological landscape," or the internal geography of the Socialist Party (PS), its men, its thought. It was perhaps for this reason that he was put in charge of the internal restructuring of the party after the military takeover ("a dangerously illegal job, undertaken in the utmost secrecy, in which the important thing--given the times we were living in--was to encourage people to be trustworthy"). Since then, he has continued to hold posts in the PS Central Committee, and many say that in the near future he could end up determining the fate of his organization.

On 11 September he was mayor of San Antonio ("I spent 4 days in the dark as to my status. People would turn to me as an authority and ask me what was going on, where were their arrested relatives, what was being done. Then on the 5th day they arrested me and took me to Tejas Verdes"). He remained in custody until December, when he was released.

On 1 November of last year he was arrested again ("the explanation the CNI gave me was that someone had to be blamed for the 10 deaths that were caused by the day of protest"). He was banished to Monte Patria for 3 months, a sentence that was shortened to 8 days.

[Question] You were holding a public office under the Allende regime on 11 September. Did you think at any time of seeking refuge in an embassy somewhere?

[Answer] No, on the 11th and 12th I was calm. I had just finished up an evaluation in the Municipality, and the report had indicated that my city was the most orderly of the Santiago region. I fulfilled my responsibility, although I always knew what a military takeover meant. But I honestly thought that if I had the chance, I would be able to defend myself against any charge. When I became mayor I had a house; when they kicked me out I had nowhere to live. I was lucky; I was held at Tejas Verdes, the bailiwick of Gen Manuel Contreras, but I didn't suffer any oppression. Was I scared? Perhaps afterwards, when the work began on restructuring the party in 1973. I had to make trips that turned out to be really exploratory in the militarized zones such as Punta Arenas or Arica. It was a very risky job. But I think that when one is a leader, it is a good thing to be a little scared, a little fearful. Not enough to be paralyzed, but just enough to make one do things better.

[Question] Are you fearful today as a leader?

[Answer] My fears now are based on the fact that politics is complex, and the Chilean mentality tends to make it even more complex. We are the antithesis of the European pragmatists; we have something of the Central Americans' exuberance. It is an ethnic matter that makes rational politics difficult and impedes the appropriate analysis of the situation.

[Question] And what does your analysis of Chile's current situation tell you?

[Answer] The analyses that politicians make of the situation are partly truthful and partly false. Because of my Marxist training, I understand that the truth intervenes only partially in these analysis. A dialectical methodology is necessary to find a common denominator as close as possible to universal reality, but we have been failing in these efforts all this time.

[Question] You have called yourself a Marxist, but you do not like to have the word "Leninist" tacked on the end. Why?

[Answer] That is a matter which I think must be dealt with very thoroughly and very soon, in a congress. To use the term Marxist-Leninist is, in my opinion, to pile on heavy and complicated theoretical baggage that limits Marxism to its Stalinist connotation, to an interpretation of Leninism that was made as a function of the expedients of state policies, and that was even revised in the Soviet Union itself, though left unchanged here. Moreover, the incorporation of the Leninist aspect in the Socialist Party was done furtively, I would say. To make a long story short, I can tell you that after the defeat of the left in 1964, which was very traumatic for the Socialists,

the party analyzed its causes and asserted that it had not faced the election "as a Marxist-Leninist collective," something which the party had never before considered itself to be. That definition was included again in the conclusions of the Congress of Chillan, and later that of La Serena.

[Question] Nevertheless, for many socialist leaders that definition is practically a medal of honor. There are those who believe that the alliance between the Communist Party (PC) and the Socialist Party is a logical move.

[Answer] The alliance we have had with the Communist Party for 28 years now, dating from the Congress of Unity in 1957, has been good, I would say, with regard to the accumulation of the forces of the left that have a revolutionary outlook on society.

[Question] Some believe that the democratic socialist sector, to which you belong, is only a strategic façade for the time being, but the trend actually continues to be toward a Marxist-Leninist unification. This was asserted a few days ago in an important editorial in the press.

[Answer] Yes, but you have omitted another thing stated in that editorial: that our last Plenum and its conclusions are compatible with a Social Democratic Party.

[Question] But you doubt the permanent alliance.

[Answer] The subsequent resolution, incorporated in the vote, states that if the Christian Democratic (DC) movement continues its policy of excluding the Popular Democratic Movement (MDP), the party will leave the alliance. Here is where my fears arise, the fears I was telling you about before, with respect to the degree of rationality we impose on our political decisions, putting Chile's interests before those of the party, and those of the party before those of the men who comprise it. At this time the country's foremost interest lies in the need to restore democracy, but I am afraid that in some cases the desire for personal achievement mutilates individuals and causes them to put their personal ambitions first. That makes politics difficult. Now with respect to the vote that was approved, many of those who approved it are thinking that it should be withdrawn, because what may appear to be an appropriate aspiration at one moment may be rendered ill-advised by the political situation.

[Question] The Socialists appear to be in a very comfortable, or at least ambiguous, position. They say they will not negotiate with Pinochet, but they agree to allow other members of the Agreement to do so.

[Answer] We Socialists will not negotiate with Pinochet because of an ethical problem, because we refuse to negotiate at gunpoint. Nor can we negotiate with a regime that took Allende's life.

[Question] Salvador Allende committed suicide. . .

[Answer] Yes, but there was great pressure. We must not forget that Allende was obsessed with Balmaceda; he even tried to build a Balmaceda Museum in my

community. Allende knew that he would be exposed to the same problems Balmaceda suffered. The pressures he underwent, the military uprising, were not brought about by him.

[Question] The Agreement is understood to be a means to bring people together to negotiate.

[Answer] We believe that the Agreement has great potential. It could be a good, seaworthy vessel for the opposition. But its nature must be defined. Is the Agreement a tool in the struggle for democracy or not? If it is, is the Agreement an alliance or a pact, a multiparty organization or an understanding with clear objectives? Once we define our terms, we must choose the road we are going to take to achieve the objectives set forth in the basic document, and then pave that road. And finally, an alternative to the regime must be presented, one that will make us travel toward democracy on a rational, bloodless road. Now, although we have said that we will not negotiate with Pinochet, we do not favor self-fulfilling prophecies, either. Thus, if anyone is capable of proving us wrong, we will analyze the facts and the party will take a clear stand. We advocate the restoration of democracy, the preservation of democracy, and we want to avoid any setbacks in the democratization process.

[Question] And what conditions must prevail in order for the PS to accept an agreement with the government?

[Answer] I do not have a magic wand to wave and say today, "Look, if Gen Pinochet were willing to modify the Constitution, to discontinue enforcing Article 24, to cut short his stay in power; if he were to call free elections, let's say in 1986, 1987, and accept a freely elected Congress, this would happen." Furthermore, what now appears to be a pipe dream, having all these happen perhaps within 6 months as a result of other circumstances--international pressure, for example--could actually be a blessing for the dictatorship.

[Question] You say that you will not negotiate with President Pinochet, but you would negotiate with the Armed Forces. Doesn't that seem contradictory to you?

[Answer] It sounds contradictory, yes. We say that we will not negotiate with Pinochet, although he is the commander in chief of the Armed Forces. The problem is, the government is striving to separate the military from itself. Pinochet says that they are not political parties, but are called upon to serve professional functions. We believe that they are the most important political party in Chile, the mainstay of the regime. For that reason, we want to negotiate with them.

[Question] Let's look at other attitudes that seem contradictory. You contend that you are not in favor of violence, that you reject the option for armed violence that the Manuel Rodriguez Front has taken. But you state in the alliance that you are determined to continue with the social mobilization.

[Answer] We Socialists and the majority of the forces in the Agreement have said that in our opinion, there is no policy that can be sustained without great strength behind it. We believe that any negotiations that result from the Agreement should emerge from its deep roots in society. And that can be made possible by peaceful, bloodless mobilization. You say that there is a contradiction between working together for the Agreement and participating in the mobilization, but I say that without strength, it is impossible to meet the objectives of the Agreement. Dialogue will be possible only to the extent that the forces that sit down to talk are equal. When a fox terrier sits down to talk with a bulldog, there is no doubt that the latter will have his way.

[Question] The Briones Socialists, like the Mandujano and Almeyda Socialists, want the defeat of the military regime.

[Answer] Look, Pinochet has been a great dictator; he has imposed a situation that is unique in the Americas; he is a politician with a military mentality, which makes him doubly dangerous. And compared to him, there do not appear to be any great differences between the Socialists of Briones, Mandujano or Almeyda. I think that all of us, however, have had the same problems penetrating the logic of the Chilean military. We have misread them, and all of us have erred in that regard. History shows that the Chilean military has always been victorious, and has even managed to turn sublime defeats into moral victories, as it did in the Iquique naval battle. That is why I agree with those who say that the military will not accept defeat easily, even on the political battlefield. That is why I discount confrontation as a means of bringing democracy to the country. I am concerned that we will reach 1992 having just begun to think about how to put an end to the military regime in 1997. We must look for ways now, today.

[Question] And those formulas include what the Plenum called alliances outside the Agreement?

[Answer] It is what we have called the Social Bloc for Change, which should express the views of manual laborers, intellectuals, professionals, small and medium businessmen, and the parties that constitute the representative sectors of the country: Christian Democracy, the Radical Party, the Christian Left, the Communist Party. This combination of social forces can mend the social fabric and restore the values that have changed during these years of dictatorship. In the future, a democracy will thus be able to function, with alternating parties in power and the free play of politics.

[Question] And speaking of the future, how do you see the political scene taking shape once democracy is established?

[Answer] I see a divided right, a political center with the DC plus other forces, and two lefts. One will be Marxist-Leninist, and the other, where we will be as a Marxist socialist party, will also include other parties that advocate a socialist society of majorities, with an unwavering commitment to democracy.

[Question] And do you think that what you call an "unwavering commitment to democracy" is credible in the Socialist Party of Briones?

[Answer] I think so. It is only the sectors with ulterior motives that are trying to paint us as wolves in sheep's clothing. But our position is understood by the people. Chileans identify socialism as a progressive force. Socialism emerged because the Communist Party was incapable of representing a sector of society that wanted the left, but not communism. And it won support among the people by speaking of profound changes in Chilean society. Whether or not that language should be preserved today is not, in my opinion, the fundamental issue. I sometimes get angry with my comrades who tell me we must restore our image. We have other obligations right now! That does not mean that we should abandon our postulates. The Democratic Republic of the Workers, as the antithesis of the dictatorship of the proletariat, still lives! But we must go in stages, and the first stage is to eliminate the dictatorship. Then we must restore democracy, and finally strengthen democracy to advance toward socialism. Not a visionary socialism, but a socialism willing to accept taking turns with other parties to govern the country. What is happening, and it is difficult to say this, is that the cult of autocracy has affected all sectors. Everyone wants to be like Pinochet, imposing his own views, monopolizing all media to purvey those views, such as newspaper interviews and press conferences.

(We conducted this interview the day before the government refused to meet with the coordinators of the Agreements, and the National Social Communication Division [DINACOS] issued a public document setting forth the reasons for refusing a dialogue with the signatories. We called Akim Soto to ask his opinion of the latest political developments.) Here is his response:

[Answer] It proves the Socialist Party right. We have stated repeatedly that it is impossible to talk about democracy with those who destroyed it. It is very clear to us that Mr Pinochet continues to be the main obstacle for creating the conditions that will allow for the resumption of popular sovereignty and the establishment of a democratic system in Chile. The government's response, in addition to avoiding real issue, is irresponsible because it lends strength to methods of opposing the regime that the vast majority of people in this country cannot countenance. I believe, finally, that the social and political organizations, through a constant, responsible and peaceful mobilization, must be the ones to present the government with the national response that its attitude warrants.

8926

CSO: 3348/336

CHILE

MORTGAGE PAYMENT, OIL, TELECOMMUNICATIONS LEGISLATION CHANGES

Santiago EL MERCURIO in Spanish 27 Dec 85 pp B-1, B-2

[Text] The Government Junta yesterday approved the proposed regulations designed to complement the budget. These are very important economic regulations which include incentives for case-by-case renegotiation, the possibility of obtaining mortgage loans with readjustment mechanisms other than the UF, and changes in petroleum and telecommunications legislation.

Although the provisions affecting mortgage debtors will undoubtedly draw the most attention, it is important to note the importance of the changes in the petroleum and telecommunications legislation, which are designed to promote investment in those sectors. It is well known that these two areas, given the magnitude of the resources involved and their importance among economic activities, require major investments over the next few years. If the planned projects materialize, they will give the country's economy a shot in the arm.

Restrictive legislation, however, or laws that did not help clarify or stabilize the rules of the game, were shutting out investors and making those sectors veritable bottlenecks in the Chilean economy. The approval of changes in this legislation entails an important modernization, therefore, and is concrete proof that the economic team has taken the initiative again. The team is now dealing not only with short-term matters, but also with other major issues for the medium and long terms.

UF

There is no doubt, though, that the most significant of the bills passed yesterday is the one containing regulations for UF mortgage debtors. In this regard, the following changes have been made:

- a) Mortgage bonds may be issued with readjustment mechanisms other than the UF.
- b) Banks may grant loans to debtors in this new unit so that they can prepay their entire loan and thus become debtors under the new mechanism, "getting out of" the UF.

c) Tax facilities will be provided for this early loan payment, including exemption from the stamp tax and more flexible notary fees upon assumption of the new loan.

What to Expect

To analyze the advantages of the aforementioned measures, it is important to bear in mind the following considerations:

1. First step toward "de-UFing" the economy: Until now it was not even possible to issue mortgage bonds with readjustment formulas other than the UF. This made the economy more rigid, and to a certain extent prevented adjustments between debtors and creditors. Opening up this possibility is, then, an important step.
2. Not the "solution," but the means to obtain it: The approval of the bill does not in itself constitute a solution for mortgage debtors, but it is a way to solve the problem in the future. In other words, it allows for the creation of different units, but it will certainly take a few months for them to be created (they must be established by the Central Bank), and it remains to be seen what these units or readjustment formulas will be and what they will consist of. They will probably include the Debt-Wage Index (CIR), the equivalent of readjusting the wage index.
3. No mass amnesty: Those who regard the bill as a "mass amnesty" in the sense of achieving some reduction in the volume of their mortgage debt will be disappointed. That is not what this bill is. The most that can be obtained is a formula for added flexibility, in the sense that the debt will be adjusted along with wages, or some mechanism of that kind. In this regard, it is important to point out that any mechanism that is established will make mortgage bonds more attractive for purchase, especially by the Pension Fund Administration Boards (AFP), which are the principal market for these instruments. For this reason, their terms must be equitable and acceptable to both the debtor and the creditor, which rules out extreme formulas.
4. Possibility for negotiation: Basically what the bill means is the possibility of beginning a kind of "case-by-case renegotiation of mortgage debts," opening up to debtors possibilities that did not exist yesterday, and therefore placing them in a better position. One additional advantage that has not been discussed until now is that the debtor may renegotiate the interest rate, although without abandoning the UF. For example, if someone has a loan for UF plus 16 percent, he can request a new loan for UF plus 8 percent, pay off the former and remain with the cheaper loan. This was possible before the bill was approved, but there were no tax incentives to encourage it and no measures to overcome the problems arising from the aforementioned prepayment.

In conclusion, it should be noted that the approved bill is an important step, but it is even more important for these alternatives to the UF to be implemented, now that the law permits them.

8926

CSO: 3348/336

CHILE

COURT IMPOSES RESTRICTIONS ON CTC LEADERS

PY3010258 Santiago Radio Chilena in Spanish 2200 GMT 30 Jan 86

[Text] The 20th Civil Court of Santiago has taken several precautionary measures regarding the Confederation of Copper Workers [CTC] and its leaders at the request of the Labor Directorate. The directorate questions the validity of the recent CTC elections, and in a lawsuit requests the annulment of these elections, in which Rodolfo Seguel was elected CTC president.

In answer to this Rodolfo Seguel himself said:

If they want war, they will have it. Victoria Vazquez, the head of the Labor Directorate, announced at noon today several resolutions adopted by Judge Eduardo Castillo Nunez, head of the 20th Civil Court of Santiago. Vazquez pointed out that the Labor Directorate was forced to file a lawsuit to correct the irregularities of the union elections held on 12 January 1986. The court decision is a precautionary measure looking forward [to] the eventual result of the lawsuit which will be filed within 30 days and will request the annulment of the union election in which Rodolfo Seguel was elected CTC president. The measures adopted are the following:

[Begin Vazquez recording] Prohibition to hold acts, and signs contracts, and to sell all or part of the CTC property. To notify the people in general, and private, and public companies to refrain from engaging in any legal acts with the current CTC leadership. The following measures were approved: To notify the Chilean Copper Corporation, Codelco, not to accept under any concept any presentation, request, or announcement by the CTC leadership as alleged CTC representatives. Prohibition to call, hold, and participate in meetings of union nature in the name and representation of the CTC. [end recording]

The measure also prohibits the CTC leadership from invoking CTC representation in public and private meetings, in press conferences, in national and international forums, in meetings with other union or professional organizations, and in press publications, radio, and television, CTC leaders are also prohibited from taking from the CTC headquarters any kind of documents related to CTC activities. Victoria Vazquez was asked why similar court action was not sought when Codelco ignored a decision of the Labor Directorate which favored the workers of the Andina Copper Division. Vazquez said that the directorate's decision on work days is now in force and that the Andina division is negotiating to solve the problem.

About 1 hour after this resolution was made public two judicial officials came to the CTC.

[Begin recording] [Unidentified judicial official] [Words indistinct] We are now presenting a request made by the Labor Directorate in the 20th Civil Court requesting precautionary measures. The judge approved the request and an order was given to notify all the CTC leaders. [end recording]

Right after the notification, the CTC president refused to allow the judicial officials to seal the CTC files. He then said:

[Begin Seguel recording] As CTC president, despite the fact that I was given this document, I would like to say that I do not accept it for any reason. I am CTC president now, and tomorrow, and until the cooper workers say otherwise. Neither the court, nor the Labor Directorate, nor the Government Junta, nor the captain general are going to remove me from the CTC presidency. Only the workers can do that and I would like to make it very clear that if they want a war we are going to have a war; if they want a struggle we are going to have a struggle and I say this in the name of all the workers who were in the CTC congress.

I would like to say in the name of all the workers that we are going to answer this persecution in a different manner. [end recording]

Seguel said that only the 19,600 copper workers and no one else can decide when he will leave the CTC presidency. Regarding the CTC we would like to add that CTC lawyers submitted an appeal to the Supreme Court against Judge Carmen Miranda, head of the 14th Civil Court, for having disqualified Rodolfo Seguel a few days ago as CTC national counselor. Lawyer Luis Eduardo (Taller) said that one of the reasons for the appeal is that Seguel was disqualified by Judge Miranda, who said that Seguel was not qualified to be leader of his own union in Caletones when the case was still pending in a Rancagua court.

/9274

CSO: 3348/397

CHILE

LONG-STUDIED EASTER ISLAND PORT PLAN READIED

Santiago LA NACION in Spanish 18 Dec 85 p 32

[Text] The building of the Papa Haoa Port on Easter Island has now moved beyond the stage of good intentions. After 6 years of studies and research, the plan drafted by the Port Projects Office at the Ministry of Public Works is ready, and its execution will begin as soon as the pertinent financing is found.

The estimated cost is \$30 million, and the benefits to the 2,000 inhabitants of this exotic island are obvious. Once the project in Papa Haoa has been completed, the people will be permanently supplied. In other words, the foodstuffs and other items necessary for the development of life there can be delivered year round, whereas to date this has only been possible between March and April and October and November.

Development of Tourism

The very popular tourist activities will be strengthened, because visitors will be able to travel in proper ships, with the commensurate safety and convenience, around Easter Island, with its 173 kilometers of inhabited area, populated to the extent of 70 percent by natives and half-breeds, by sea.

In addition, it will be possible to establish a fishing industry to make use of the resources within the 200-mile limit, mainly the yellowfin tuna which will provide jobs, thus giving the economy greater stability.

Providing facilities for the docking and servicing of vessels of up to 3,000 tons dead weight will make it possible to establish routes calling at the island. Thus it will be possible to unload goods and products on the island itself, whereas to date they have had to be brought by small launches from larger vessels dropping anchor 500 meters from the coast, for lack of wharfing facilities.

These vessels call at Hanga-Pico, the only alternative site for unloading and distributing goods for the islanders. Freight is unloaded by three cranes in the calmest area available for this vital task, on which support and activity in this distant territory of our nation depend.

With the new port, it will be possible to meet the requirements posed by the Mataverí airport, which requires a rescue launch in order to qualify as an international airport, which would substantially increase its current traffic.

With the development of all kinds of maritime activities, involving tourism and maritime fishing, yachting, water skiing, scuba diving and other similar sports, plus the activities already mentioned, real sovereignty will be emphasized over the water area within the 200-mile limit which is the economic patrimony of the nation. This is a task which has not previously been developed in its true dimensions.

Port Characteristics

The port is created by a principal jetty and a counterjetty, 660 meters and 220 meters long, respectively. The water area provided with protection by this project measures approximately 117,000 square meters. The jetties were designed in accordance with the specifications requested by the government of Easter Island, in order to be able to accommodate the following types of vessel simultaneously, a merchant vessel with general freight capacity, and 3,000-ton vehicles, at a 120-meter wharf; two fishing schooners of up to 200 tons, at a 110-meter wharf; and other smaller vessels such as a rescue launch, a 35-ton naval patrol launch and other launches or boats for tourist and sports activities at the other wharves.

Other Facilities

The project also includes a dry dock to serve fishing vessels of up to 200 tons, a thousand square meters of warehouse space, designed by the Architecture Office of the Ministry of Public Works, three-room offices and a lounge, medical wings accommodating 30 person, drinking water, sewage network, fueling facilities, telephone and electric systems, a lighting network and fenced areas.

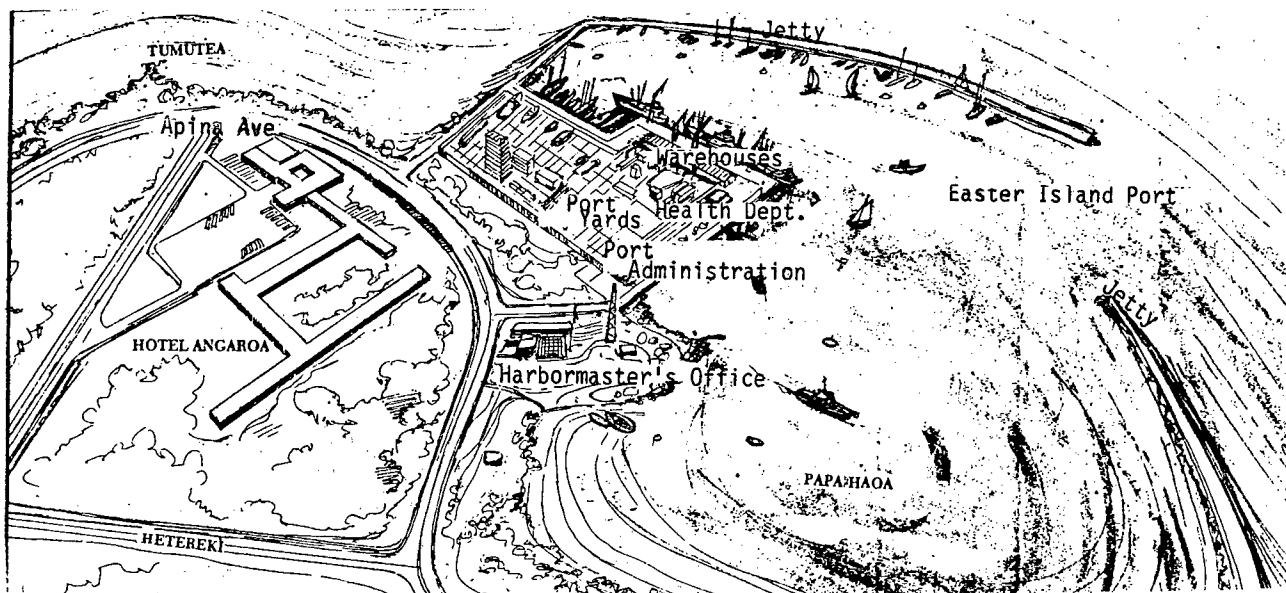
Profitability

The profitability study on this project was entrusted to the Planning Department of the Fifth Region. It yielded positive results, and the project was included in the ODEPLAN [National Planning Office] Integrated Project Bank under Registry No 00502164.

In order to reach this point, almost 7 years of preliminary study and research were needed, including a quarry study, to establish if materials of good quality were available. This project will require between 6,000 and 8,000 tons of rock, which will be extracted from the Vafiátore sector. The Geophysics Department at the University of Chile participated in this research.

Next, a quarry exploitation study was made, followed by the preliminary draft project, which was the responsibility of the Port Projects Office. Then the Naval Hydrographic Institute undertook a maritime waves study to establish that this was protected water zone.

The National Water Resources Institute of the Ministry of Public Works subjected the project to final research and tests, concluding that although this is a heavy surge zone, involving waves over 7 meters high, this project is perfectly feasible, and the proof of this is that it is ready for execution.



The map shows the sheltered water project located on the northwestern corner of the island, which will provide facilities for the docking of vessels of up to 300 tons. The jetties facing the sea, one of the main tourist attractions of Easter Island, will be visible from the comfortable ships which will carry tourists around the island.

5157

CSO: 3348/317

CHILE

COASTAL HIGHWAY TO CREATE NEW TOWNS, AGRICULTURAL EXPANSION

Santiago LA NACION in Spanish 10 Dec 85 p 32

[Text] The incorporation of 50 percent of the unexploited productive areas in the economic development of the country, reducing the population concentration in the cities of Santiago, Vina del Mar and Valparaiso, better use of maritime resources, the establishment of new towns, and, in general, a better quality of life for the citizens of Chile--these are the main goals involved in the building of the coastal road, an undertaking which is a part of the project named Chile Future.

As its name indicates, this is a national plan which projects various scenarios for the medium, long and very long term, within which projects are being drafted which in one way or another will facilitate the development of the country, with the improvement of the quality of life rather than the economic development being understood as the final goal.

Among these projects is the building of a coastal highway, on which the work of clearing and consolidation is in full swing in the central area, under the supervision of the municipality of Valparaiso. The manpower is provided on the basis of the plans for minimal employment and heads of households.

This road, which follows the coast from Arica to Isla Naravino, will incorporate 50 percent of the unexploited farmland in production, and will make it possible to establish 195 new settlements, populating the uninhabited areas and thus relieving the population crowding in the Central Valley and reestablishing irrigation on 50,000 hectares of land on Santiago which are at present paved

The project calls for 6,400 kilometers of road, 45 percent of which is already completed. Engineer Antonio Horvath, who has participated in this work, explained that on the basis of the land surveys done, what has been completed is much more than was expected. "If we take advantage of forest and farm roads and some tracks the public has been using, as well as community projects carried out by the local inhabitants and the municipalities, the investment needed is low, compared to that for what we will be doing in the future."

The Long-Awaited Road

Naturally, those most pleased with the launching of work on the central portion are the residents in the small coastal towns who live exclusively from the products of the sea, which they trade among themselves, and occasionally sell to wholesalers who come from the nearest large cities to purchase them. This is the situation in the Bahia Laguna Verde, Quintay, Caleta Las Docas, Punta de Loros, Tunquen and other similar villages. For the 150 families in Quintay, the completion of the coastal road "is a marvel. We have been waiting more than 8 years for this. With the road, we can sell our products and bring about the development of our community."

For the fishermen, life there is difficult, although beautiful in its tranquility. The small Bay of Quintay, located 48 kilometers from Valparaiso, has its own enchantment, provided by the surrounding terrain, the sea, the products it provides to the residents and the priceless solidarity among them. For this reason, moviemakers have filmed here, and it is the background for many of the spot commercials used by many business enterprises.

But this is not enough. The only secondary school is 2 kilometers away, the drinking water supply is inadequate and of poor quality, the electrical power fails 5 days out of every week, and a single minibus leaving very early in the morning and returning in the evening as the sole transportation provide proof of its neglect and isolation. Therefore, for the people here the coastal road is more than a salvation. It is compensation for years of sacrifice.

Thus far tourism has been the great hope and the index of a good or bad winter season. For this reason the mayor of Casablanca has been asked not to place any restrictions on the pitching of tents, because this would prevent resources from coming in. A similar situation exists in Tunquen, which has an even smaller population.

Benefits From the Road

But the project is now a reality and the wait will be shorter. From Valparaiso to San Antonio, the section remained to be built, only 30 kilometers of road are needed to provide the link with the coast. If all of the local roads are utilized, Horvath added, all that remains is 10 kilometers and a short section, which could easily be built, of only 1.5 kilometers, across Curauma Hill, which drops off steeply to the sea. This is nothing in comparison the projects being carried out elsewhere in the southern zone.

This road will make it possible to establish three new towns--Ruta Curaumila, which alone could potentially be larger than Valparaiso, Quintay Sur and Tunquen. These three areas could absorb the growing population of Santiago, Valparaiso and Vina del Mar, which are already crowded.

"Each section has its advantages, and can be approached on the local level," the engineer added, "because the project includes plans for efficient strengthening of the administrative and cooperative regions in order to ensure participation, efficiency and proper use of the financial resources."

Real Profitability

This project of great magnitude and excellent prospects has been assessed, and the profitability report is positive. This means that the benefits it will provide are greater than the investment to be made. This investment calls for providing an express train to serve Valparaiso and Santiago with a 30- or 35-minute run, which is justified provided the above projects are carried out, because the idea is to create development potential and not to attract more people to these cities.

"These ideas," the engineer added, "will involve not only infrastructure but call for the allocation of government property, such as land where the residents can cultivate gardens in the off or 'bad' season. This will contribute to definitive settlement, which will be supported by technical aid provided by professionals. In general, there is a consistent plan for each section for bringing this phenomenon about."

Utilization of Resources

Included within the project are plans for the better use of maritime resources, because the greater part of the products of the sea in Chile are processed into fish meal, thus minimizing the real value. Per capita consumption is about 5 kilograms, whereas with this plan, it will be possible to make better use of maritime products, the prices can be used, more jobs can be created and the potential for improving nutrition will be created.

Water Supply

In order to resolve the problem of inadequate drinking water on the coast, an experimental hydroelectric irrigation system is taking water from the upper Maipo River, carrying it to the east of Santiago, and taking advantage of certain natural waterfalls to generate energy and to make it possible to irrigate 45,000 hectares of dry land. This gives rise to a number of permanent jobs and is providing an adequate water supply to Valparaiso, Vina del Mar and the three towns mentioned.

The Loa and Caleta Punta Arenas experimental unit, located between Tocopilla and El Loa, to the north of the road, is also being built. It will make it possible to desalinize sea water at a coast lower than that of the transportation methods currently being used.

This water will be suitable for drinking, for any industrial use, for irrigation, for gardens, for the cultivation of algae and maritime aquaculture. This may make it possible to establish another town there, like Bahia Taquilla, between Muermos and the Pacific.

5157

CSO: 3348/317

CHILE

BRIEFS

MARITIME DEVELOPMENT FOR SOUTHERN ZONE--Punta Arenas--The southern zone of Chile, which is the southernmost in the world and is almost unpopulated at present will focus its development on maritime activities, the director of the Chile Future project, former parliamentarian Mario Arnello, has announced. In the course of an explanation delivered to the Economic and Social Council, which is meeting in this city, near the Strait of Magellan, 2,000 kilometers to the south of Santiago, Arnello described the role of the southern zone in what he called "the Pacific era." "In another 50 years, 3.5 billion people will be living in the nations of the Pacific basin, and the demographic and economic pressure and the need for space will be felt in all climes, especially the empty and unproductive coastal areas," Arnello said. The future plan for the zone gives priority to an increase in the production of shellfish, algae and fishing using traditional, industrial and factory techniques. An effort will be made to achieve self-sufficiency in boats and ships, taking advantage of the hardwoods found in the area and providing incentives for forest management. Basic and secondary education will be oriented toward an understanding of maritime activities and facilities will be provided to businessmen who establish industries in this branch. [Text] [Santiago EL MERCURIO in Spanish 13 Dec 85 p C-2] 5157

EGYPTIAN AMPHIBIOUS VESSELS RECONDITIONED--An amphibious cargo vessel which will soon be put in service in the Chilean Antarctic territory, under the command of the Lieutenant Marsh Airbase Operations Office, successfully passed tests yesterday morning at the Quintero Airbase in the Fifth Region. General Fernando Matthei, commander in chief of the Chilean Air Force (FACH) and a member of the Ruling Junta, witnessed and participated in the tests made on the beach and in maritime waters off the Quintero Base. In 1984, through private parties, the FACH purchased two amphibious vehicles from Egypt, which had been retired by the army of that country. They were manufactured in Russia and are similar to those used by both the Russian and the Polish bases in the Antarctic territory. The lack of a wharf at which the vessels arriving at the Lieutenant Marsh Air Base by sea can unload makes it necessary to request the services of the Soviet base, which provides amphibious vessels for use in the task of unloading the boats. Bearing this need in mind, the plan to purchase the two vehicles was implemented, and, through public bidding, various domestic enterprises were offered an opportunity to participate in their rehabilitation. The enterprises who offered bids on the repairs were FAMAE [Army Ordnance], ASMAR [Naval Docks and Yards], Makina, Ltd., Juan Gac

and Casagrande Motori. The Juan Gac enterprise was awarded the bid by the logistic command on the complete reconditioning of the two vessels. The vehicle tested is an amphibious vessel equipped with a cabin for two crew members located forward. It can be sealed off and contains apparatus to purify the air by means of a high-speed turbine, so as to protect the crew members against nuclear contamination. There are two hatchways in the ceiling of the cabin, one for each crew member. The cargo section is located astern, with two separate ramps for loading vehicles. According to the statements made by General Matthei at the conclusion of the tests, the amphibious vessel was entirely reconditioned in 45 days, a record in view of the fact that key parts, both in the engines and in other apparatus of sophisticated design, had to be replaced and fabricated. Once the other amphibious vessel, which has not as yet been named by the high command of the FACH, both vehicles will be transferred to the Lieutenant Marsh Base. [Text] [Santiago TERCERA DE LA HORA in Spanish 10 Dec 85 p 40] 5157

CSO: 3348/317

COLOMBIA

INCREASED POLITICAL ACTIVITY SEEN IN 1986, CENTENNIAL YEAR

Bogota EL TIEMPO in Spanish 2 Jan 86 p 6-A

[Article by Roberto Pombo]

[Text] The holding of congressional and presidential elections, the continuation and conclusion of the peace process designed by the current government, and the evaluation of a century of centralism in Colombia since the 1886 Constitution make the new year an especially exciting time politically.

Without question, the most important political event of the year that began yesterday will be the election in May of the new president of the republic. He must succeed one of the most controversial presidents in the history of the country.

The election campaigns of the presidential candidates will resume in a few days. They have stated that the campaign will "heat up" this year. So far all sectors agree that the general tone has been low-key.

The presidential candidates will receive very important insight from the congressional elections since the results that the different political groups, particularly the liberals, obtain will determine the balance of power and the final make-up of the contingents that support each one of the candidates.

Liberal Problem

The eyes of the political observers (and, of course, of the politicians themselves) are initially on the number of votes that Luis Carlos Galan will win compared to the rest of the government liberal party.

Several liberal leaders including former president Carlos Lleras Restrepo feel that there is a serious danger for that party because of its division as it undertakes the electoral campaign. They compare the current situation with the one experienced when the party divided between the followers of Gabriel Turbay and those of Jorge Eliecer Gaitan. This allowed a conservative victory despite the fact that the combined votes of the two equaled a majority. A more recent example concerned Galan himself and former president Alfonso Lopez in the last elections. Their division helped Belisario Betancur win. Other liberals, led by Lopez Michelsen, underestimate the current problem of liberal division and consider a victory of the government party more feasible under current conditions than if Luis Carlos Galan joined the main body of the party.

The conservatives, on the other hand, agree more with Lleras Restrepo's thesis. (He was proven right in the last elections.) They encourage the breach between New Liberalism and government liberalism as much as possible.

Congress, Assemblies, Municipal Councils

The election of members of the senate, chamber, assemblies, and municipal councils will be held on the first Sunday of March. All the politicians in the country are now working full-time to prepare for those elections, aided by their presidential candidates whom they will support (it is assumed) in the campaign from March to May.

In the last elections, some of the politicians who campaigned for congress did not work as hard for the election of their candidate for president. That partially explains why the senate and the chamber are now mostly government liberals but the president of the republic is conservative even though the two elections were held one right after the other.

That could happen again on this occasion. The make-up of the slates for congress in some regions of the country reveals the tendency to combine different sectors to make the work for the congressional elections more efficient and keep "reserves" for the final stretch of the presidential elections.

At the end of all this in May, the country will have a new congress that will begin its work on 20 July, will have elected the municipal councils and assemblies, and will have a new president of the republic who, if things continue as they are, will be Alvaro Gomez, Virgilio Barco, or Luis Carlos Galan. The first two have a better chance than the third.

The above process will be carried out in the midst of the ticklish matter of peace. As the new year begins, the FARC [Revolutionary Armed Forces of Colombia] is in transit toward legality through the Patriotic Union. Other minor groups headed by the M-19 have the obvious intention of making this year a violent political season.

1986 began with an extended truce with the FARC. The details are still being discussed in the greatest secrecy by the Peace Commission headed by John Agudelo Rios and that guerrilla group. The idea of the government (and the entire country) is for the future of those who are guerrillas today to be clarified by the time of the elections so they can go to the polls as unarmed citizens.

The government has repeated that it will offer every guarantee to all political sectors to come to the elections as equals.

In the 8 months left to this government, the problem of subversion will probably be partially solved although it is unlikely that it will be solved completely. The government that takes office in August 1986 could receive the powerful FARC completely pacified but will also inherit a stream of groups dedicated wholeheartedly to making war.

Special, Extraordinary Sessions

The current congress will go back to work on 14 January. It is obliged constitutionally to hold special sessions because of the economic emergency that the government decreed to undertake the reconstruction of the towns affected by the volcanic eruption of Ruiz.

The emergency was decreed for 35 days and, according to the Constitution, congress must meet in special sessions 10 days after that period ends to review the decrees issued by the government using those special powers.

The period of 10 days expires on 7 January but, according to the leaders of the senate and the chamber, the special sessions will begin a week later.

Extraordinary sessions might be held to study government bills related to financing the judicial branch. There has been an argument about this because of the letter from former president Lopez Michelsen to President Betancur revealing his disagreement with the use of the economic emergency to obtain those resources.

The government, however, has not said anything officially about this. Lopez' intervention was based on his private conversations with members of the government.

Constitution a Century Old

The National Constitution which institutionalized the rigid centralism that reigns in Colombia today is 100 years old this year. It has undergone some transformations, the most important of which occurred 50 years ago.

The centennial of the Constitution comes in the midst of debate about the current suitability of certain principles of the Constitution. Conservatism generally praises the Constitution, feels it is effective at this time, attributes to it the fact that the dissolution of the country has been avoided, and claims that the conservative party wrote it.

There is no single position on this in the liberal party, but there is consensus on the need to introduce serious reforms, especially related to administrative rather than political regional autonomy. The popular election of mayors was passed by congress but will not go into effect until the Constitution celebrates its 102nd birthday.

The year of the centennial will serve as an excuse to meditate about what the Constitution has done in terms of national unity and the damage it has caused through its excessive centralism. It is possible that the celebration of the centennial will include the veto of the liberal ideas of a century ago, condemned to oblivion since their defeat in the military sector.

A new congress, some particularly difficult elections, and the election of a president of the republic will be the most important events this year that, to judge by the messages Colombians send to each other, is expected to be very happy.

7717

CSO: 3348/347

COLOMBIA

1985 CENSUS REFLECTS DECLINE IN DEMOGRAPHIC GROWTH

Bogota EL TIEMPO in Spanish 13 Dec 86 p 3-B

[Article by Carlos Ronderos T.]

[Text] News of the preliminary results of Census-85 has caused great consternation among citizens. The experts had been citing figures that were considerably higher than those yielded by the National Administrative Department of Statistics (DANE) census, while the population of the various cities, villages and departments became a matter of regional pride. In fact, Ibague residents refuse to believe that their city has only 285,409 inhabitants, while Manizales reports just 299,656 residents. In Bucaramanga it was claimed that the city of parks was approaching the 1 million mark, but the census reported the presence of just 350,210 souls. Added to the 143,719 people registered in Floridablanca, that makes a scant half a million.

Bogota residents suffered a similar blow; while burgomasters, urban development specialists and community leaders talk about the problems a city of 6 million must face, DANE tells us that only 3,967,988 citizens live in the Special District. The same story is told in other capitals and municipalities. When citizens see their population decline, they feel less important, so they reject the results as simply another one of DANE's fantasies, just as they have never believed the inflation or unemployment figures.

In view of these circumstances, we should ask ourselves three questions. The answers to them will help us analyze the results of the census in a different way. 1) Was the census conducted in such a way as to yield reliable results? 2) If they are reliable, why did the totals come out so low? 3) What is the consequence of the fact that there are fewer of us than we thought?

Technological innovations not used in previous surveys were employed in this census. The first step was a cartographic study that allowed for an initial line-by-line count of the houses in the country. On the basis of this count, some "centers of operation" (covering approximately 10,000 inhabitants) were defined. In the field, the staff used the identification plates on the houses to verify the information obtained in the aforementioned procedure. In this stage, a preliminary count was made to determine who was the head of household and how many people lived in each unit. Incidentally, it was this study, and

not the census results that were lost, which made possible the total reconstruction of Armero for the Resurgir Corporation.

This preliminary effort is largely responsible for the fact that during the actual census the coverage was as broad as such counts permit. Using a method that is employed in other countries, for the purpose of preventing the paralyzation of national production for a day (with the resultant losses), it was decided that the process would take place over a period of 15 days. During that time, any errors that appeared could be corrected, and the staff became more and more experienced. The result was that the job scheduled for 15 days ended up taking only 10 days, DANE notes with great satisfaction.

This is all very fine in theory, but why are so many people complaining that they were not counted? There are two answers to this new question. First, the expected coverage is 98 percent, which means that on the basis of a population of approximately 27 million, roughly 500,000 inhabitants could well have been missed in the census. The fact that 500,000 people are "spouting off" that the census was no good because they were not counted can create an atmosphere of mistrust, and that is exactly what has happened in certain sectors of the population. Secondly, the census was simpler than people thought, and on many occasions only one member of the family responded to the questions on the form and the rest felt that they were not counted. This problem is due more to a lack of family communication than to the validity of the figures. Only 10 percent of the population was asked the questions on the long form, which many people thought would apply to everyone in the census.

The above considerations lead us to the conclusion that Census-85 can be regarded as reliable, and we can then ask the following question: Why are there fewer of us than we thought?

Experts in the field are familiar with the phenomenon reflected in the results as a veritable demographic revolution, which is manifested in a considerable decline in population growth rates just when a drop in mortality rates (primarily among infants) would lead one to expect the opposite. Three factors led to the lower growth rate.

First there is the reduction in the birth rate that goes hand in hand with the urbanization process. Historically, it has been observed that as countries become more urbanized, families tend to have fewer children. Colombia is no exception to this. The 1973 census revealed that 52.36 percent of the population lived in the countryside, while in 1985 the figures indicated that 71 percent of the total national population lives in the municipal (urban) centers. This migration to the cities is closely related to higher education levels, the entry of more and more women in the job market, and a reduction in the area suitable for habitation. All these elements combine to lower the birth rate.

The second factor, which is related to the first one, is the fact that women are having their first child at a later age. Previous censuses indicated that women had their first child at 18 to 20 years of age; the preliminary results on fertility in the expanded survey reveal that this figure is now 28 years.

This means that during the time it used to take for three generations of Colombians to be born (54 to 60 years), today only two are born. This reduces the birth rate to a figure of about 30 percent for that period. Apparently the greatest impact on this factor was felt in the last inter-census period. In sum, women are not only having fewer children, but the few they do have are conceived when the women are older.

The third factor is emigration. Although no exact figures are available on the number of Colombians living abroad, it appears that the total grew significantly in the last 15 years. The results of the study conducted by Dr Alcides Gomez on the situation of Colombians who emigrated to Venezuela should be taken into consideration. He showed that the crisis in that country did not reverse the migratory tide.

These seem to be the principal factors that caused the unexpected census results. The last question has to do with the consequence of the fact that there are fewer of us than we thought.

Between 1973 and 1985 the country was operating on false demographic assumptions, which led to excess investment in some sectors. The cost of that miscalculation will have to be borne by a smaller population. A classic example of this phenomenon is the service enterprises. For instance, the city of Bogota planned a project to provide water service to 6 million inhabitants in the initial phase (1985), and to 10 million by the year 2000. In fact, this year the population is barely 4 million, and by the end of the century it will be no more than 6 million. The upshot is that the 4 million people today will have to pay for water service for a population that will never exist. It is not surprising, then, that we consumers are paying such high rates today. This example is repeated in a large number of infrastructure projects on which the country embarked in the last 15 years.

Other effects derive from the change in the composition of the populational pyramid. With the lower birth rate and the longer life expectancy of our population, our population is growing older, which implies a change in the orientation of our investment. Infrastructure is needed for a population that no longer needs primary schools, but rather centers of higher learning and, above all, jobs. It is not surprising that in Bogota there are already consolidated barrios where the supply of primary schools exceeds the demand.

The preliminary results of the census, which were released in December, mean that the country must orient its thinking in a different direction than before; the country is different from what we imagined. We live in an urban country, with a low demographic growth rate that is not likely to experience sudden increases. More of the population is of working and voting age, and the women not only outnumber the men but also are more interested in working than in having children.

8926

CSO: 3348/378

COLOMBIA

GOVERNMENT SETS GOAL OF 4.5 PERCENT ECONOMIC GROWTH IN 1986

Bogota EJ, TIEMPO in Spanish 5 Jan 86 pp 1-A, 9-A

[Article by Jose Fernando Lopez]

[Text] The government easily met the targets it had set in the 1985 adjustment program without affecting the total amount of imports in the country. It also boosted public investment and achieved higher than expected growth rates for the economy as a whole, according to figures provided by the Finance Ministry, the National Department of Planning, the Bank of the Republic, and other public sector agencies.

The government has also set targets for 1986, including an economic growth rate of 4.5 percent and a consolidated public sector deficit of just 4 percent. These goals are part of the macroeconomic program for the next year, which will be based on "growth with stability," according to a speech given by the finance minister in Washington on the occasion of the signing of the \$1 billion loan.

The program will not be without social costs, however, such as the decline in real income for most wage-earners in the country, and the maintenance of very high unemployment rates. The growth in investment and the stability of imports made the 1985 adjustment program unique in Latin America, considering the results obtained by other countries in similar conditions.

Fiscal Adjustment

According to data supplied by the General Treasury of the Republic, public investment totaled 111.9 billion pesos in 1985, 34.5 percent higher than comparable investments undertaken in 1984.

At the same time, the central government's deficit in cash transactions (the difference between ordinary cash income and cash outlays) was brought down from 128.4 billion pesos in 1984 to 58.3 billion pesos in 1985. The fiscal year ended with a surplus of 14.292 billion pesos in the treasury (compared to a deficit of 9.032 billion in 1984). The treasury surplus results from comparing liquid assets of 51.33 billion pesos at the end of the year to liabilities valued at 37.038 billion pesos.

In addition, the treasury's situation improved considerably. In years past, it had been hampered by the existence of the so-called "documents in transit," which are expenditures committed in one fiscal year and not actually implemented until the following fiscal year.

According to the figures that were released, the "documents in transit" between 1984 and 1985 were valued at 123 billion pesos, while those between 1985 and 1986 amount to just 118 billion pesos. There is another important difference: The documents from the previous year were backed by only 24 billion pesos (in treasury cash assets), while the documents to be implemented in fiscal year 1986 are backed by more than 51 billion pesos. In the first case these documents accounted for 21 percent of the total central sector budget, whereas in the latter case they represent just 17 percent.

According to these same figures, the considerable expansion of the state's current income contributed substantially to the improved fiscal situation. These revenues grew by 47.5 percent in 1985, while total spending rose by just 16.4 percent (including operational outlays that were only 14.4 percent higher).

With regard to the gross domestic product (GDP), the central sector deficit (including Agricultural-Livestock Marketing Institute transactions and some payments abroad not reflected in the cash transactions balance) totaled 2.65 percent in 1985, compared to a goal of 2.9 percent set forth in the adjustment program.

Concerning transactions in the decentralized sector, the preliminary estimate of the deficit (given the complexity involved in compiling figures) is approximately 2.1 percent of the GDP. This is slightly higher than the 2 percent goal initially established.

This means that the consolidated deficit of the national government will be just under the 4.9 percent called for in the adjustment program.

External Sector

Official sources say that the results in the external sector were equally favorable. Net international reserves finished up the year at \$2.066 billion, with an increase of nearly \$270 million throughout the year (compared to a projected decrease of \$75 million according to the adjustment program). This was achieved despite the fact that the \$515 million expected from the \$1 billion in loans from international banks did not materialize.

Data obtained using the "balance of payments" methodology (which includes those external transactions that do not produce a flow of foreign exchange) indicate, on the other hand, that the current account deficit dropped from \$1.994 billion in 1984 to \$1.3 billion in 1985.

They also reveal that the declining trend in the balance of trade that had been observed in the country for several years has finally been reversed, with a surplus of nearly \$100 million in the commercial sphere. In 1984 the balance of trade yielded a deficit of \$310 million.

As for imports, although there was a major change in their composition, which was reflected in a decline in reimbursable imports (in other words, those that do not cause dollars to leave the country), the overall value remained the same as the previous year's total. The value of imports in 1985 totaled about \$3.95 billion, compared to \$3.98 billion in 1984.

There was, however, a significant drop in capital goods imports, whose value fell to about \$200 million. Raw materials did the opposite, with a substantial increase in value.

In addition, in another unique aspect of the adjustment program, external credit disbursements rose from \$1.76 billion in 1984 to \$1.95 billion in 1985, a jump of \$190 million.

Moreover, public sector credit from international banks was brought back to normal, the debt of the country's major enterprises was restructured (with the sole exception of Avianca), the Bank of Colombia debt was renegotiated, and that of the Agricultural-livestock Marketing Institute (IDEMA) was refinanced.

Also, the flow of dollars out of the country was apparently stemmed. Official interpretations regard the "errors and omissions" account in the balance of payments as an indicator of the performance of the underground market. This account shrank to less than \$100 million in 1985, from a total of \$330 million in 1984.

Finally, with respect to the devaluation, the goal of bringing the real exchange rate to the same parity as in 1975, in comparison with a basket of currencies from the country's principal trading partners, was exceeded as well. Using the parity from that year as a base of 100, the real exchange rate went from 82 to 106 in 1985; in other words, it gained 25 points.

Growth and Prices

All of the above, according to the different sources consulted by EL TIEMPO, was achieved without sacrificing economic growth. Preliminary estimates, in fact, peg GDP growth at 2.8 to 3 percent in the year that just ended. This rate is similar to the 1984 figure.

Preliminary data also indicate that the industrial product grew by more than 5 percent (in September the National Administrative Department of Statistics projected a yearly growth rate of 4.87 percent).

Official sources say that these figures confirm that the government's program did not have the recessive features that many observers attributed to it; rather, it was a quasi-expansive program to the extent that it laid the groundwork for higher growth in the medium term.

Regarding prices, the final increase in the Consumer Price Index, as the president of the republic revealed in his New Year's Message, was 22.4 percent. The Wholesale Price Index rose by 23.1 percent.

1986 Goals

According to the finance minister, the government's goal for 1986 is to consolidate the growth process in a climate of stability.

As has already been noted, the target for GDP growth is 4.5 percent, which should be achieved without fundamental changes in price indicators.

The latter, in turn, will require strict control of the money supply, keeping growth below last year's 28 percent.

In this area, the great challenge the government faces is the management of foreign reserves, which will be expanded considerably by the increase in coffee prices and higher coal and petroleum exports.

Preliminary estimates by experts in the coffee sector indicate that coffee exports will total \$3 billion in 1986. If these projections are confirmed, the current account deficit in the country's balance of payments will be completely eliminated, and foreign reserves will rise by about \$1.8 billion.

This increase in reserves would, in principle, be incompatible with the aforementioned monetary goal, which means that the government will have to resort to mechanisms that will allow it to prevent the monetization of all the foreign exchange generated by coffee exports.

Sources consulted by EL TIEMPO claimed that to maintain stability on the monetary front, no more than \$800 million of the nation's reserves must be allowed to be monetized.

Official statements given in recent days indicate that there will be no substantial modification in imports, and that an indiscriminate liberalization of that sector can be ruled out. As the president himself stated in his message, the deregulation will continue to be gradual and selective, especially in the areas of capital goods and raw materials not produced in the country.

If the objective, as indicated repeatedly, is to achieve a deregulation similar to that which prevailed in the second half of the 1970s, in 1986 no more than 500 items on the tariff list should be deregulated. In 1985, a total of 1,350 items moved into that category.

As for exports, the government already stated its position in announcing a devaluation of 20 percent for this year, and in issuing a series of measures recently that returned the tax discount to the Tax Reimbursement Certificate (CERT) and reduced its average levels in order to maintain the real net income of exporters.

In addition, on the fiscal front the government has repeatedly stated that it will consolidate its adjustment program in 1986, and has set a goal of keeping the overall public sector deficit at 4 percent or below.

According to official sources, this target will be reached without sacrificing public investment, which will maintain its growth rate, or the income of public employees, whose wages have been boosted by an average of 22.4 percent.

COLOMBIA

DEFENSE MINISTER CONFIRMS STUDY TO CALL UP RESERVISTS

Bogota EL TIEMPO in Spanish 9 Jan 86 p 3-A

[Text] Gen Miguel Vega Uribe, minister of defense, confirmed yesterday that the national government is studying the possibility (as EL TIEMPO reported yesterday) of calling up the military reserves to guarantee proper voting in the violent areas in the March and May elections.

Some radio reports yesterday hastened to deny the information provided by this newspaper in that regard, but Minister Vega Uribe confirmed that version and stated that the measure will be implemented soon.

Longer Hitch

It was also reported that the general command of the Army ordered that the term of obligatory military service will be 6 months longer for those called up in 1984. This will enable the Army to maintain a standing force of more than 10,000 troops.

A source at the Defense Ministry told EL TIEMPO that the regular soldiers were supposed to finish their hitches last December.

This measure was taken in view of the approaching presidential elections in March, and because the armed forces do not have enough men to guarantee public order during the balloting.

The contingent in question was inducted into the various military units in the country in June 1984, and was supposed to finish its term in December of last year as first class reservists.

The news was released as the government is preparing to call up the reserves for the March elections.

A military spokesman stated that the draft decree is all ready, and that only soldiers and petty officers will be called up.

The 1984 contingent, therefore, must remain in the ranks until June of this year, after the presidential elections are over.

This matter is being discussed now by the commanders of the 14 brigades, who have been in Bogota since Wednesday meeting with the commander of the Army, Gen Rafael Samudio Molina.

The source stated, finally, that the normal induction of soldiers into the Army will take place even though the 1984 contingent has been "held back."

The police, he reported, are also recruiting both men and women who want to be agents or first class conductors.

8926

CSO: 3348/378

COLOMBIA

BRIEFS

MINING EXPLOITATION RIGHTS LIMITED--The government limited to five the number of mining exploitation rights which any natural or legal person can have, directly or indirectly, in national territory. Through Decree No 3750 of December 1985, the government restructured existing legislation on mining exploitation contracts in order to ration the number and facilitate the legalization of concessions to those who now exploit mines without a license. Commercial or industrial enterprises in which the Colombian state has at least 51 percent participation were excluded from that limit. Also as of 1 January 1986, if two or more requests are made for the same zone, the Ministry of Mines and Energy will carry out the respective procedures with the request from the people there first. Also contracts for exploration or exploitation of deposits of energy minerals and those of alluvion mines of precious metals worth more than 50 million pesos must be reviewed by the Council of State. Article 6 of Decree No 3750 establishes that the prerogatives and privileges that have been granted to those who exploit mine deposits owned by the country without authorization by the Ministry of Mines and Energy will apply only to requests in transit or already granted. However, those now exploiting those deposits, including precious metals, will have preferential rights to licenses or concessions if they present their request before 1 January 1988 and prove that they mined the zone the year before the presentation of their request. [Text] [Bogota EL TIEMPO in Spanish 30 Dec 85 p 12-A] 7717

FRENCH CREDIT AIDS PAPELCOL--The controversial paper project of northern Cauca, PAPELCOL [Colombian Paper Company, S.A.], will receive the necessary contributions from the state to guarantee its start-up in 1986. This will total about \$360 million, according to President Betancur. In a letter to the graphic arts unions, the chief of state said that the refinancing agreement for the project reached with the French banks last 30 August will be carried out by the national and foreign partners and the appropriate financial or technical entities. According to a study by the Industrial Development Institute, the extra costs of the project--basically interest payments to French banking--total \$362.1 million. This agreement with the French is for the renegotiation of \$58 million in addition to the \$32.3 million already agreed on. The banks promised to reprogram the foreign debt by 15 February 1986. The president explained that the government has carefully examined the operation to insure that the project will not become a burden for the sector and ordered an investigation of the documents signed. [Excerpt] [Bogota EL ESPECTADOR in Spanish 3 Jan 86 p 11-A] 7717

URABA MILITARY BRIGADE--Medellin, 13 January--The National Security Council, chaired by President Belisario Betancur, today approved the creation of a special military brigade for Uraba, one of the areas hardest hit by the violence in Antioquia. After a study of the public order situation was submitted by the sectional authorities, the council decided to expand the police forces in the metropolitan area and in Antioquia, and announced increases in resources and equipment. The National Security Council issued a communique indicating that it will hold its next meeting in Apartado, in the region of Uraba. It also stated that it is necessary to continue the evaluation of Decree 1853 of 1984, which contains sections calling for preventive detention and the release of criminals sentenced to less than 2 years. The council deliberated in the office of Governor Alberto Vasquez Restrepo, and also dealt with the issue of political impartiality and electoral guarantees in the areas considered to be red in this department. [Text] [Bogota EL TIEMPO in Spanish 14 Jan 86 p 1-A] 8926

CSO: 3348/378

CUBA

RICARDO ALARCON ON U.S. ROLE IN UN OVER LAST 40 YEARS

Havana GRANMA WEEKLY REVIEW in English 29 Dec 85 pp 10-11

[Article by Ricardo Alarcon de Quesada; first paragraph is GRANMA WEEKLY REVIEW introduction]

[Text] Dr. Ricardo Alarcon de Quesada is an alternate member of the Central Committee of the Communist Party of Cuba and deputy foreign minister. During the 12 years he spent as Cuban ambassador to the UN, he acquired vast knowledge of the workings of that organization and of the diplomatic activity undertaken there by the government of the United States. The following article appeared in the Cuban theoretical publication CUBA SOCIALISTA.



OCTOBER 24 marked the 40th anniversary of the enactment of the UN Charter. This is a good time to review the accomplishments of the international organization which developed from the ruins of World War II in the noble hope of saving "succeeding generations from the scourge of war." We will also consider what remains to be done to reach the goals and principles of the San Francisco Charter and the obstacles that 40 years later still hamper their realization.

While it is true that there have been no more world wars such as that caused by the Nazi-fascist coalition, there have been many local conflicts resulting in countless losses and sacrifices for the peoples as a result of imperialist aggression or colonial oppression. It is true that the process of emancipation of the colonial peoples reached new heights as shown by the fact that the number of UN members increased from an initial 51 to the current 159. But dramatic cases of ironclad colonial domination and brutal racist oppression still remain. Likewise, the phenomenon of neocolonialism and economic exploitation and subordination imposed on the majority of these new states are an indisputable fact. The growing difference in the standard of living between the inhabitants of the most highly industrialized nations and those of the underdeveloped ones illustrates that the Charter's pledge to promote "the economic and social advancement of all peoples" has had no practical effect on hundreds of millions of people in the Third World.

These contrasts can be explained by the very history of the UN.

A key difference between previous attempts to put the world in order in other postwar periods and the international order sought in San Francisco was that the latter was not simply a pact between the leaders of a group of states, but rather sought to reflect the will of the peoples. "We the peoples of the United Nations..." is how the Charter starts off. It established a system in which all states were included with equal rights, on the basis of respect for the independence and sovereignty of all by every member. It was not, as before, a limited alliance among a number of states with common interests. The objective was to create an organization with universal scope both in terms of possible affiliation of new members and of the goals and principles upon which it would be based. Regarding dependent countries, while the Charter did not advocate independence openly and categorically, it acknowledged its responsibility concerning the living conditions of those countries' peoples who should be helped in their advancement toward self-government and the full realization of their political aspirations.

In all truth, the founding of the UN marked the start of the process of democratization of international relations that was to develop over the next 40 years under pressure from within and without the organization by the socialist countries, the non-aligned nations and other defenders of peace and freedom.

While the current balance sheet of the UN is a combination of undeniable achievements and evident limitations and shortcomings, this is not due to the failure of its principles and objectives, but rather because the democratization process has not come to fruition yet. The

history of the organization, in fact, has been the history of the struggle within it, from its inception up to the present day, between the advocates of the new, democratic system of international relations stipulated in the Charter and those who, like the United States, far from accepting democratization, wanted all along and still want to impose their hegemonic interests. What happened in San Francisco was that such countries felt compelled to sign the Charter as a result of internal and external pressure growing out of the antifascist struggle.

In the initial years universality and democratization were noble objectives more than concrete realities. Colonialism reigned throughout almost all of Africa and big portions of Asia and the Caribbean. The United States had emerged from World War II as the leading capitalist power with decisive influence over the so-called Western world. In order to consolidate its domination, the U.S. government unleashed an aggressive, warmongering policy aimed at stopping and defeating the advance of socialism and the national liberation movement. This turned the United States into the world center of anticommunism and counterrevolution. Thus, going against the ideals of the millions who battled fascism and betraying the memory of its victims, the founding of the UN did not lead to real peace, and the first years of the organization were darkened by the imperialists' cold war.

In the cold war context, Washington lined up most of the "Western" nations in support of its policies, along with the docile reactionary governments of Latin America. It was thus repeatedly able to use the UN for its imperialist ends and made the organization act against its principles.

But the imperialist dream — nurtured by the most reactionary elements of U.S. society — of a world to the liking of the U.S. monopolies, was just that, a dream. The advance of history turned the dream into a nightmare. Thanks to the heroic effort and the dedication of its workers, the war-devastated Soviet Union was rebuilt, and in a few years, taking gigantic strides, it became one of the most developed nations. Socialism advanced and took root in the people's democracies of Europe. The Chinese people's revolution was victorious in 1949; in 1953 the Korean people defeated the aggressors with the aid of international solidarity; and the following year the Vietnamese people defeated the French colonialists at Dien Bien Phu. Also in that year, the Algerian people started their liberation war. In Africa and Asia the peoples were rising up against foreign domination. In the capitalist countries the struggle for a policy of peace and international cooperation was gaining ground, much to the dismay of Washington. All these processes converged in a single direction and in the course of time transformed the international situation, which was driven further and further from imperialist dreams and closer and closer to the original San Francisco program.

As the world became more progressive, it was harder for Washington to manipulate the UN, which was becoming more democratic and

representative of the peoples. It also became clearer that U.S. policy was the main obstacle preventing the organization from reaching the goals it was set up to fulfill.

The role of the United States as the chief opponent of UN objectives, which prevents the organization from doing its duty, is clear when we consider its handling of the colonial question. This review also illustrates the hypocritical and two-faced nature of U.S. diplomacy, especially in recent times.

U.S. propaganda claims that the United States does not have colonies and never has; in fact it presents itself as an anticolonialist nation. Nothing could be further from the truth, as the facts clearly demonstrate.

The great majority of the countries which were colonies in 1945 are now independent and belong to the UN. All were previously administered by European powers. But territories then under U.S. control are still in the same situation, for not one has become a sovereign state.

Moreover, all territories which were under the tutelage of the League of Nations or which were colonies of Germany and Japan, for which the UN established a special system — trusteeship assigned to one of its members on behalf of the organization — have also become sovereign. There is only one exception: the territories in the Pacific, Micronesia, which had been occupied by Japan and are now under the control of the United States. This is also the situation of Namibia, which the League of Nations had placed under South African administration following World War I.

Today, the main colonial possessions of the United States are, in the Caribbean, Puerto Rico and the "U.S." Virgin Islands, and in the Pacific, Micronesia — made up of three archipelagos, the Marshall Islands, Caroline Islands and the Marianas — in addition to Guam and the so-called "American" Samoa.

Thus, on the 40th anniversary of the UN, the United States, in addition to being the leading imperialist power, is also the leading colonial power. Therefore a single state combines the "advanced" features of the highest stage of capitalism with those of classical colonialism corresponding to a previous stage in history.

The United States is therefore the leading bastion of other colonialist and racist forces, especially the South African regime. In order to further understand this point, we should study three important cases of contemporary colonialism and the interrelationship between them: Namibia, the "U.S." territories in the Pacific and Puerto Rico.

The three have characteristics in common: they play a key role in the global imperialist strategy; the territories are used for attacking neighboring countries; and they combine the traditional features of economic exploitation under colonialism with their status as major military enclaves. In all three cases the oppressors have sought both the plunder of natural resources and the

permanent assimilation of the territories into their respective mother countries. They have common racist features, for example, displacement of and discrimination against the local population, growing influence of foreign settlers, etc. In all three cases we find the same contempt for the resolutions and views of the UN and international public opinion, while efforts are made to sabotage genuine decolonization and keep the territory under the permanent control of the metropolises. Finally, in all three cases the colonialists have made strenuous efforts to avoid or reduce UN action against them.

The links between the three colonial cases mentioned above becomes clear as we review UN history. Let's look briefly at some of the background.

One of the main problems which the organization had to face was the establishment of a system of trusteeship administration and, concretely, the decisions to be made regarding territories having that status by powers which were to replace Germany and Japan. The positions of Washington and Pretoria were identical: the former wanted the Japanese territories in the Pacific while the latter wanted Namibia. Both wanted total domination over the territories so as to manipulate at will and avoid international supervision. What happened in the Pacific and South West Africa later on, the situation which still prevails, is rooted in those early stages of the UN. This is the root of the shameful, profound and intimate alliance between the U.S. imperialists and the South African racists.

Of course, Washington paid lip service to freedom, democracy and self-determination of the peoples and hypocritically tore at its alleged anticolonialist robes. But certain secret documents published later by the U.S. authorities themselves gave the game away.

Let's look at some examples.

In a meeting of the U.S. delegation to the 1st session of the General Assembly which was held at 9:00 a.m. on October 25, 1946 in the Pennsylvania Hotel in New York, Mr. John Foster Dulles, then an expert on colonial questions, commented on the South African issue: "...the Delegation could not have a decision on whether the situation should be investigated because if it were to be proposed that the U.S. annex the mandated islands, then the South African precedent might be used to provide for an inspection. On this inspection group might be all the permanent members of the Trusteeship Council. He asked, therefore, how the Navy would like to have Soviet representatives inspecting Pacific Island bases. In other words, he said, the Delegation does not want to be embarrassed. He continued that the question of monopolies was similarly complicated for the reason that the Navy wanted to establish trade monopolies for Americans on Pacific Islands because they thought that if foreigners were allowed in, they would photograph the islands and therefore endanger security."¹

Less than a month later, on November 21, there was another meeting of the U.S. delegation in the same place. Things were coming to a head in the assembly and in their gathering Washington's representatives used even blunter language: "The Delegation had just finished a discussion of the Fourth Committee's work regarding the proposal of the Government of Africa. Describing opposition in the Committee to the South African proposal, Mr. Dulles indicated his desire to develop a moderate resolution under the sponsorship of the United States in order to head off the introduction of a resolution by India or Egypt 'violently condemnatory' of South Africa, for in such a contingency 'the United States would be' in the position to vote for or against an extreme resolution." Mr. Dulles pointed out to the Delegation that 'the United States position was particularly delicate because the South Africans were taking the same position that the United States was taking in regard to the mandated Pacific Islands, namely, that if the trusteeship proposal were turned down, the United States would hold on to them as a de facto matter. This was essentially what the Union of South Africa proposed.' Shortly thereafter, Senator Connally emphasized that 'we must be very careful what was said in this connection because the United States potentially faced the same position....'"²

This position would clearly reveal the true nature of U.S. policy toward dependent peoples. No one would be fooled. That's why when discussion on the issue concluded at the above mentioned meeting, the U.S. delegates had a prophetic exchange. Dulles said: "Now the United States was lined up with the colonial powers, the United Kingdom, France, Belgium and South Africa. He thought that on this side of the fence the United States would not carry abroad. Mrs. Douglas added that it would not carry at home either."³

At that time the balance of forces at the UN, limited to the initial 51 members, favored the enemies of the freedom of oppressed peoples. That's why South Africa continued to occupy Namibia thereby giving rise to a protracted and intense diplomatic battle which still continues 40 years later. On one side of the fence are the socialist and Third World nations and even a growing number of capitalist countries, which demand an end to colonial and racist oppression. On the other are South Africa and a diminishing number of defenders of colonialism with the United States still in the lead. For 40 years the Washington-Pretoria axis has been unable to avoid international debate on Namibia, with increasing isolation. During that time they have persisted in ignoring dozens of resolutions approved by the overwhelming majority of member states, conducting themselves with singular arrogance, political blindness and contempt for the principles of international law and for the views of hundreds of millions of people.

Regarding the Pacific territories, U.S. diplomacy showed foresight and capitalized on the existing balance of forces and the influence Washington had in the organization to have them

labeled "strategic areas." This meant that future major decisions would have to be made by the Security Council where the United States had veto power. Thus the Japanese Pacific came under U.S. control and its people were ruled by a new colonial empire which cynically manipulated the UN's prestige for its own ends.

It's worth drawing attention to a detail that demonstrates Washington's imperial arrogance. It is well known that the United States was the last of the antifascist coalition's members to go into World War II and also the only one whose territory was not touched; therefore, it suffered the least material and human losses. Nevertheless, the United States took over territories that had been under the control of one of the defeated powers as if they were part of the war booty and not countries with inalienable rights to freedom and independence.

In 1945, in one of his rare demonstrations of sincerity, President Harry S. Truman revealed his government's real intentions. When a journalist asked him for how long the United States planned to continue its occupation of those islands, his simple answer was: As long as we need them. Forty years later, at a time when colonialism is on the wane everywhere, amidst the constant development of science and technology, and when Washington is working on projects to take war to other planets, the United States still feels the "need" to usurp the former Japanese islands in the Pacific.

When the United Nations was founded no one had any doubts as to Puerto Rico's colonial status. Under U.S. military occupation since 1898, when the United States intervened in Cuba's successful war of independence against Spain, Puerto Rico was still under U.S. control. Consequently, it was included in the list of dependent territories on which, according to the UN Charter, colonial powers were bound to report on a regular basis. In 1945 the UN — which had yet to assume its present anti-colonialist stand — only obliged the colonial powers to provide "statistical and other information of a technical nature relating to economic, social and educational conditions." (Article 73, paragraph E)

Although this was the United States' only obligation regarding Puerto Rico, Washington again maneuvered to take advantage of its position in the UN. In 1952 it established the so-called Commonwealth which without changing in the least Puerto Rico's colonial status enabled the metropolis to claim that the territory had evolved to such an extent that it was no longer necessary to provide such information. It was a move designed to take Puerto Rico off the list of dependent territories and leave it in a sort of limbo, because neither had Puerto Rico achieved independence nor had the Yankees any intention of giving up their privileges over the island. The following year the United States succeeded in having the General Assembly pass Resolution No. 748 (VIII) by virtue of which the UN agreed to Washington's maneuver. Its purpose, however, was so evident that despite the situation in the UN at the time and the strong pressure put on by Washington, the document was passed with only 26 votes in favor,

16 against and 18 abstentions. Ninety-nine of the organization's current members did not belong to the organization then, most of which were still under colonial rule, and the world had yet to experience the important changes in favor of the progressive forces that were to take place in the ensuing decades. The narrow margin of ten votes for the resolution was obtained by the United States from its colonialist allies and Latin American countries ruled by people such as Trujillo, Somoza and Batista.

Thus, in the mid-'50s, the fate of the three territories analyzed was placed in the hands of their foreign masters.

For the peoples of those countries, the consequences were truly dramatic. The pillaging of their natural resources was stepped up; they were deprived of their means of production and means to make a living; they were forced to emigrate en masse; a growing flow of foreigners who gradually took over main sources of economic and commercial activity was promoted; and attempts were made to destroy the people's culture and national identity. The United States turned the Pacific islands into test sites for A- and H-bombs and other mass extermination weapons. The South Africans spread their opprobrious, abominable system of apartheid to Namibia. In Puerto Rico, the United States wiped out agriculture and turned the island into a complex of military bases, set up their plants with the highest pollution rates, repressed the patriotic movement by the force of arms and forced 40 percent of the population to emigrate.

However, this situation ran counter to the general trend in the rest of the colonial world. With the exception of the Portuguese empire, whose downfall was to occur later, the European colonial structures, seriously rocked after World War II, were evidently crumbling. The struggle of the African and Asian peoples, which grew to heroic dimensions in Vietnam and Algeria, gave added impetus, with the support of the socialist countries and other progressive forces, to the peoples' liberation struggle.

It was in these circumstances, in 1960, that the 15th session of the UN General Assembly was held. On that historical occasion the UN was witness to the decisive changes that had taken place in the world. It was there that Fidel Castro, the leader of the revolution that had just begun a new era for Latin America and the Caribbean, made a strong charge against the imperialists, saying: "Let the philosophy of despoil disappear and the philosophy of war will disappear!"

It was also in that session in 1960 that the UN General Assembly passed Resolution No. 1514 (XV) (Declaration on the granting of independence to colonial peoples and countries). Initially proposed by the Soviet Union and backed staunchly by the Third World's independent states, the Resolution was passed with 89 votes in favor, and nine abstentions: the USA, South Africa, Portugal and other colonial powers.

The UN increased its support of the colonized peoples to the highest degree when it passed Resolution No. 1514. Colonialism, in all forms

and manifestations, was defined as a phenomenon contrary to contemporary laws that should be eradicated. This applied not only to those countries that in 1960 were on the list of those without a government of their own and were recognized as colonies by their metropolises, but also those — for example, the "U.S. Pacific" and Puerto Rico — whose real status was being hidden by their administrative power. Thus the General Assembly made it very clear that they had an inalienable right to self-determination and independence.

Paragraph five in that Resolution left no loophole for the colonialists. It said that in all nonautonomous territories under trusteeship and in all other territories yet to achieve independence, immediate measures were to be taken in order to transfer all power to the peoples of those territories, without conditions or reservations, in keeping with their freely expressed will and desire and regardless of race, creed or color, so that they would enjoy absolute freedom and independence.

Nobody was surprised when the U.S. representative, Mr. Wadsworth, in his attempt to explain to the Assembly the reasons why the United States could not endorse the Resolution, underlined what his country found objectionable in the document. He said in regard to Paragraph 5 that again here was an extremely strong statement to the effect that the only political goal acceptable to the dependent peoples was total independence and freedom.

The declaration on the granting of independence to the colonial countries and peoples marked the beginning of a new stage for the UN and was a decisive contribution to the emancipation of the oppressed nations and to the struggle for the democratization of international relations. By establishing the Special Committee in charge of implementing the Resolution in 1961, the General Assembly expressed its determination to put into practice the provisions of the Resolution throughout the world. Since then, despite the oppressors' tenacious resistance, the organization's doors have remained open to hear the charges, demands and testimonies of all those who speak on behalf of the oppressed peoples. Many of those who expressed their grievances at the UN returned later as representatives of liberated countries.

For others, among them the Namibians and the victims of U.S. colonialism, the road would be much longer and more tortuous. Their march toward independence still continues 25 years after the UN General Assembly demanded, on behalf of all dependent peoples, that immediate measures be taken for the complete transfer of power so that they would enjoy absolute freedom and independence.

The international efforts made to support those peoples' just struggle have met with the U.S. authorities' stubborn resistance. The pressure put on by the United States made it impossible for the Special Committee to begin the study of the Puerto Rico case until 1972, ten years after it sat for the first time. Washington still refuses to recognize its jurisdiction over the case with the absurd pretext that it's a closed

case because of what was decided in 1953 regarding stopping the supply of information. It's an attempt to ignore the obvious: Puerto Rico has not achieved independence and, therefore, clearly comes under the provisions of the anticolonial declaration.

As to Micronesia, the United States has refused to recognize the Special Committee's jurisdiction on the basis that, as we said before, it is the sole concern of the Security Council being that it's a "strategic area." Washington, however, did not consult with the Security Council prior to carrying out all its maneuvers in the past few years designed to divide the territory and impose on it forms of "association" with the United States — Puerto Rico style — in order to perpetuate its domination.

It's interesting to underline the duplicity of the United States' policy and its lack of respect for the world community. Washington's official stand in international forums is that there's no colonial problem in either Micronesia or Puerto Rico; both cases have been settled, closed. But everybody in those territories and in Washington as well knows that this is not true. In both cases, it's a colonial problem and, moreover, that problem is the problem of those peoples, which is present in all forms of their political, economic, social and cultural life. This reality is so overwhelming that the U.S. government has been forced to dedicate time and resources to interminable studies, alleged negotiations, plebiscitary maneuvers and other tricks because of the persistent and mounting pressure put on by different social sectors in both territories which are anxious to put an end to the colonial stranglehold. The nefarious attempts, egged on by important imperialist circles, to culminate colonial control over those territories through annexation, represent additional evidence that their relations with Washington are anything but settled. On the contrary, they are one more reason for the sense of urgency that the UN must come to feel in its legitimate concern over what is taking place there.

Since it was impossible to refuse to recognize the UN's jurisdiction in the case of Namibia, Washington chose to ignore the innumerable decisions taken in this case. If it weren't for the U.S. government's diplomatic, economic and military support to the Pretoria regime, Namibia would be a free country and the apartheid system would come to an end in South Africa. The racist clique knows that it can count on total U.S. support and this is why it is so intransigent and defiant of world opinion. This is why it attacks Angola and overtly intervenes in other African countries. This is why it can go so far as to perpetrate acts of provocation like the attempt to sabotage the Gulf Oil facilities in Cabinda province, in Angola.

U.S. hypocrisy is also evident in this case. Instead of applying in South Africa the sanctions prescribed by the UN, instead of demanding that South Africa abide by Security Council Resolution No. 435, Washington is multiplying its ties with Pretoria and provides it with the means to go on attacking the African peoples. Moreover, U.S. diplomats have no qualms in maintaining the farce of "seeking a peaceful solution" to southern Africa's problems.

Colonial-racist exploitation has linked the fate of three peoples of diverse origins and separated by the widest oceans. That link has been reinforced by the colonialists themselves, who have turned these countries into laboratories and exchange their experiences in the technique of merciless exploitation. Several organizations in Micronesia have charged that Washington's attempts to divide that territory are designed to apply the bantustan model and that the maneuvers to "associate" it with the United States forever are formulas that have been tried in Puerto Rico. The Africans also had plenty of reasons to become indignant on learning in the '70s that the South African minister for the bantustans had visited Puerto Rico looking for methods, that, in his opinion, could be applied in Namibia.

On the 40th anniversary of the San Francisco Charter and the 25th of the anticolonial declaration, it is obvious to point out what the stumbling block to humanity's desire for democracy is. At the political level, eradicating colonialism and racism and guaranteeing the emancipation of the peoples still under domination by a foreign power are pressing tasks. In short, this means defeating the Washington-Pretoria axis and dismantling the opprobrious systems of exploitation that it continues to impose on millions of human beings.

Just a year ago a representative of the people of Bikini, a small Pacific island that has become a wasteland as a result of the nuclear arms' tests made by the United States for the past several decades, clamored for justice at the UN. His words also reflected the urgent demands of all other victims of colonialism: "They took us off our island and the United States promised to take care of us until we were able to return home. Now, 38 years later we're still waiting for what we were promised: our land. We want to go back to our country, not to a dangerously polluted Bikini Island but to a clean island, where there's safety for us and our future generations. We want to sail in our lagoon, go fishing off our reefs and go back to being a free people."

1 Foreign Relations of the United States 1946. The United Nations. U.S. Government Printing Office, 1972, Vol. 1 (general), p. 681

2 Ibid, p. 683, note 82

3 Ibid, p. 686

/6091

CSO: 3200/12

ECUADOR

CONGRESS ISSUES REPORT ON 1985 ACTIVITIES

Guayaquil EL UNIVERSO in Spanish 23 Dec 85 p 5

[Text] Quito--"The creative and fruitful work of the parliament, limited strictly to the dictates of the constitution, the laws and the domestic regulations, has had a direct effect on legislative activity, putting an end to the negative clashes between the branches of the government, to the unjustified political revanchism which never brings any good to the country, and to the inefficiency which characterized the National Congress in the first year of this constitutional and democratic cycle," according to a summary of parliamentary activities issued by the Press Office of the National Congress at the conclusion of the year 1985.

The document added that "as a result, the real contribution made by the parliament to the consolidation of democracy, terms of the constant search for concrete rather than demagogic solutions to the problems of the country, through the promulgation of laws, reflects the positive work which the National Congress accomplished from 10 August through 20 December of this year now ending."

Legislation and Supervision

The document said that "demonstrating that the National Congress did much more in 100 days than could be done in the preceding period, parliamentary activity has been intensive both in terms of legislative and supervisory functions.

"The promulgation of laws such as those creating income for the universities and polytechnical schools in the country and for the national police, and benefitting the educational sector, the revision of the Hydrocarbons Law, the Law on Economic Regulation and Control of Public Expenditures, the Election Law and the Provincial and Municipal Government Laws, as well as the study of the Organic Law for the Legislature, among other legal bodies, not to mention the tens of draft decrees processed by the permanent legislative commissions, provide evidence of the legislative work done in the past 100 days by the Ecuadorian Parliament," the report in question added.

Political Trials

It was also stated that "the political trials in which Minister of Government Luis Robles Plaza, Minister of Finance Francisco Swett Morales and Minister of Energy and Mines Javier Espinosa Teran were the defendants are palpable proof of the desire of the Parliament to fulfill its constitutional duty and exercise its exclusive authority to supervise the actions of the executive branch, a right which was not exercised during the preceding period."

Millions Saved

The document issued by the Press Office of the National Congress quotes opinions ascribed to President of the Parliament Averroes Bucaram, as follows: "As a result of the austerity and honesty characterizing the handling of the budget funds of the congress, it has been possible to effect a savings of more than 80 million sucres in the 4 months I have been president. The Ecuadoran Parliament feels full identification with the desires and aspirations of the country, and is prepared to work responsibly and efficiently for the collective such as to regain its prestige and dignity and to justify its position as the leading state body."

Other Laws

The document also emphasized that fact that in the period between 10 August and 20 December of this year, the national congress studied and passed on various draft laws and decrees, including the "Amendments to the Election Law, Commune Organization and Government Law, the law on the financing of the construction of the Penas Irrigation Canal, the Regional Development Law, the law giving the Poza Honda, Carrizal, Multiple Daule and Chone projects national priority, the decree creating new income for the Manabi Technical University, the decree amending the Hydrocarbons Law, the decree providing additional income for the educational sector, and the decree law on penalties for illegal enrichment, which was vetoed in part by the executive branch."

Wage Increases

In the administrative sector, the parliamentary report said that the wages of those employed in the legislative branch will be increased this coming year, in accordance with the following scale: employees earning between 10,500 and 15,000 sucres will have an increase of 33 percent; those earning between 15,000 and 35,000 sucres will have a 25 percent increase; and those earning more than 35,000 sucres will receive an increase of 8 percent.

5157

CSO: 3348/364

ECUADOR

ARMED FORCES ROLE IN DEMOCRATIC CONSOLIDATION UNDERLINED

Guayaquil EL UNIVERSO in Spanish 2 Jan 86 p 12

[Text] Quito--"The outstanding thing about the armed forces in the year just ended was its definite contribution to the democratic consolidation of the country and the strengthening of the image of the institution in the eyes of the public," General Luis Pineiros, minister of national defense, said in summarizing his administration of the military ministry in 1985.

Apolitical Armed Forces

After emphasizing the apolitical nature of the armed forces, he said that the military establishment cannot allow itself to support any government politically, beyond the limitations imposed by the constitution of the republic.

He stressed that the silent and continuous work being done by the armed forces is always oriented toward the fulfillment of their basic functions, which are to protect the integrity of the territory and to contribute to the general development of the nation.

The minister of defense expressed the view that President Febres-Cordero's government of the country this year has been very positive, particularly in the economic sector and in the contribution made to meeting the needs of the armed forces.

No Guerrilla Forces

On the other hand, Minister Pineiros stressed that there are no guerrilla forces in Ecuador, only groups of criminals who have sought to disturb the country, without support from the population. He gave assurance that the armed forces do not have to concern themselves with controlling violence, although they have had to take action in extreme cases.

Moreover, he emphasized, we categorically deny the rumors that the armed forces engage in repression or torture, because their work falls within the framework of the law.

Support of the Constitution

When he was asked if the democratic consolidation to which he initially referred could be interpreted as political support by the military of the government of President Febres-Cordero, he answered that the armed forces do not give the government political support because the armed forces are not political. The support the institution provides, he said, is what the political constitution requires, and the position of the institution in this regard is unchangeable.

On the other hand, General Pineiros recognized the support the government has given the strengthening of the armed forces, above all in allowing continued efforts to shape an adequate military deterrent force, consistent with the requirements of national defense.

Court Suit Against Bucaram

In his statements, the Minister of Defense refused to discuss political subjects, but reference, although without mention of his name, to the ousted mayor of Guayaquil, was inevitable. The minister said that a court suit has been brought against him by the armed forces because of the statements he made abroad against the military establishment. This suit is being pursued through normal channels in the pertinent courts, he noted.

Evil Hordes

He reiterated his statement that there are no guerrillas in Ecuador, but rather groups of criminals, hordes of evil individuals manipulated from abroad, for the purpose of obtaining money through theft, kidnapping and trafficking in drugs.

However, he said, the armed forces are ready to support the forces of law and order, and will go into action when extreme situations arise, as was the case recently with the kidnapping of the citizen Nahim Isaias.

Diplomatic Concerns

When asked about a possible rapprochement between the military leadership of Ecuador and that of Peru with regard to the latent boundary dispute, Minister Pineiros denied the possibility. He gave assurance that all negotiations in this connection would be pursued by the Ministry of Foreign Relations, through dealings on the diplomatic level. However, he emphasized that no frontier incident with that neighboring country to the south occurred in 1985.

Minister Will Stay

Finally, in connection with his continued service in his post, the minister said that "General Luis Pineiros will remain minister as long as he enjoys the confidence of the president of the republic," thus concluding the impromptu press interview.

5157

CSO: 3348/364

ECUADOR

NO NEW STANDBY AGREEMENT NEEDED FOR 1986

Guayaquil EL UNIVERSO in Spanish 24 Dec 85 p 5

[Text] Quito--Ecuador will not need a new standby agreement with the International Monetary Fund (IMF) in 1986, or, as a result, new contingent resources from that body to finance the balance of payments deficit, the leading national economic authorities have stated.

Both Minister of Finance Francisco Swett Morales and the manager of the Central Bank of Ecuador, Carlos Julio Emanuel, have given assurance that the country will not need to negotiate a new agreement with the IMF. This will also mean that the current Program for the Stabilization of the National Economy, as it applies to the commitments made to the fund, will cease to be effective in the middle of this coming March.

Most Recent Agreement

In fact, the most recent standby agreement was approved by the International Monetary Fund on 11 March of this year for the equivalent of 105.5 million in Special Drawing Rights (SDRs) (\$150 million). The SDR figure is equal to 70 percent of the Ecuadoran quota with that body, which is 150.7 million in SDRs.

According to the terms of the agreement, the contingency was to be paid out in five installments of 21.1 million SDRs each. However, Ecuador has to date received only four of the five installments. Recently, at the end of last November, three installments in connection with the standby agreement totaling 63.3 million SDRs (\$68 million) were received. This sum, added to the 21.1 million in SDRs in the first installment, paid out in March, makes a total of 84.4 million SDRs.

Viewed thus, only the last quota in connection with the contingency loan, that is an amount of 21.1 million in SDRs, remains to be paid out.

Greater Liquidity

It should be noted that the standby resources do not increase the Net International Monetary Reserve levels, but rather the gross reserves, giving the country greater liquidity. In fact, as the figures provided in the last statistical bulletin of the Central Bank of Ecuador show, this indicator

reached \$812.4 million more by the end of last November than the \$728.6 million at the end of October of this year.

In absolute terms, this figure represents an increase of 83.8 million, and in relative terms, 11.4 percent.

Normal Process

The economic authorities believe that the process has entered into a period of normalcy in a process, which is expected to improve significantly in 1986.

In this connection, they believe that there is no need to obtain new credit from the International Monetary Fund, making use instead of a greater proportion of the resources of the multilateral development bank. From this point of view, the implementation of the so-called Baker Plan for aid to countries with sizeable foreign debt sums is regarded as important.

In 1986, the country will need to ask for new debt resources from these bodies (IBRD [International Bank for Reconstruction and Development], BID [Inter-American Development Bank], and others) in the amount of about \$800 million, which is equivalent to the sum which Ecuador must pay out annually for service on the foreign debt.

Minister of Finance Francisco Swett has warned that the new credit resources the country should obtain in the coming years will have to total more than what it pays out for the foreign debt service. In this connection, he revealed that the debt figure for the next 3 years will be about \$2.4 billion.

The greater part of these resources will be obtained through the Baker Plan, and to a lesser extent, from foreign exchange remittances from Ecuadoreans abroad and from private international banks.

The World Bank is committed to \$236 million in loans for 1986 for the execution of projects in dynamic areas of the national economy. Other resources totaling about \$500 million will be channeled through the BID in the course of that same year.

In addition, the economic authorities will have a \$700 million credit line available for financing the country's foreign trade. This amount was negotiated jointly with the refinancing of the foreign debt, undertaken every 5 years, just agreed upon last week.

5157

CSO: 3348/364

ECUADOR

BRIEFS

STUDENTS DEMONSTRATE AGAINST ADMINISTRATION'S POLICIES--Ecuadoran students in Quito staged new demonstrations against the policies of the government of President Leon Febres Cordero, who is on an official visit to the United States. The youths are protesting the high cost of living, the Ecuadoran Government's opening to foreign capital, and the draft constitutional amendments. The demonstrators tried to reach the central area of Quito, where the government palace is located, but were unable to do this because of police repression. Several students were detained. /Text/ /Havana International Service in Spanish 1600 GMT 14 Jan 86 PA/ 12228

VICE PRESIDENT ON OIL PRICES--Mexico City, 28 Jan (NOTIMEX)--Today, Ecuadoran Vice President Blasco Penaherrera Padilla said no nation can afford to lower oil prices because it would further damage world economy. He asserted that the fall of oil prices affects even more the countries that base their economy on oil, such as Mexico and Ecuador, and this worsens the world's economic and financial problems because now the interest of oil consumer and producer countries are /word indistinct/. Because of its economic crisis, it is not possible for Latin American crude producing countries to neutralize the maneuvers of other oil sectors. Blasco Pena noted that the only thing we can hope for is a needed balance for a better functioning of the world economy. /Excerpt/ /Mexico City NOTIMEX in Spanish 0100 GMT 29 Jan 86 FL/ 12228

CSO: 3348/388

MEXICO

CTM LEADERS DESCRIBE LABOR CONGRESS AS 'OBSTACLE'

PA241551 Mexico City THE NEWS in English 22 Jan 86 p 4

/Text/ Leaders of the Confederation of Mexican Workers (CTM) said Tuesday that the Labor Congress is not working in the interest of workers but rather is an obstacle to unions looking for greater benefits.

During a general assembly of the CTM, its members accused the congress--the nongovernmental body that unites all labor confederations--of favoring "the union majority" and not working to resolve the problems of the majority of the union members it represents.

The CTM assembly was headed by the confederation's leader Fidel Velazquez and included representatives from 35 national industrial unions and 32 state federations. The union representatives left open the possibility that the CTM--largest labor union confederation in Mexico--would work independently of the Labor Congress if reforms are not made.

During the assembly Velazquez called upon CTM officials to personally take up the fight for increased wages. In recent weeks Velazquez has called for a quarterly increase in the minimum wage, which he said would help restore workers' diminishing purchasing power.

Saying that unions should call upon individual firms for wage increase, Velazquez said as a last resort unions should exercise their right to strike.

Attending the meeting was Labor Congress President Angel Olivo Solis, who called upon the government to make modifications in its economic development policies so that a plan is adopted that "permits a just distribution of riches and income."

Solis also said that workers are waiting for the economic crisis to end as soon as possible because the sector is "paying for things it did not do."

The Labor Congress president also announced that he will soon call for a emergency meeting of the National Minimum Wage Commission in February. He said the meeting will be called for because the 32 percent increase of the minimum wage granted by the commission in December has already been devoured by inflation.

/12228

CSO: 3248/219

MEXICO

FAVORABLE TRADE BALANCE INCLUDES DECLINE IN EXPORTS

FL061722 Mexico City NOTIMEX in Spanish 2130 GMT 5 Feb 86

[Text] Mexico City, 5 Feb (NOTIMEX)--Mexico registered a favorable balance of \$7,842.3 million in its foreign trade activities last year; however, it represented 36.1 percent less than its activities in 1984.

The surplus in its foreign trade activities was the result of \$21,835.1 million in exports and \$13,992.8 million in imports, according to figures issued today by the planning and budget secretariat.

Exports dropped 9.2 percent during January-December 1985, compared with the same period in 1984, while the imports increased 18.7 percent.

In addition, the non-oil sales dropped 5.2 percent.

The 1985 oil sales totaled \$13,308.7 million, that is, 11.1 percent less than the previous year; meanwhile, the sales of oil byproducts dropped 33.5 percent.

Foreign trade statistics, prepared by a work group comprised of the National Institute of Statistics, Geography, and Information, the General Customs Directorate, and the Bank of Mexico, indicated that the highest figures for that year were registered during November and December.

The December surplus was \$791.1 million due to imports for \$1,205.1 million and exports for \$1,996.3 million, the highest figures in the last 8 months.

The highest exports in the agrarian sector were raw coffee grains, chickpeas, fresh fruits, and livestock; the highest exports in the mining sector were manganese, concentrate minerals, sulphur, salt, and gypsum.

The highest exports in manufactured products were frozen tuna, sugar, beer, polycarboxilic acids, plastic materials or synthetic products, nonmetallic mineral products, automobile motors, machinery to process information, motors and engines, spare parts for machinery, magnetic tapes, and records.

Exports likewise included machinery, electronic communication devices and instruments, radio and television spare parts and components, spare parts for electric installations, and electric transformers.

Imports which grew the most were consumer goods, by 27.1 percent; capital assets, by 24.3 percent; and partially manufactured goods, by 17.0 percent.

The public sector imported goods for \$4,332.8 million during the January-December 1985 period, that is, 9.5 percent less than the previous year's imports; while the private sector purchased goods abroad for \$9.186 billion, 40.9 percent more [than the previous year].

The private sector's imports in consumer goods and partially manufactured goods rose 69.8 and 39.4 percent, respectively, while the capital assets imports rose 39.1 percent.

Foreign trade secretariat's statistics include operations of companies established in the country under the temporary import and export system; in other words, the companies which purchase goods or raw materials destined for export production and are not registered as assembly plants.

Statistics of assembly plants' transactions have been handled separately since 1983, when the government established the temporary import and export system; this also includes goods received from abroad or sent abroad for repair.

/6662

CSO: 3248/211

MEXICO

FORMER PSUM MEMBERS SWITCH TO PST IN VERACRUZ

PA012213 Mexico City UNDMASUNO in Spanish 21 Jan 86 p 4

/Text/ In a bulletin released yesterday, the Socialist Workers Party (PST) reported on a ceremony held in Papantla, Veracruz, last Sunday, in which 1,300 former members of the Unified Socialist Party of Mexico (PSUM), from the municipalities of Zozocolco de Hidalgo, Chumatlan, Coxquihui, Mecatlan, Coahuatlan, and Papantla decided to join the PST, in view of the profound division that exists within the PSUM and because this political organization's regional leader, Ismael Sosa, maintains an attitude that runs contrary to the interests of the area's peasants.

The PST communique that was signed by Antonio Cadena, press secretary of the Central Committee, states that the former members of PSUM, headed by Zenon Cruz, seventh councilman of Papantla, decided to join the PST because they believe that it is more united and provides more possibilities for resolving the peasants' problems, as well as a better opportunity to find adequate paths for meeting their demands.

The ceremony in which the former PSUM members joined the PST was presided over by PST Federal Deputy Graco Ramirez Abreu, member of the PST political commission; Heberto Croda Martinez, PST political officer /comisario politico/ in Veracruz; and Eduardo Saavedra, district leader and Papantla councilman.

Finally, it was reported that with the conversion of the former PSUM members to the PST, the PST now has two councilmen in Papantla. Zenon Cruz stated that with this action, the PST will attain important victories in the elections to be held in Veracruz in September.

/12228

CSO: 3248/219

MEXICO

BRIEFS

TRADE AGREEMENT WITH CANADA SIGNED--Mexico City, 8 Jan (NOTIMEX)--Mexican Agriculture and Water Resources Secretary Eduardo Pesqueira Olea reported that Mexico and Canada today signed an agreement stipulating the export of 6,000 tons of Mexican mango, which has an estimated trade value exceeding \$5 million. During a press conference, the official said the agreement with Canada, which offers an enormous potential as a client, is without complex negotiations and trade triangulations with the United States, especially in reference to transportation. [Excerpt] [Mexico City NOTIMEX in Spanish 2335 GMT 8 Jan 86 FL] /6662

CSO: 3248/211

NICARAGUA

COSEP'S BOLANOS ON CURRENT ECONOMIC SITUATION

PA011619 Bogota EL SIGLO (NICARAGUA HOY supplement) in Spanish 23 Jan 86 pp 1, 3

[Text] Engineer Enrique Bolanos Geyer, president of the Higher Council of Private Enterprise (COSEP), gave an exclusive interview to NICARAGUA HOY during his recent visit to Costa Rica. Bolanos and Ramiro Gurdian, prominent leader of the Nicaraguan private sector, participated in a round table discussion on democracy and private enterprise which was organized by the Association for Democracy in Nicaragua (APRODEM) and broadcast by Channel 2 on Tuesday, 21 January.

During the interview, which we reprint here, Bolanos analyzed the current political situation in Nicaragua, the recent economic measures, and asserted that the FSLN cannot possibly control the situation any longer, so it is doomed to turn over power. The interview follows:

Question: You are businessmen who no longer have businesses. Do you now consider yourselves politicians?

Answer: Personally speaking, because I am a businessman I have not been able to avoid becoming completely involved in the political problems since 19 July 1979, given the situation and the plans to implement communism or Marxism Leninism in Nicaragua. I do not refer to the parties' political problems in their struggle for power, because communism first directly attacks free enterprise. This has prompted us to participate in the political events to counter the FSLN's political schemes.

Question: You have constantly claimed that the political space in Nicaragua has become smaller. What other repressive measures would the FSLN have to adopt for the COSEP to state that there is no more political space?

Answer: The political space in the production sector has become increasingly smaller, from the political-ideological viewpoint. We know that since 19 July 1979 the FSLN's political scheme has been to completely annihilate the businessmen and abolish the right to own property. They have been steadily doing this whenever the circumstances have allowed it. If this situation continues and the FSLN consolidates its control and power, then the right to own property will be completely abolished, like in Cuba, other European socialist countries, and the Soviet Union.

Many Nicaraguans from different sectors--political, labor, and business--have managed to delay the FSLN's political process--at least we think we have. In 7 years the FSLN has not been able to fully consolidate its process.

The church, the news media, the newspaper LA PRENSA, the Human Rights Commission, and various business, political and labor organizations have contributed to preventing this consolidation.

The FSLN is currently waging a war on the Catholic Church--the real and only church: Cardinal Obado y Bravo's church. The FSLN is waging a war on the right to own private property and on the businessmen, meaning COSEP. The FSLN is waging a war on the workers and peasants who are truly represented by the labor unions, independent and free. It is waging a war on the political parties; it is waging a war on the news media that is still struggling for a free press.

The FSLN is waging a war on all the Nicaraguans' human rights. It is waging a diplomatic war on many countries, particularly the United States. It is aiding and supporting--almost leading--terrorism in many countries.

The FSLN cannot last long if it is fighting so many wars in so many fronts. We would like the FSLN to turn over power in a civic way, through peaceful elections, because we are sure that it will be utterly defeated. However, the FSLN does not want to do this; it wants to stay in power through violence, weapons, and force.

Question: If the FSLN keeps up this war, will you be able to withstand it?

Answer: Personally speaking, I am ready to withstand it up to the last minute. I do not know when my time will come. However, I have stayed there almost 7 years. Even though they confiscated and took away everything I had, I am there, I stay there. I am not defending my properties; I am trying to do something for my children and grandchildren and for Nicaragua's future. We are openly waging a civic, clear, and head-on battle--and we will continue to do so because we have faith and hope that we will defeat them.

They have reduced our space. If we compare today's space with that of 1 year ago, we will see the repression they have unleashed against the Nicaraguans is much worse. However, we will always have a space in which to struggle as long as there is faith and hope.

Question: How will the languishing and cornered private enterprise sector be affected by the recent economic measures and the 100 percent salary increase?

Answer: The FSLN is trying to create an image for itself before the world as a defender of the workers and peasants. This is a revolution for the workers and peasants, but their situation is much worse than ever before in Nicaragua's history. The FSLN gave a 100 percent increase--or more than 100 percent--to the top level managers, technicians, and the economic hierarchy in Nicaragua. however, poor middle class workers and those below them, the poor peasants, barely got anything. I might as well ask: How are those poor peasants, those poor workers--who are much worse off than ever before--going to manage with

the tremendous increase in prices that is about to take place due to the salary increases, if their salaries are not adequately increased? The businessmen and companies will fare better because they can increase the price of their products as the costs are increased, but the poor workers who only live from what they earn--and I am specifically talking about those who are way down on the wage scale--are much worse off now. They were living in poverty and now they will live in even more poverty. Nevertheless, they are told it is the government of "the workers and peasants." We know that most of the businesses in Nicaragua are taking inventory; they have closed to take inventory. However, they are only doing this to buy time and to see what happens, and then they will open with the new prices that will be authorized. They have to defend themselves and they will do it, but the poor people cannot possibly defend themselves.

Question: Mr Enrique, economics is the key to the Sandinist disaster. What would you do if the FSLN placed the economy in your hands, even though the State Security would continue in Lenin Cerna's hands? Would you be able to reactivate it?

Answer: I do not think that the person capable of reactivating it is yet born, given Nicaragua's current situation. The only way to reactivate the economy in Nicaragua would be for the FSLN to turn over all power, not just the economy.

The first condition for reactivating the economy is for people to have confidence in the country, to have confidence and to invest money. No matter how intelligent the chief of economic planning may be, he will not be able to do anything as long as the FSLN remains in power because there is no confidence in Nicaragua concerning investments--especially not with the mentality that Lenin Cerna is using to handle the state security. By the way, he is about to be transferred to Czechoslovakia as a protection measure, perhaps due to the charges about the crimes he has committed. He is guilty of many crimes and we suspect that is the reason why they are sending him to Czechoslovakia. However, it will be to no avail, because he will be replaced by another Sandinist.

The country's ideological plan must be changed so that all the Nicaraguans may again feel confidence. This is the only way to start improving the Nicaraguans' confidence in investing and producing.

Question: Mr Enrique, in November 1984 the FSLN forbid the departure of several opposition leaders, including you. why do you think they are no longer stopping you from travelling abroad, even though you are quite outspoken?

Answer: Personally speaking, I have a feeling they have been trying to create all kinds of problems for me, perhaps with the intention of making me abandon Nicaragua. Despite all the arrests at the airport, the tearing up of my passport, their refusal to allow me to leave in the past, and the confiscation of all my properties at gunpoint by the state security military forces, I have stayed in Nicaragua. Perhaps Tomas Borge says: "Let us let that madman leave the country; we know he always returns, anyway."

They do not act like that only with me. Generally speaking, they have given us more liberty to leave, because they have seen that we are quite determined. We always come back, so they have us close at hand and available in Nicaragua. So, instead of provoking international scandals which soils their image, and since they know we always return even though we go abroad and say all kinds of things, they let us go because they know we are always available in Nicaragua.

We know they carry a ledger called "accounts receivable," where they jot down all the things we say abroad--even those I am saying right now--so they can make us pay for them when they consider it appropriate. Thus, they are in no hurry and it is cheaper to let us go because they know we always come back.

/12232

CSO: 3248/213

PANAMA

COMMUNIST LEADER SAYS FOREIGN DEBT MUST BE PAID

PA240404 Panama City ACAN in Spanish 1952 GMT 23 Jan 86

[Text] Panama, 23 January (ACAN-EFE)--The Communist People's Party [PDP] of Panama said today that the Panamanian foreign debt must be paid off, because "we not only need the credit, but we also need to establish a prestigious image as a good payer; we cannot act irresponsibly."

Ruben Dario Souza, secretary general of the PDP, which will hold its eighth national congress tomorrow, pointed out that part of his country's foreign debt of approximately \$4 billion is "in the pockets of the Panamanian and U.S. bourgeoisie; the latter has obtained it through the transnationals."

In the face of this situation, the communist leader proposed that "any property confirmed to be helpful in reducing the debt acquired by Panama must be confiscated, sold, or administered, and the product of that used to service the debt."

Souza charged the United States and its allies of creating a "pool" of money to be invested "in the Third World in a parasitic manner" and used as a "lever to apply pressure on those countries in order to force them into accepting U.S. policy."

However, Souza said, the debt has become a "headache" for the United States because it realized that the foreign debt has already surpassed financially allowable limits to become a political problem that poses a threat to the capitalist system.

Souza added: "It is a boomerang that has bounced back" because a large portion of revenues generated by the debt "is targeted to counter the U.S. budget deficit which is built up by the arms race."

The communist leader said: "If this problem is not resolved in harmony with the Third World, they will face a problem worse than the one they faced during the twenties."

Commenting on the current national situation, Souza pointed out that the current government headed by Eric Arturo Delvalle has drifted away from the popular ideological guidelines of the late General Omar Torrijos Herrera, one of the most important Latin American Third World representatives, who was supported by Panamanian communists.

Souza acknowledged the country's need to establish an army to defend the Panama Canal once it is reverted by the United States in the year 2000, but he rejected joint military maneuvers because the United States seeks to continue their occupation of national territory, but they will have to "leave willingly or unwillingly."

He also accused the United States of trying to "undermine the leadership of Torrijist officers by applying pressure on them in order to infiltrate the Defence Forces of Panama."

Souza said that the Panamanian Army has experienced a crisis since Torrijos died: "General (Manuel Antonio) Noriega has experienced serious leadership problems" and this is reflected in the campaign against him carried out by groups opposing the government.

The eighth national congress of the PDP will begin tomorrow, Friday, 24 January, and will run through 25 January. More than 300 national delegates and representatives of 13 countries, including Japan, USSR, Cuba, and Nicaragua, will participate.

Two main topics will be discussed during the congress: one of them is the political situation in Panama and the other is the organization and plans to be implemented by the party in the upcoming years.

/12232

CSO: 3248/207

PARAGUAY

NEW ITAIPU AGREEMENTS SIGNED WITH BRAZIL

PY301118 Asuncion PATRIA in Spanish 29 Jan 86 p 8

/Excerpts/ The Paraguayan and Brazilian foreign ministers, Carlos Saldivar and Olavo Setubal, respectively, yesterday afternoon signed five agreements for the organic restructuring of the Itaipu Binational Enterprise. The agreements are summarized below. The ceremony took place at 1822 after a short delay in the main conference room of the Paraguayan Foreign Ministry in the presence of several high-ranking government officials. After signing the agreements, the two foreign ministers shook hands warmly to the applause of the enthusiastic audience.

The five agreements signed by the Governments of Paraguay and Brazil envisage the following: 1) the amendment of Annex A of the Itaipu Treaty (Itaipu statutes); 2) the appointment of the general directors, executive directors, and directors; 3) the adjustment of the values established in Annex B of the Itaipu Treaty and the establishment of a new adjustment formula; 4) the manner of payment as established in Part III.5 of Annex C; and 5) the replacement of the power output established in Note No 5 of 26 April 1973.

The first agreement established the administrative restructuring of the Itaipu Binational Enterprise according to the following amendments: Appointment of Paraguayan and Brazilian general directors; establishment of an executive board comprising an equal number of Brazilian and Paraguayan members of equal rank and ability; abolition of the assistant director posts; abolition of the tie vote; representation of Itaipu by the general directors; and the validity of the new statutes for 5 years.

The second agreement establishes that the Paraguayan Government will appoint the general director for Paraguay, the executive-legal director, the executive-administrative director, the executive-coordination director, the technical director, and the finance director; while the Brazilian Government will appoint the general director for Brazil, the executive-technical director, the financial-executive director, the administrative director, the legal director, and the coordination director.

The third agreement concerns the adjustment of the values established in Annex C of the Itaipu Treaty in Parts III.4; III.5; and III.8, pertaining to the rates for payment of "royalties" to both contracting parties: the National

Electric Power Administration (ANDE), and the Brazilian Electric Power Companies, Inc. (Electrobras), in equal parts by way of compensation for administrative and supervision expenditures of Itaipu, as well as for the compensation to one of the contracting parties, for each gigawatt-hour transferred to the other contracting party, will be multiplied by 3.5 in 1985 and 1986, by 3.58 in 1987, and by 4.0 in 1992.

This agreement also establishes a new readjustment formula to keep the value of U.S. dollars constant, based on the percentage of the average annual U.S. Industrial Goods and Consumers Price Indexes, as published by the IMF. The fourth agreement establishes that royalties and compensation will be partially paid on the established dates. The remaining part will be deferred until 1992, including grace periods, mortgages, and interests. The fifth agreement replaces the 100,000-kilowatt output established in Note No 5 of 26 April 1973 by 350,000 kilowatt of tolerance in the 10-year time table of energy use by the ANDE. These agreements are valid as of their date of signature save for the Itaipu statutes, which will take effect on 17 May 1986. The agreements were signed by the foreign ministers of the Republic of Paraguay, Carlos Augusto Saldivar, and of the Federal Republic of Brazil, Olavo Setubal.

/12228

CSO: 3348/403

PARAGUAY

PLR CONDEMNS POLICE ACTION AGAINST MOPOCO

PY280236 Asuncion Radio Primero de Marzo in Spanish 2350 GMT 27 Jan 86

[Text] The Radical Liberal Party [PLR] has repudiated the police action carried out on 25 January against the leaders of the Colorado Popular Movement, MOPOCO. Part of the communique released today by the PLR Executive Board says:

The brutal repression the police carried out against the MOPOCO members on 25 January for trying to hold a peaceful meeting in a private home once again shows that the autocratic regime which has been subjugating the Paraguayan people for over 30 years is continuing its totalitarian will to violate the rights and guarantees expressly established in the national constitution.

The communique says that the PLR condemns this attack on citizen's rights and confirms its decision that different sectors of opinion should agree through dialogue on a single formula to face this autocratic regime, which boasts having the support of 90 percent of the national electorate and that the government, the Colorado Party, and the armed forces are united. However, despite this claim, it does not allow Paraguayan citizens to hold political meetings to discuss matters such as the illegal acquisition of foreign currency at preferential rates, the freedom enjoyed by the people involved, the unjustified increase in fuel prices, and how to try to relieve the low salaries of Paraguayan workers.

Signed: Luis Alberto Jara Sanchez and Emilio Foriestieri, secretary and president, respectively, of the PLR Executive Board.

/12232

CSO: 3348/404

PARAGUAY

POLICE BAN ENGINEERING STUDENTS MEETING

PY281637 Asuncion HOY in Spanish 28 Jan 86 p 8

[Text] Police yesterday prevented--for the fourth time--the holding of a special Engineering Students' Center (CEI) meeting scheduled to review the case involving 17 students suspended by school authorities and a petition to take examinations on two different dates. CEI President Hernando Bassili has reported that the meeting will be held at the engineering school in early February after the summer vacation. At 1100, Investigations Police Chief Pastor Coronel called Radio Nanduti Director Humberto Rubin and told him that the "Jacinto Herrera" Theater, where the engineering students were supposed to meet today, will only be used for cultural events and not for political trade union, and university events. Rubin has stated that, despite a petition made to Coronel, he has not received the resolution in writing.

For his part, CEI Secretary Oscar Pose in the early morning hours got a written permit signed by an Inspector Benitez from the Investigative Police Department. When the students started to call their fellow students to hold a meeting at the "Jacinto Herrera" Theater at Radio Nanduti, CEI Vice President Malvina Duarte received an anonymous telephone call stating that there was no permit and the meeting was banned. The police prevented the students from gathering at the engineering school, on the street, at the metropolitan seminary, and finally at the "Jacinto Herrera" Theater. According to Radio Nanduti spokesmen, beginning yesterday afternoon a dozen policemen surrounded Radio Nanduti "to protect the station." Some of the policemen posted themselves inside the refurbished theater building, others at the entrance gate, and the rest in surrounding areas.

/12232

CSO: 3348/404

PARAGUAY

BRIEFS

BRITISH AMBASSADOR MEETS NATIONAL ACCORD--Members of the National Accord met with British Ambassador Bernard Coleman on 28 January, according to sources of that sector of the opposition. The meeting was held at the residence of the ambassador, who requested the attendance of presidents and vice presidents of the political organizations that make up this coalition which does not participate in the national electoral process. At the beginning of January, U.S. Ambassador Clyde Taylor also took a similar initiative. He visited the headquarters of the Febrerista Party to talk with representatives of the National Accord. On that occasion the meeting merited the energetic repudiation of the governing party with government spokesmen calling the U.S. initiative an interference in the country's internal affairs. On this occasion, the British diplomat has undertaken the contact with the opposition politicians within the framework of the interest that the British Embassy presumably has regarding the political development of Paraguay. It has been learned that the National Accord expounded its expectations regarding the national dialogue that will be implemented by the Catholic Church as of February 1986. [Text] [Asuncion LA TARDE in Spanish 30 Jan 86 p 15 PY] /12232

FOREIGN DIPLOMATS, NATIONAL ACCORD--Diplomatic representatives of Argentina, Spain, Venezuela, and France have contacted National Accord political groups to obtain specific information on the country's political activities, Febrerista Revolutionary Party (PRF) President Fernando Vera has told LA TARDE. Asked whether this move by the foreign embassies could result in invitations or visits to opposition members as the U.S. Embassy did, Vera said he could not speculate on this. He noted, however, that at least personal invitations could be extended, as is usually done to exchange ideas and opinions on political topics. Vera added: This is nothing new. It was already being done at cocktail parties, receptions, and special meetings to which opposition members had been invited. [Text] [Asuncion LA TARDE in Spanish 1 Feb 86 p 15 PY] /12232

LOANS FOR AIRPORT, BRIDGE--The government has signed loan agreements for \$31 million with the Spanish Overseas Bank and the Japanese Overseas Economic Cooperation Fund. The loans will finance the continuation of the Concepcion-Puerto Militar bridge, and assist with the construction of an airport in President Stroessner City. /Summary/ /Asuncion HOY in Spanish 25 Jan 86 p 12 PY/ 12228

EXPORTS COUNCIL CREATED--The National Exporters Council was created yesterday through the promulgation, by the executive branch, of Decree No 13,093. The council will be headed by the industry and commerce minister [words indistinct] the distribution of foreign currency, which is available at preferential rates for imports of essential items. /Summary/ /Asuncion EL DIARIO in Spanish 7 Jan 86 p 41 PY/ 12228

FUEL PRICES ADJUSTED--At noon today the national government decreed a general price adjustment for oil byproducts. According to Decree No 13,216, the price of aviation fuel has gone up from 250 guaranies per liter to 300; premium gasoline from 220 to 260; gasohol from 200 to 240; diesel oil from 120 to 140; liquid gas from 150 to 220; and fuel oil will cost 75 guaranies per liter.
/Summary/ /Asuncion HOY in Spanish 11 Jan 86 p 8 PY/ 12228

FOREIGN DEBT--During a press conference yesterday, Finance Minister Cesar Barrientos stated that the country's current foreign debt contracted with international organizations amounts to \$1.8 billion. He added that the debt is serviced every 6 months without any type of delay. /Excerpt/ /Asuncion LA TARDE in Spanish 16 Jan 86 p 10 PY/ 12228

HUNGER STRIKER ORDERED HOSPITALIZED--Dr Cesar Rey Martinez, the criminal judge on duty during the judicial branch recess, has ordered that Remigio Gimenez be taken to the police hospital to receive medical care. He is in poor condition because of a hunger strike he has been on for 49 days to support his demand for freedom. Both the lower and higher courts have turned down a request to acquit Gimenez. Even Bishop Melanio Medina talked to Supreme Court President Dr Luis Maria Argana about the situation of the detainee. Although Gimenez' case folder lists charges of murder, car theft, drug trafficking, and illegal association for criminal purposes, his lawyers have pointed out that several of these charges were invented and that the main reason for prosecuting Gimenez is his involvement in an alleged terrorist movement called "14 de Mayo." According to the police, the movement operated in the Yhu area at the end of 1959. Raul Arsenio Oviedo, the president of the Yhu Colorado Party branch, and two members of the armed forces died during actions against the movement.
[Excerpts] [Asuncion ULTIMA HORA in Spanish 30 Jan 86 p 41 PY] /12232

CSO: 3348/404

PERU

INCOME TAX LAW CHANGES IN 1986

Lima EL COMERCIO in Spanish 12 Jan 86 p F 2

[Article by Raul Ferrero C.]

[Text] Legislative Decree 362 has made important changes in the income tax beginning in fiscal year 1986. The principal reforms are the following:

Natural Persons

1. The special deduction for income from work is reduced from 4 to 3 UIT, and the deduction for dependents is increased from 1 to 1.5 UIT for each dependent.
2. The deduction of 0.5 UIT for education expenses incurred by the taxpayer or the taxpayer's spouse and children is eliminated, and the exemption for imputed rent from real property is eliminated.
3. With regard to resident natural persons, the rate for intermediate brackets is increased and the one for higher brackets is reduced.
4. The combined rate system is reinstated, with a maximum rate of 25 percent for stock dividends and for the extra pay to directors which the law considers a business expense.

Moral Persons

1. The tax incentive for reinvesting profits is nullified, remaining in effect only for the industrial firms that have signed tax stability pacts with the government. In those cases, the current rates prevailing when the pact was signed will be applied.
2. In addition to specifying that directors' pay is not deductible, the law adds that the salary paid to managing partners of limited-liability commercial businesses is also not deductible if it exceeds 6 percent of the commercial profit, if the extra pay exceeds 24 UIT, or if the total pay exceeds 240 UIT. In addition, the law provides that this extra pay is no longer subject to the additional rate of 30 percent, and the person who receives it must pay 25 percent under the combined rate system.

3. The representation expenses intrinsic to the business are reduced from 1 to 0.5 percent of the gross earnings, with a ceiling of 80 rather than 200 UIT.
4. Expenses for operation, maintenance, insurance and the rental of motor vehicles (larger than 1050 cc.) are limited, as is the depreciation of such items. They will be deductible only when their use is indispensable for the development of activities in the business itself.
5. The accelerated depreciation for fixed assets is eliminated.
6. Use of the Last In First Out system, known as UEPS or LIFO, is prohibited for the assessment of inventories.
7. Businesses that have liquidated real property assets and therefore do not reassess them will be subject to taxation on the difference between the purchase price and the sale price.
8. Businesses that have liquid reserves exceeding 100 percent of their paid-up capital must capitalize or distribute the excess within 12 months of the close of books for the period in question. If not, they must pay a supplementary tax on that reserve at a rate of 18 percent, in a lump-sum payment.
9. The option of capitalizing profits at a reduced rate of 5 to 15 percent over 6 or 12 months from the close of books, respectively, is no longer available.
10. The tax rate for resident moral persons is reduced as a consequence of the elimination of the tax benefit for reinvestment of profits.
11. For non-resident moral persons, dividends have been included in the income that foreign shareholders must pay taxes on, and any tax that is withheld on dividend distributions will be considered a tax payment on account. In addition, the tax rate for "other income" is raised from 40 to 55 percent for these persons.
12. Moral persons who begin activities or who have not earned taxable income in the immediately preceding fiscal year are obliged to make monthly installments of 2 percent of their gross income.
13. Agrarian activities (agriculture, livestock, forestry, lumber and other forestry products, and agroindustry) are exempt from taxation, as are businesses involved in the catching and growing of hydrobiological products for direct human consumption to supply the domestic market, and those involved in canning these products.
14. The tax exemption that benefited natural and moral persons domiciled or established in the Jungle Zone (Law 15600) is replaced by a 50 percent tax reduction.

15. The 100 percent income tax exemption is maintained for industrial enterprises located in the Border Zone.

16. The tax exemption for the distribution of dividends by businesses located in the Jungle Zone is eliminated, except for industrial firms.

17. The exemption for the redistribution of dividends from exempt earnings is eliminated for all businesses.

18. The tax-exempt dividend that decentralized industrial firms used to be able to distribute is no longer available.

8926

CSO: 3348/382

PERU

BRIEFS

GEN VALDIVIA FUENTES RETIRES--Lt Gen GC Juan Francisco Valdivia Fuentes has retired at his own request. Supreme Resolution 001-86-IN/GC makes that retirement official and thanks him for his service to the nation. (EL PERUANO, 1/10/86, page 41559.) [Text] [Lima EL COMERCIO in Spanish 13 Jan 86 p A4] 8926

GOVERNMENT APPOINTMENTS--Energy: regional chiefs of mining: Cuzco: Miguel Gutierrez Cuadros; Huaraz: Santiago Dolores Camones; Cajamarca: Edgardo Gabriel Rios Delgado; Iquitos: Rafael Paiva Prada; secretary general of the ministry: Victor Felix Rojas Quintana; representative of the ministry to the Construction Price Readjustment Council: Jaime Reusche Lummis. Labor: executive director of the General Employment Office: Abel Centurion Marchena. Foreign Relations: Peruvian representative to the United Nations Human Rights Commission: Armando Villanueva del Campo. Ambassador extraordinary and plenipotentiary to Israel: Guillermo Fernandez Cornejo Cortes. Ambassador extraordinary and plenipotentiary to Bolivia: Alfonso Rivero Monsalve. Justice: ad honorem adviser to the High Office: Abraham Talavera Delgado. Transportation: chairman of the board of the Corporation for Airports and Commercial Aviation (CORPAC): Augusto Valqui Malpica. Health: vice-minister of sectoral health: Elias Meliton Arce Rodriguez. President of the National Environmental Health Protection Council: Alejandro Vincas Araoz. Executive secretary of the National Environmental Health Protection Council: Manuel Villanueva Lara. [Text] [Lima EL COMERCIO in Spanish 13 Jan 86 p A4] 8926

CSO: 3348/382

SURINAME

GOVERNMENT TO IMPOSE STRICTER FOREIGN EXCHANGE LAWS

The Hague ANP NEWS BULLETIN in English 15 Jan 86 pp 2-3

[Text] The Hague/Paramaribo, January 15--The Surinam government said last night it planned to tighten exchange laws soon in a bid to boost foreign cash reserves and to keep domestic currency within its boundaries.

Surinam Transport, Trade and Industry Minister Imro Fong Poen said the government planned to compel tourists and visitors to change all money brought into the country for Surinamese guilders on arrival.

Foreign currencies would be exchanged at a higher rate to counteract the black market and money left at the end of the visit could be changed back. Adherence to the measure would be controlled by random checks, he added.

But the new measure would take into account the goal of the visit, with businessmen paying short visits being exempt from changing all their money, Fong Poen said.

At present every foreign visitor to the South American state is required to change currency worth at least 500 Surinamese guilders. This ruling has applied for more than a year.

Tourist Promotion

Fong Poen said the government hoped to keep down the number of people travelling abroad by withholding permission for extra flights by Surinam Airlines (SLM) and KLM, Royal Dutch Airlines, during busy periods.

The amount of money Surinam nationals are permitted to take abroad remains unchanged at about the equivalent of 1,000 Dutch guilders.

Despite the new measures, the trade and industry minister said Surinam aimed to promote tourism. The SLM would try to attract tourists to the country through its tour operations in the Caribbean region and the United States, he said.

Fong Poen added the government was investigating the possibility of rationing petrol and diesel oil for private use.

Fong Poen said that government policies were beginning to bear fruit, with significant cutbacks in imports over the past year while exports had increased.

However, the government's policy, aimed at raising production coupled with export promotion was not sufficient to restore dwindling foreign currency reserves, he added.

/6091

CSO: 3200/10

SURINAME

BRIEFS

LONG-TERM DECLINE IN BAUXITE EARNINGS--Paramaribo, Suriname, Jan 15 CANA-- National Resource and Energy Minister Kenneth Koole has said that the returns received by the state from the bauxite sector have dropped from 150 million Suriname guilders in 1980 to 64 million in 1984 and about 54 million in 1985 (one U.S. dollar equals one guilder eight cents). The minister said the government has worked as much as possible to promote the export of bauxite. In this regard he referred to talks he had in Brazil late last year on the export of Surinamese alumina to that country. He also disclosed that under an agreement with Czechoslovakia, Suriname will export 10,000 tons of alumina to the European state at a price to be fixed during this month when a Czech delegation is expected here. The minister said in addition to the alumina accord, two agreements were concluded with the Czechs. One is a general trade agreement while under the other, Czechoslovakia will supply Suriname with heavy equipment. [Text] [Bridgetown CANA in English 1208 GMT 15 Jan 86 FL] /12858

COMPUTERIZED REGISTRATION OF INDIVIDUALS--The (register's) office will, before long, switch from the registration of heads of family to the registration of individuals. This minister (Sietembach), who heads the Department of the Interior and People's Mobilization, said two days ago during a press conference during which the minister informed the press about the reconstruction program of his department. [as heard] The switch to a new registration system is connected with the computerization of the registration service. It is also the intention to supply every Surinamese citizen with an identity card before the end of this year. The (register's) office started with a supply of these identity cards 10 years ago. [Text] [Paramaribo International Service in English 1800 GMT 22 Jan 86 FL] /12858

CSO: 3200/14

VENEZUELA

CONSALVI'S ENDORSEMENT TO AMEND OAS CHARTER DENOUNCED

COPEI Demands Explanation

Caracas EL UNIVERSAL in Spanish 17 Dec 85 p 1-14

[Article by Alirio Bolivar]

[Text] COPEI sources expressed shock that the national government has not given the country any explanation of the diplomatic defeat Venezuela suffered at the Organization of American States meeting that was held recently in Cartagena.

The national leaders of the Social Christian Party (COPEI) issued a document last week in which they demanded an explanation of the policy that Venezuela pursued and the actions it took prior to the assembly. So far neither the Foreign Ministry nor President Lusinchi has responded to the demands of the principal opposition party.

According to COPEI, Venezuela lost political support in its territorial claim against Guayana because there was evidently no strategy for protecting the country's interests.

Yesterday Dr Gustavo Tarre Briceno, assistant chief of the COPEI parliamentary delegation, stated that his party's document is very serious and very well-founded. It explains to the country the nature of the failure at the Cartagena meeting.

"In any other country the failure of the foreign minister to respond would have led to his immediate removal, but President Lusinchi prefers to ignore the problem in the belief that silence will cause everyone to forget the magnitude of the defeat," stated Tarre Briceno.

The Social Christians draw attention to the fact that Venezuelan diplomats have been unable to obtain even minimal support from other Latin American countries, many of which benefit from the agreement that provides them with oil at preferential prices. Furthermore, Venezuela has traditionally supported the other nations when they have faced crises, such as Argentina in its claims against England for the Malvinas Islands.

Tarre Briceno stated that it is astounding that the anti-Venezuelan camp has been led by the Costa Rican foreign minister, whose government has the same political persuasion as the ruling party in Venezuela. It is also surprising that President Lusinchi has not provided any explanation of the position taken by Costa Rican President Luis Alberto Monge.

"In our view, the chief of state was unable to instruct Foreign Minister Simon Alberto Consalvi to prevent the disaster in Cartagena. All indications are that the government does not have an international policy designed to protect the country's interests."

The COPEI leader explained that there will not be enough time to subpoena the foreign minister to testify in Congress during this regular legislative session, which must end tomorrow, but COPEI will propose such a move to the Foreign Policy Subcommittee of the Delegated Committee early next January. COPEI will also go to the Foreign Relations Advisory Committee to have the foreign minister called in to provide information about the meeting.

[Question] Will you ask for Foreign Minister Consalvi's resignation?

[Answer] The foreign minister should have stepped down in the face of this failure, and since he has not done so, President Lusinchi should have proceeded to remove him from office.

[Question] Doesn't COPEI think that instead of a defeat, the foreign minister could have pursued a diplomatic strategy?

[Answer] Until we are given an explanation, we believe that it is a matter of incompetence, especially if we recall Minister Consalvi's statements assuring us that Venezuela would succeed in preventing the modification of the OAS Charter. Since his statements have been proven wrong, the country naturally wants an explanation.

The document issued by the COPEI National Board on Wednesday 11 December notes that each participating country managed to achieve its objectives, while Venezuela was forced to swallow the bitter pill of the reform. It states that this is a very serious matter for Venezuela. Tarre Briceno emphasized that Venezuelans are necessarily very disappointed by these events, and that is why the government must provide a detailed explanation.

Consalvi's Statements

Caracas EL DIARIO DE CARACAS in Spanish 7 Dec 85 p 18

[Article by Cenovia Casas]

[Text] Venezuela gave priority to its present relations with the countries of the Caribbean over a position that it had considered as a "point of honor" regarding Article 8 of the OAS Charter. Although Foreign Minister Simon Alberto Consalvi stated yesterday, in a tone that was at once distressed and emphatic, that it is not a question of judging now whether what happened in

Cartagena constituted a diplomatic defeat, other important spokesmen in the country do not agree.

Until the very day he departed for the Special Assembly that was to discuss proposed reforms in the Charter of the Organization of American States, Consalvi continued to tell the public that it was not appropriate to modify just one article, and that overall considerations and broader reform interests had to be taken into account. He also stated that Cartagena would not be a propitious setting for that.

EL DIARIO DE CARACAS published 3 weeks ago a report by this editor entitled "Venezuela Would Be Isolated in OAS on Article 8." The assertions in the article were based on some statements by COPEI Secretary for International Affairs Jose Rodriguez Iturbe, who expressed that concern before the Chamber of Deputies Foreign Policy Committee. The report referred to the position of the English-speaking Caribbean nations, which voted in a bloc and forced a consensus to eliminate the article in question by 1990. This means that Guayana and Belize are prohibited from joining the organization for just 5 more years.

When the minister was asked about the matter at the Latin American Economic System (SELA), he stated that the process of reforming the Charter led to this situation. A large number of countries contended that the article should be eliminated, while Guatemala, Argentina and Venezuela stated that it should not be for the time being. The negotiations were very long and drawn out, with the foreign ministers of Brazil, Uruguay and Peru participating. They resulted in the motion to keep the article effective until 1990.

Consalvi himself argued, while fidgeting with a cigar, that it would not be appropriate for him to respond to repeated questions by the press as to whether or not the events in the OAS constituted a defeat. "It was necessary to reach a consensus because the reform process was very complicated during the 3 days that we met. Otherwise, one would have to wonder whether it is possible to belong to an international organization. (. . .) Victory or defeat? Pessimism or optimism? These are extremes that cannot be imposed on a minister who deals with delicate issues as I do." In the foreign minister's view, Venezuela could not depend on a single factor in its deliberations, because there are many other foreign policy considerations, one of them being relations with the Caribbean. He asserted that the decision made in Cartagena has absolutely no effect on the dispute with Guayana, because it is being handled through other channels in the United Nations. "If it has any influence," he noted, "I hope it is positive."

Alvarez Paz: Consalvi Must Explain

The Foreign Policy Committee of the Chamber of Deputies will invite Consalvi to explain what happened at the OAS Special Assembly. Its chairman, Oswaldo Alvarez Paz, stated that he did not like the decision at all, and that Consalvi must now explain his reasons for supporting the consensus motion and modifying his "historic position." "And they'd better be good" reasons, said Alvarez Paz.

The Social Christian leader contended that the Article 8 issue is related to what he called "the distortion of the OAS," referring to the presence of a group of English-speaking countries in the organization that determine their vote and actions in the working committees in accordance with the political interests of the group, or--what could be more serious--with the colonialist interests of the hemisphere. "Article 8 was not designed to prevent anyone from joining the organization; it was intended as a tool to combat the vestiges of colonialism in the Americas, which have not disappeared completely. One of those vestiges is Venezuela's claim against Guayana." Alvarez Paz stated this without going into detail, noting that it would be a point of departure for the organization's discussions.

8926

CSO: 3348/377

VENEZUELA

ADMINISTRATION'S PERFORMANCE DURING 1985 VIEWED

Caracas EL DIARIO DE CARACAS in Spanish 21 Dec 85 p 8

[Text] In the past month, the internal vicissitudes of Democratic Action (AD) have aroused the interest of the mass media, just as they have demanded the attention of the executive and influenced the other branches of government.

In this regard, December has not been a month devoted to national politics, but rather to party politics.

Now that the problem has been resolved in an executive fashion that reminded us of the predominance of the machine (a fact that some mistakenly forgot), perhaps now is a good time to begin focusing on the national problems that require a response.

In the economic sphere, the government has achieved two victories. In general terms, the renegotiation of the debt has progressed well even though it includes the controversial illegal portion (the \$10 billion contracted outside the law).

As for inflation, the government has succeeded in keeping it within tolerable limits, an undoubtedly spectacular achievement when compared with the levels that prevail in countries which have undergone situations similar to Venezuela's. On the other hand, however, little has been done to restore confidence; little has been done to attract investors or to stimulate domestic private investment. Consequently, about 1.2 million people are still unemployed, and the country's economic activity still depends primarily on government spending. The effects of the Triennial Plan are still subject to discussion and hypotheses. Most experts do not foresee any improvement in 1986 with respect to 1985.

In the political sphere, excluding the internal party debate, the only project of any significance--government reform--is bogged down because no one is willing to take the necessary steps for decentralization. President Lusinchí, in his speech at the AD convention, referred directly to the problem when he reminded AD that the function of parties should be "attenuated" within the national process. That is the (public) clamor of a citizenry that feels smothered both by the omnipresent state and by the

overwhelming interference of parties that do not leave any leeway for the manifestation and development of individual initiative.

In other aspects, such as foreign policy for example, the results have been rather difficult to assess. Contadora fell apart, and Venezuela's fiasco in the OAS as a result of the modification of Article 8 (opening the doors to Guyana without any quid pro quo or alternative in the Essequibo claim) can hardly be regarded as a success. Negotiations will soon begin with the United States regarding the extradition of nations, and that will undoubtedly be traumatic.

In his speech, the president repeated that the past 2 years have been spent reorganizing and cleaning up the situation inherited from the previous government. The people understand that, according to the polls. But the waiting period is growing shorter, while impatience mounts.

AD must understand these circumstances to enable the country to emerge from its stupor and resume the progressive role for which it is destined.

8926

CSO: 3348/377

VENEZUELA

AGRICULTURE PLAYS KEY ROLE IN ECONOMIC RECOVERY

Caracas EL UNIVERSAL in Spanish 22 Dec 85 p 2-10

[Text] Agriculture and Livestock Minister Felipe Gomez Alvarez, on behalf of the administration, has submitted a report on agricultural development for the year that is now drawing to a close. Looking carefully at the figures, one can conclude that the results could not be more optimistic, although they are not exaggerated. There is no doubt that the 1985 agricultural year was a success, which reinforces the government's intention of making agriculture its top priority.

To corroborate this initial hypothesis, however, we must present statistics that are not manipulated or adjusted upward or downward to suit the discretion of the official, but rather authentic and accurate. Many elements can be cited to note with pride--and why not?--that the Venezuelan farm sector is beginning to recover. The expansion of this sector, in accordance with the policies set forth by the administration, has moved ahead firmly and apparently irreversibly.

A year ago the prospects looked gloomy. Various spokesmen for production sectors expressed their concern, fear and despair in the national press. Today the situation is reversed, for the better. National agriculture has received some undeniable boosts. Fundamental initiatives have been taken, and confidence--by both workers and farmers--has returned to this sector. This psychological element had previously given rise to many doubts.

Today the agricultural situation is showing a different face. Let us look in detail at the particular aspects. First of all, a situation that was particularly troublesome to farmers, payment for crops, has been corrected. They were owed more than 1.2 billion bolivares. The administration decided to put a lid on these commitments, and was determined to pay off the debts. That was the first positive aspect. In addition, as a singular complement, debts to public and private institutions were refinanced for more than 20,500 farmers. These debts totaled 4 billion bolivares. That was the second positive aspect. Confidence began to rise.

And what about the silo program, for example? What was the storage situation? Here some serious problems came into play. One rather significant one was the fact that the Adagro silos still contained crops left over from 1979, with the

evident risk of damage. More serious than that, however, was the situation of some unnecessary imports. In grains (corn, sorghum, rice) some harvests had not been totally damaged--the 1979-1983 period--but imports were authorized anyway. In the case of sorghum, they totaled 2.5 billion bolivares, and in that of corn, 5.1 billion bolivares. Something that should be investigated, right?

This irregular situation, among other things, prompted the administration to take the serious--and also severe--measure of eliminating the Agricultural Marketing Corporation. The functions of this organization had been distorted, and it simply became an agency that marketed deficits, in the words of Agriculture and Livestock Minister Felipe Gomez Alvarez himself.

In view of the crisis, however, certain possibilities arose. First was a firm resolve to change the outlook for the Venezuelan farm sector. For this purpose--if any preface is necessary--what was needed was not just words, not just the effort to utter them, but also concrete actions, very specific stimuli. And that was what happened. Faced with this problem, the administration placed agriculture among its top priorities, and also encouraged a dialogue with farmers, with rural workers, with agroindustrialists--in short, with the determining factors in the recovery of agriculture. And the results were not long in coming.

Corn Harvest

In 1979 national corn production began its downward curve. Beginning in that year, production took a severe downturn, which was aggravated by the fact that this crop is not year-round but seasonal. In 1984 unquestionable initiatives were taken, and today the situation has undergone a metamorphosis, a hopeful change. In 1984 production totaled 550,000 metric tons, and the 1985 figure is better still: 850,000 metric tons. And the outlook could not be better: a harvest of 1 million metric tons is projected, or possibly more; the harvest will continue through January and February.

And what about the prospects for rice? Full of hope. Around 1980 production began to slump as alarmingly as corn had. From a previous total of 670,000 metric tons, production fell to 410,000 tons in 1983, clear evidence of the decline. The projections are positive, however, and production is pegged at 450,000 metric tons for this year, a sign that things are picking up. It is encouraging to note that this grain will play a very important role in the nation's diet in the coming years.

Sorghum Harvest

Another grain that is going through a critical phase is sorghum. This product is very important in the manufacture of concentrated animal feeds, and therefore in the production of eggs, a staple in the Venezuelan diet. Sorghum has also been in a slump since 1979. A careful analysis of the production of this grain in subsequent years reveals stagnation. Since 1984, however, projections have changed; from 470,000 metric tons in that year, production climbed to 490,000 metric tons in 1985. At present the country needs 1.6 million tons, and the goal for the future is to produce just that much.

One additional figure may help sum up the situation of corn, rice and sorghum. Overall production in these three categories fell by approximately 300,000 metric tons between 1979 and 1983, to 1.3 million. The situation is different in 1985, however, with total production of 1.8 million metric tons: a good sign.

Milk

The statistical curve shows a steady growth in production by liter. In 1985 the policies really fell into place. Despite some ongoing disputes, farmers themselves can attest that on many different occasions they have supported government initiatives. Some details remain to be ironed out, but the gradual meeting of minds on these issues will boost confidence.

Cotton: Sharp Recovery

There is no need to repeat the well-known fact that cotton is an important crop. Everyone is aware of its usefulness in the manufacture of fabric and its key role in the textile industry. Here, too, the figures reveal that a clear upward thrust is taking place. It is appropriate, as in the above cases, to look at comparative figures. Around 1982, for example, cotton production was pegged at 17,000 metric tons (during a period when fabrics were imported in abundance), and by 1983 it had climbed to 34,000 tons. Then a radical change began in 1984. The year-end report for 1985 reveals that production totaled about 70,000 metric tons.

Coffee

A similar situation prevails in this sector. In 1985, national coffee production totaled 60,000 metric tons. This is a major achievement for Venezuela, considering the three essential factors cited by the minister of agriculture and livestock recently: first, coffee provides stability for men in rural areas; secondly, it is a major source of foreign exchange, since we export it; and thirdly, it is a "conservationist crop" that grows on hillsides and mountainsides that are vulnerable to erosion.

Sugarcane

We must take a particularly careful look at this crop, not only because of the growth it achieved in 1985, but also because this rise in production has gradually reduced imports in this agricultural sector. Between 1982 and 1983, sugarcane production totaled 4.8 million metric tons. In the 1983-1984 harvest, production amounted to 5.8 million tons, while estimates for the 1985-1986 harvest place it at 7 million tons. This is a clear reflection of the incentives that have been provided for the Venezuelan farm sector.

There is another more important detail: In the 1983-1984 harvest, imports accounted for 48 percent of the total. In the harvest that recently ended, imports had declined to 28 percent, and the prospects are even better for the 1985-1986 harvest: Dependence on imports will fall to 15 percent. In other

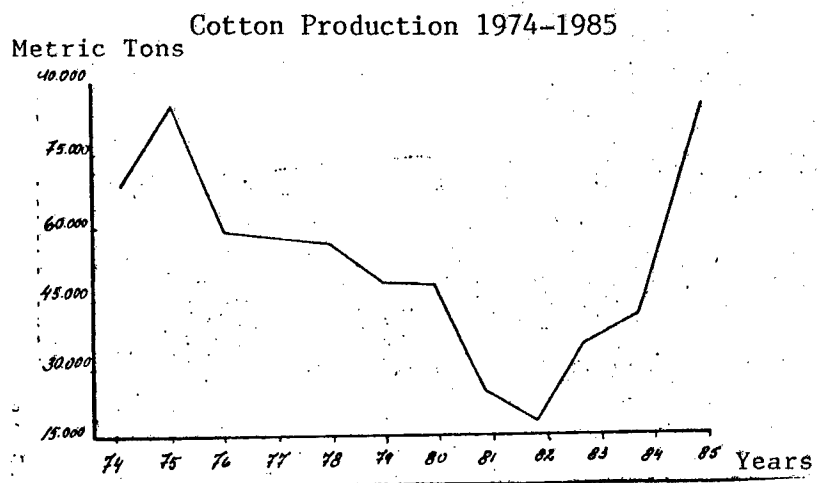
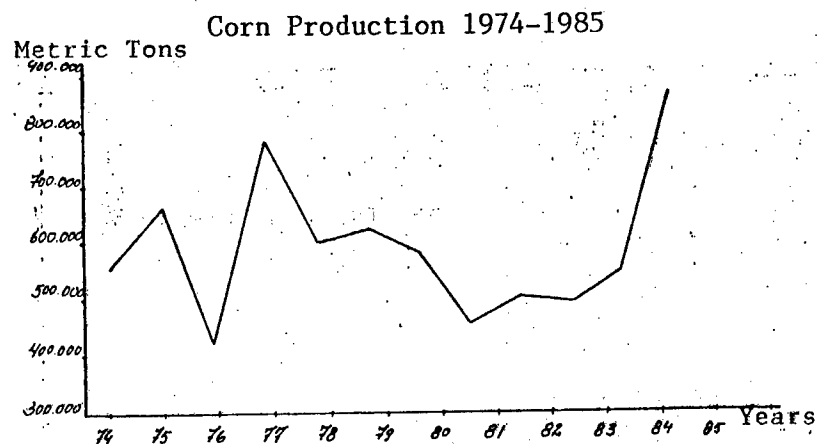
words, we are gradually and steadily limiting our foreign purchases of sugar, which undoubtedly represent a drain on our foreign reserves.

Prices and Growth

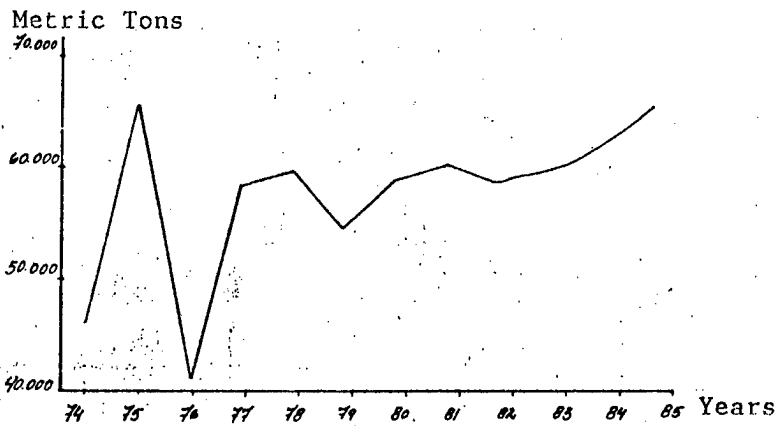
Two details remain to finish up this agricultural report. The first is the value of production. After a sharp drop between 1982 and 1983, as a result of an erratic policy, now sustained growth can be seen. Production in 1984, multiplied at 1978 prices, climbed to 14,475 bolivares. In 1985, also at 1978 prices, that figure rose to 15,658 bolivares, a growth of 6.5 percent between 1984 and 1985.

One final detail is that with the overall increase in production, the country saved \$200 million, at 1978 prices.

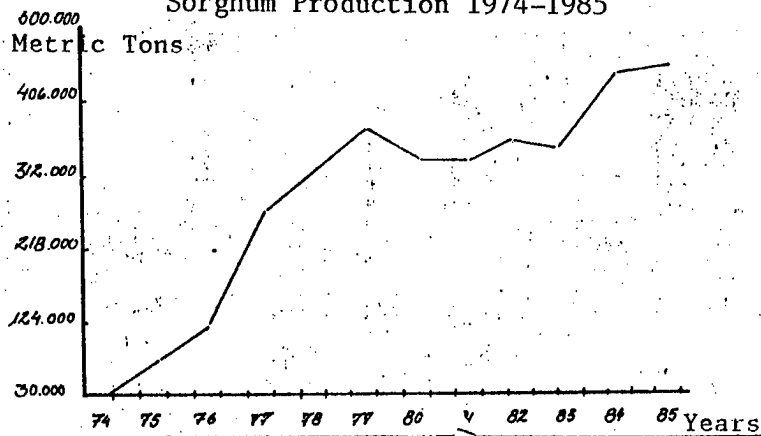
Epilogue? There is not much more to add. Agriculture, the rural sector in general, has become a key factor in the Venezuelan economic recovery. Looking at the decisions in perspective, it is apparent that the government intends to continue pursuing this objective. There is willingness, effort, and perseverance, which is the most important thing. But the participation of all sectors is also required. The Venezuelan productive apparatus is desperately in need of rejuvenation. The first steps are being taken, but that is not enough. For this reason, joint participation is essential. Without it, good intentions will come up against insurmountable barriers.



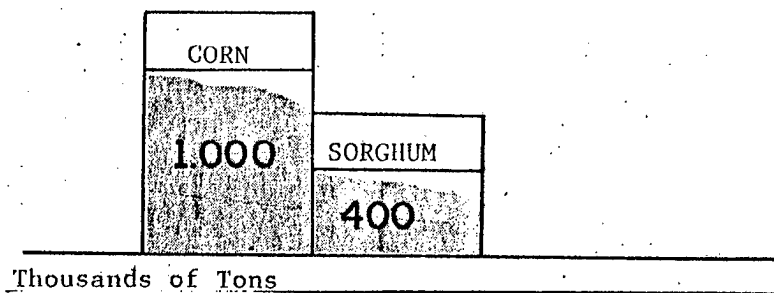
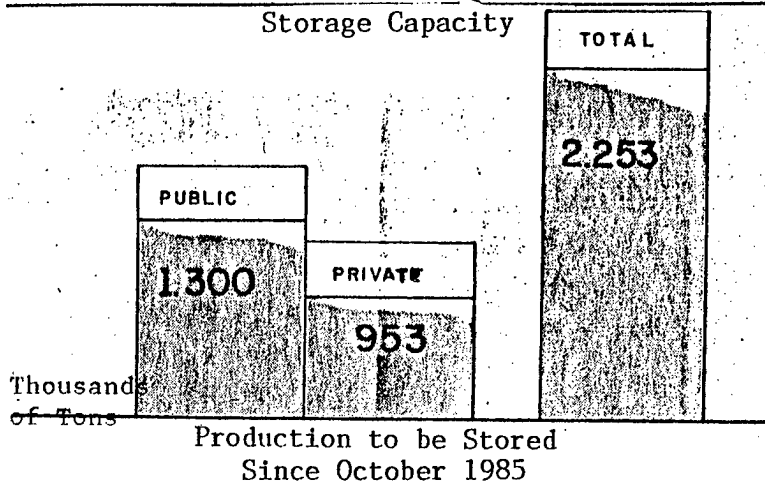
Coffee Production 1974-1985



Sorghum Production 1974-1985

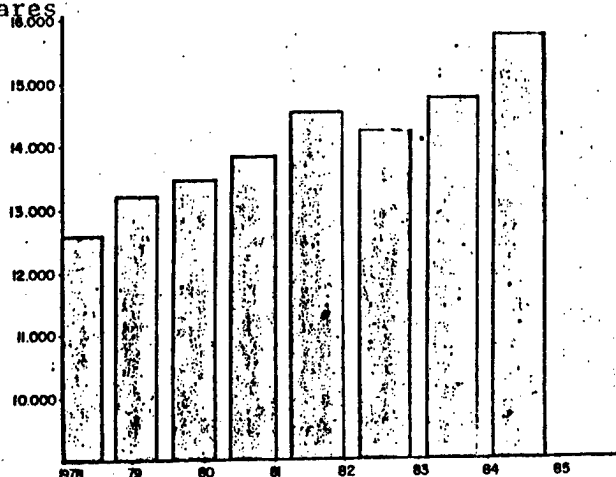


Storage Capacity



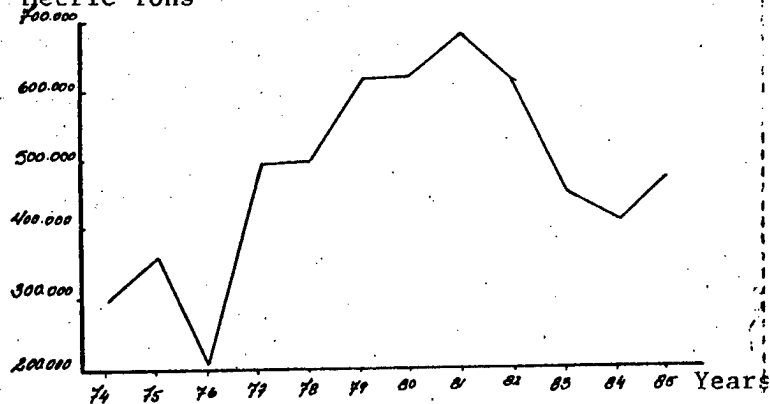
Value of Production
1978 Prices

Millions of
Bolivares



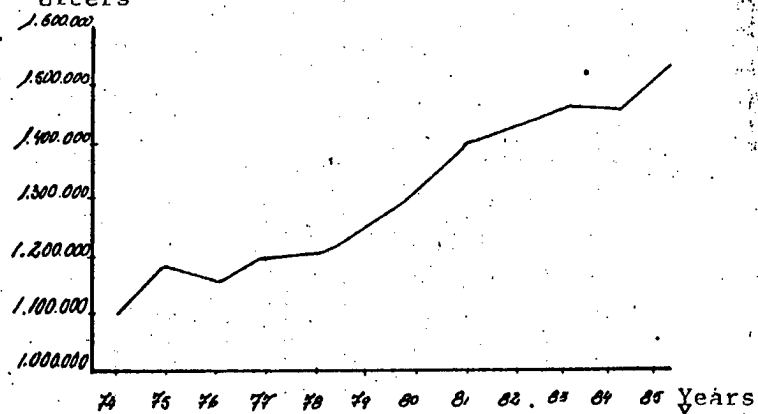
Rice Production 1974-1985

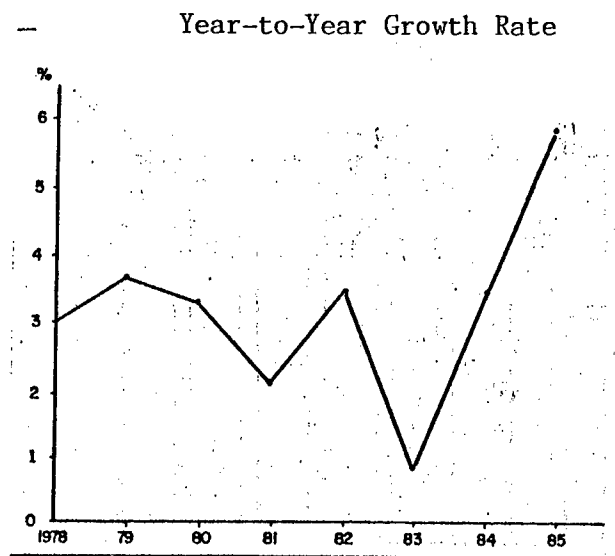
Metric Tons



Milk Production 1974-1985

Liters





8926

CS0: 3348/352

VENEZUELA

COPEI LABOR SECTOR ON SALARY ADJUSTMENTS

Caracas EL UNIVERSAL in Spanish 22 Dec 85 p 1-12

[Text] COPEI's union representatives rejected the wage adjustment agreed to at the meeting between the government and the Confederation of Venezuelan Workers (CTV) yesterday at Miraflores Palace.

On behalf of the Social Christian faction of the CTV executive committee, Tito Lopez Puentes made statements to the press upon leaving the meeting.

"We want to tell the nation that we are disappointed in the meeting we have had with the president of the republic, because the expectations raised among Venezuelan workers have not been fulfilled, since the increase that the president will announce to the country is selective, deficient, belated, and poorly implemented."

"In this regard, we told the president we did not agree with the presentation he made to us, because one option available to him is to go to Congress and call a special session to have this pay raise be mandated by legislation, for the benefit of all Venezuelan workers."

He said that the president will announce a scale of 20, 15 and 10 percent for public employees not subject to collective bargaining, and that this same scale of raises will apply to the employees of businesses not subject to collective bargaining. Workers in public and private sectors who do benefit from collective bargaining agreements will continue to receive their raises through that route. "That is why we reiterate that this announced raise is selective, and does not fulfill the aspirations and needs of Venezuelan workers."

He stated that they urged President Jaime Lusinchi to go to Congress to ensure that the proposed wage increase would be applied across the board.

He stressed that "the president does not have the authority to decree or force the private sector to comply with the raises that he intends to announce. As I said, these raises are belated, insufficient and poorly implemented."

8926

CSO: 3348/352

VENEZUELA

HERNANDEZ GRISANTI'S NOMINATION AS OPEC PRESIDENT VIEWED

Caracas EL NACIONAL in Spanish 9 Dec 85 p D-7

[Article by Ludmila Vinogradoff]

[Text] Occupying the presidency of OPEC in 1986 is a source of satisfaction and also a responsibility for Venezuela, which is now represented by Minister of Energy and Mines Arturo Hernandez Grisanti.

Venezuelan petroleum experts welcomed the news that Venezuela now chairs the Organization of Petroleum Exporting Countries.

Sources agreed that this constitutes important recognition of the country. They also noted the functions Hernandez Grisanti will be able to serve in this post in the current oil crisis, and the adverse circumstances that surround OPEC.

Jose Ignacio Moreno Leon

The former minister of energy and mines, Jose Ignacio Moreno Leon, hailed the country's designation with satisfaction.

"It is quite important that Venezuela's turn has now come in the rotation system. This will undoubtedly be a very critical year, given the organization's plight as a result of its failure to take decisive action, and in view of the short-term prospects on the oil market."

He stated that Minister Hernandez Grisanti will have to make a great public relations effort, and take advantage of Venezuela's traditional position of balance and equanimity to try to prevent the organization from falling apart, as many of its enemies desire.

"I believe that precisely because it is not committed to any of the groups that have traditionally confronted each other in OPEC for political and religious reasons, Venezuela faces a great opportunity to find viable solutions to the present situation."

He stressed the need for following up on the proposal the Venezuelan delegation brought to the conference, to ensure that a more realistic pricing

policy is formulated and that the organization's current production quota is defended on the market.

"The ceiling of 16 million barrels per day must be turned into a floor to invite other producing countries to join in the irreversible decisions made by the organization and to avoid continued erosion of the market. For this reason, we believe that a flexible pricing policy and a minimum floor of 16 million barrels per day should be the standard for Minister Hernandez Grisanti to defend." Regarding the functions of the office, he indicated that a dialogue should be initiated with non-OPEC countries and with the consuming nations of the industrialized world.

Pompeyo Marquez

Senator Pompeyo Marquez stated: "It is important that Minister Hernandez Grisanti has been named president of OPEC during these difficult times for the organization."

"The major consumers have launched an offensive against OPEC. They cannot permit a group of countries to join together to defend themselves against all the ambushes that have been taking place over the decades."

Regarding OPEC's functions, he indicated that the organization cannot confine itself simply to prices and export volumes any more. "It is imperative that we seek new mechanisms for making prices more flexible, solutions that take into account the variety and individuality of the member countries."

"OPEC must look into other spheres of activity, such as technology and the internal development of each country in the industrialization of petroleum with a view to modifying the composition of export packages."

He mentioned the criticism that has been lodged against OPEC for failing to keep up with the International Energy Agency, which is made up of the major consumers. "This matter should be discussed, and Hernandez Grisanti should set an example in this regard."

Anibal Martinez

Specialist Anibal Martinez commented that "we should be very happy about the presidential designation."

"It is a recognition of the importance and personal merits of Minister Hernandez Grisanti, and of Venezuela's importance as a key country in the organization."

He used the term "key country" to allude to those who have commented with glee recently that Venezuela occupies a weak position within the organization. "The election should encourage us all to continue in the battle to maintain prices."

"It is also significant that Hernandez Grisanti was chosen when Venezuela announced its proposals on production, prices and other matters of interest

well in advance of the conference. There is no doubt that things will move more rapidly when he is president of the conference." He noted that it is "necessary and healthy, however, to reveal the proposals the minister made in Geneva to the general public, so that Venezuela can then make a firm proposal regarding prices and production quotas."

Alberto Quiros Corradi

The director of EL NACIONAL, Alberto Quiros Corradi, hailed the selection of Venezuela to preside over OPEC. "It constitutes a recognition of the country, an honor and a responsibility."

He emphasized that Venezuela has distinguished itself with its ability to mediate, and that the post comes at a difficult time for OPEC when Minister Hernandez Grisanti will be able to propose solutions.

Regarding the problems that have arisen, he mentioned three specific functions that the Venezuelan minister can fulfill as president of OPEC: price setting, control of production volumes, and establishing relations with other producing countries that do not belong to the organization, as well as forming more direct ties with consumers.

He also noted the urgent need to maintain contacts with the International Energy Agency to break the communication taboo.

Rafael Caldera

Former President Rafael Caldera stated that Hernandez Grisanti's designation could lend the organization new vigor and discipline, which it needs at this time.

He said that serving as president of OPEC represents a great opportunity and a great responsibility.

Jovito Villalba

The founder of the Democratic Republican Union (URD), Jovito Villalba, said: "Marvelous, marvelous. I have a lot of faith in Arturo. Arturo will make a great president. Especially since we are coming out ahead in petrochemical development and the sale of specialized petroleum products."

Eduardo Mayobre

Eduardo Mayobre, director of OCEPRE, regarded the designation as "highly positive. It is a recognition of the role Venezuela has played within OPEC, and on the personal front, of the dedication Minister of Energy and Mines Arturo Hernandez Grisanti has shown the organization."

He asserted that Hernandez Grisanti's appointment will contribute greatly to the conciliation of positions, and OPEC will thus retain its important role.

Sebastian Alegrett

The permanent secretary of the Latin American Economic System (SELA), Sebastian Alegrett, expressed the opinion that this development reflects the importance Venezuela has acquired, thanks to the major policy guidelines that have originated with men such as Dr Carlos D'Ascoli and Manuel Perez Guerrero, the father of OPEC.

Benito Raul Losada

The president of the Central Bank of Venezuela, Benito Raul Losada, noted that "the fact that Hernandez Grisanti has been selected is extraordinary. I think he will do a good job during his term."

8926

CSO: 3348/376

VENEZUELA

HERNANDEZ GRISANTI ANNOUNCES NEW MARKETING POLICY FOR OPEC

Caracas EL UNIVERSAL in Spanish 18 Dec 85 p 2-1

[Article by C. R. Chavez]

[Text] Even recognizing the inevitable difficulties that will arise in the development of petroleum marketing activities in 1986, Minister of Energy and Mines Arturo Hernandez Grisanti--the new president of OPEC--is optimistic about the possibility of finding a formula for marketing policy that will meet the objective of making the pricing system more flexible, guarantee a significant share of the oil market, and also meet the growing financial needs of the organization's member states.

Preliminary Work and Election

Shortly before noon yesterday, Minister Hernandez Grisanti gave a press conference, accompanied by Vice-Minister Hernan Anzola Jimenez; Dr Carlos Luciani, director of Petroleum Economy; Dr Felix Rossi Guerrero, Venezuela's OPEC governor; and Luis Xavier Grisanti, the minister's executive assistant. First the minister talked about the consultations that took place before the last OPEC Conference, and about his election. Then he went into the matter of the decisions that were adopted at that conference.

"Upon returning from the 76th OPEC Conference, I believe this is a good time to report to the public on the results of this vitally important event. As expected, we engaged in a number of preliminary consultations before the conference, which gave me an opportunity to talk with nearly all the ministers who attended the event. The purpose of these contacts was to fill them in on a policy proposal that was aimed at achieving a flexible pricing and production system capable of guaranteeing OPEC a major portion of the international oil market. These conversations were merely informational. In addition, however, during those 3 days prior to the conference, a group of Venezuelan experts in our delegation met with experts from other countries and exchanged information on a technical level regarding our pricing policy proposal.

"I would like to state firmly and clearly that we did not go to Geneva with the intention of presenting our suggestion to the OPEC Conference, because we knew that this kind of conference did not allow enough time to debate it. I

should point out, however, that after we provided ample information to the ministers in the pre-conference meetings, the formal meeting itself began, and as you might say, I was designated or elected president of the OPEC Conference. I view this as an honor extended to Venezuela. I believe, nevertheless, that my designation is due to the position of equilibrium, conciliation and unity that our country has always taken within the conference. We have maintained a frank and eclectic viewpoint; we have always tried to avoid conflicts and resolve crises, because we have faith in the spirit of unity and the joint efforts of all OPEC members as a guarantee of the organization's strength and its ability to continue fulfilling its specific and general objectives."

Problems and Decisions

"I would like to emphasize," began the minister and president of OPEC in this part of his press conference, "that the political decision adopted by OPEC represents a clear stand on the search for an appropriate plan for pricing, and is geared to the achievement of a reasonable share of the market. This is a fair demand in keeping with the development needs of the members states. It is a policy plan that must be put into practice by the committee that Venezuela chairs. This committee will arbitrate the specific means and instruments that will be used to achieve the objectives of this Political Declaration.

"Now," he added, "we have entered a transition stage, because the committee will begin its work in early 1986. First the Group of Experts will meet to undertake the respective technical analysis, and then the committee of five ministers will gather to study the documents drawn up by the aforementioned experts. Finally, the Ministerial Committee will draft a document with specific proposals for the new marketing and pricing policy, which will be submitted to the conference authorities. There will be immediate consultation among all the ministers in the organization for the purpose of determining whether it is really worth convening a special conference, which would probably take place in the first quarter of next year.

"There has been speculation about this proposal and about what OPEC's new pricing policy will be. Nothing concrete has been decided yet, however. The committee will analyze the situation and come up with concrete ideas that will give an objective character to the plan that will be proposed to the conference.

"The stand on oil policy that was taken at the conference in Geneva has been interpreted in a variety of ways. But I can state the following in this regard: Because I have been leading the discussions in the conference, in my capacity as president, I can clarify what we actually decided.

"At the conference, we followed these criteria: We believe that OPEC has borne alone the burden of defending the market. Non-OPEC exporters, especially those that have a significant share of the market, have been increasing their production and putting pressure on the market.

"Those countries," Hernandez Grisanti went on, "share part of the responsibility for this defense. In other words, they should have participated in the effort also, because they are an important part of the market as suppliers of petroleum.

"There has also been speculation about an alleged price war. That is false; there is no such price war, and I do not believe there will be one in the future.

"Of course," he continued, "there is the possibility that oil prices will fall. But I must say that this will come about if the non-OPEC countries do not assume their share of the responsibility. It is up to them to decide whether a reasonably stable market serves their needs, or whether they want an erratic or chaotic market, with plummeting prices and all the ramifications for the international economy.

"OPEC," said Hernandez Grisanti, "has not abandoned the defense of prices. What we will seek is a more flexible and more realistic system. And the purpose of all this is to defend the reasonable stability we have already brought to the market, and to ensure a fair share of it for OPEC crudes.

"This was precisely what we explained to the ministers when we met with them 3 days before the conference in Geneva.

"Now, taking into account the current factors in the situation, I believe that my responsibility as president of OPEC is to point out that achieving these two objectives (more stable market and more reasonable prices for OPEC) will be difficult. There are negative factors, many of them cumulative. A short time ago, former President Rafael Caldera publicly acknowledged the errors of the past, which are still present as adverse factors. Even former Minister Humberto Calderon Berti has recognized this. The lack of a policy of rapprochement with non-OPEC producers and exporters is one of the factors that have prevented us from normalizing the situation and stabilizing the market so that the OPEC exporters will not continue to lose their markets, as they have for several years.

"The task of the committee chaired by Hernandez Grisanti will be to seek precisely that line of action: to recommend a marketing and pricing policy plan that will jibe with OPEC's aspirations and fully adhere to the objective of flexibility that should influence that policy."

The Venezuelan minister is also aware of the serious difficulties that will hinder the committee's efforts to arrive at an appropriate plan for a new marketing policy. He knows that it will not depend on technical efforts or on the political will of OPEC members.

Hernandez Grisanti noted the comments made by the major Western press immediately after the Geneva conference ended. All were negative, openly opposed to what OPEC is and what it represents. The mass media of industrialized countries that are always ready to celebrate the demise of OPEC are not few in number. However, we will prove to them and to the rest of the world that we will not die, that we will continue fighting and will maintain a

dignified position as petroleum exporters, deserving of a continued reasonable share of the market.

At the conclusion of the press conference, the minister was asked about Mexico's announcement of new crude oil prices, and he responded that "we have no official information whatsoever on that, so we cannot express an opinion on something we have no official knowledge of. . ."

8926

CSO: 3348/354

VENEZUELA

OIL REVENUES SINCE 1975 ESTIMATED AT 125 BILLION DOLLARS

Caracas EL UNIVERSAL in Spanish 15 Dec 85 p 2-5

[Article by C. R. Chavez]

[Text] The financial policy pursued by Venezuelan Petroleum, Inc. (PDVSA) since its creation in August 1975 has always responded to four fundamental objectives: 1) to generate income for the treasury and foreign exchange for the country; 2) to guarantee the supply of hydrocarbons demanded by the local market; 3) to serve as a dynamic and direct agent of national development; and 4) to promote research and technological development in the country.

The financial policy of the National Petroleum Industry (IPN) has always been oriented toward these objectives, and progress toward them has followed a continued upward trajectory, according to Dr Antonio Casas Gonzalez. Casas Gonzalez made these remarks in a brief report on the financial aspects of the petroleum industry in its first 10 years.

"This mandate," said Casas Gonzalez, "has been fully understood by the governments that have led the country since the nationalization. Furthermore, instead of decreeing dividends, at Stockholders' Assemblies they have explicitly and overwhelmingly approved the allocation of earnings to Reserve Funds, and have accepted the accumulation of financial surpluses to cover future investment requirements.

"The principle of self-financing," said Casas Gonzalez, "has also been accompanied by that of financial autonomy. This aspect is understood as the industry's ability to administer its own economic resources for the purpose of achieving the highest possible yield.

"In this area, we should point out the change that has taken place in the administration of PDVSA's financial resources since September 1982, when the national executive decided to centralize the country's international reserves in the Central Bank of Venezuela. This forced PDVSA as well as other state enterprises to transfer all of their financial holdings in foreign currency to the Central Bank, and to sell to it all the foreign currency earnings they received from foreign transactions. The Central Bank, for its part, agreed to give priority to providing the foreign exchange PDVSA required to meet its

needs, and for that purpose a rotating fund of \$300 million was set up. The fund is replenished weekly.

"The following figures," added the PDVSA director, "are a reflection of the application of the aforementioned financial policy. Thus, in terms of assets, the executive's initial contribution of 10.634 billion bolivares to form PDVSA and its subsidiaries was supplemented by additional contributions totaling 71.206 billion bolivares, which brought the paid capital stock to 81.840 billion bolivares as of 31 March 1985. Capital reserves, which amounted to 22.455 billion bolivares as of that date, and retained earnings totaling 134 million bolivares, boosted the industry's assets to 104.429 billion bolivares.

"The national executive, for its part, received 380.970 billion bolivares in revenues from the income tax, the royalty, and other taxes between 1976 and 1984. This figure is equivalent to 84 percent of the industry's net income, and it in turn registered net revenues of 75.110 billion bolivares. Added to the interest generated by PDVSA's investments in the industry's dollar funds, this brings the total to 92.621 billion bolivares. These funds have been used to finance investments, as has been their purpose. In this regard, the industry covered outlays totaling 79.888 billion bolivares during that 1976-1984 period.

"As for the flow of foreign currency, the net total income for these 10 years has been \$112.543 billion, equivalent to 90 percent of all the foreign exchange generated by the industry (\$125.629 billion).

"All this has enabled the national petroleum industry to consolidate a well-founded economic situation, based, as we have explained, on significant monetary reserves and on the operational flexibility it has attained. Thanks to these circumstances, it has been able to adapt successfully to the changing trends in the world around it.

"With regard to the country, the industry's main interest has been maintaining fiscal revenues sufficient to meet the stockholder's needs and at the same time contributing to the support of a healthy, efficient and sound industry in all respects. It has striven to maintain the appropriate balance between the treasury's contribution and the position of the resources PDVSA requires as a commercial enterprise.

"It should be noted here," added Casas Gonzalez, "that the government has decided to confine resources to the industry for the purpose, as we indicated earlier, of guaranteeing the nation the necessary flow of revenues and giving the JPN the funds it needs to continue playing the role it has been assigned.

"Thus, diverting these funds to other uses would be a mistake with serious consequences for the country: We would be risking the future solidity of the industry, and with it the possibilities for generating fiscal revenues and foreign exchange in the years to come.

"In keeping with these principles, the industry is developing its internationalization program within a financial policy based on the use of funds generated by its own cash flow.

"Another important aspect of PDVSA's financial administration is related to the management of the corporate insurance program. The policy of the industry's head office has been to participate as actively as possible in the national insurance market. It has also been to guarantee the industry and the nation up-to-date technical consultation as well as familiarity with the conditions of the international insurance market.

"The total amount produced by the IPN in 10 years has been 456.080 billion bolivares, of which the treasury received 280.970 billion and the industry received 75.110 billion (16 percent) in income.

8926

CSO: 3348/376

VENEZUELA

LIGHT OIL FIELD DISCOVERED IN MONAGAS STATE

Caracas EL UNIVERSAL in Spanish 20 Dec 85 p 2-2

[Article by C. R. Chavez]

[Text] Drilling to depths of over 14,000 feet in the upper cretaceous and lower tertiary strata, Lagoven has completed prospecting tests on two deposits in the old Orocuai Field. Some 70 million barrels of light crude can be extracted from the subsoil there, the company announced yesterday.

"By drilling in Well ORS-52 in Orocuai," says the Lagoven report, "in the northern part of the state of Monagas, Lagoven has just discovered light petroleum with a gravity of 30 to 44 degrees API, in (recoverable) quantities of about 70 million barrels, and an estimated 870 billion cubic feet of gas."

Lagoven reported that the accumulation of light petroleum located in the Orocuai Field, some 22 kilometers northwest of Maturin, corresponds to the deposits from the upper cretaceous and lower tertiary periods.

After Lagoven's Geology Department received the test results from this well, it calculated that recoverable reserves amount to about 34 million barrels of petroleum and 558 billion cubic feet of gas in three deposits in the San Juan Formation (upper cretaceous), while 36 million barrels of petroleum and 312 billion cubic feet of natural gas were discovered in two new deposits in the Carapita Formation (lower tertiary).

"Well ORS-52, which resulted in the discovery of these deposits, reached a total depth of 14,119 feet (4,303 meters), and yielded a great exploratory success."

Results of selective testing in the deposits in the San Juan Formation indicate that potential production is between 1,277 and 2,650 net barrels of petroleum per day, with a gravity of between 41 and 44 degrees API, and between 8 and 18 million cubic feet of gas per day. In addition, in the Carapita Formation deposits, a production level of up to 1,715 net barrels of petroleum per day was obtained, with gravities of 30 to 36 degrees API, and up to 4 million cubic feet of gas per day.

In geological terms, according to Lagoven, prospecting reveals that the site consists of an anticlinal structure covering some 22 square kilometers, which is truncated by inverse faulting on the southern flank.

"The geological and geophysical studies and the drilling of this well," concludes the report, "have revealed the great potential of the mountainous area in northern Monagas, and the prospect of immediate production of light crude to contribute to the country's eastern reserves. This discovery provides valuable information that will help determine future exploratory programs in this region."

8926

CSO: 3348/354

VENEZUELA

SALARY ADJUSTMENTS EXPECTED TO BENEFIT 2 MILLION WORKERS

Caracas EL UNIVERSAL in Spanish 22 Dec 85 p 1-12

[Article by Jose R. Hurtado]

[Text] The wage adjustments approved yesterday in the meeting between the Confederation of Venezuelan Workers (CTV) and the government, which was chaired by President Jaime Lusinchi at Miraflores, will benefit more than 2 million workers. The pay raises will be officially announced to the nation on 31 December.

The announcement at the end of the meeting, which was held in the Boyaca Room of the presidential palace, beginning at 0950 hours and ending 2 hours later, was made to the press by CTV President Juan Jose Delpino.

The meeting focused on the document that the CTV leaders submitted to the president just over a month ago. The main emphasis of the document was a request for pay raises or adjustments, which were approved yesterday for government employees, private business employees in the reactivated sectors who are not covered by collective bargaining agreements, and workers in sectors such as commerce, where unionization is difficult and it is hard for labor authorities to enforce the compensation measures taken by the administration.

President Lusinchi was accompanied by Foreign Minister Octavio Lepage, Minister of the Presidential Secretariat Carmelo Lauria, Finance Minister Manuel Azpurua Arreaza, Energy and Mines Minister Arturo Hernandez Grisanti, Development Minister Hector Hurtado, Labor Minister Simon Antoni Pavan, Agriculture and Livestock Minister Felipe Gomez Alvarez, and Leopoldo Carnevali of the Office of Coordination and Planning (CORDIPLAN). Also present were the attorney general of the republic, Luis Beltran Guerra, and the vice-minister of the Presidential Secretariat, Emilio Ramos de La Rosa.

The CTV was represented by the full Executive Committee, with the representatives of all the political forces that comprise the CTV, headed by President Juan Jose Delpino and Secretary General Cesar Olarte.

Juan Jose Delpino

Delpino began by mentioning some proposals President Lusinchi had made regarding the CTV document, which basically requested a pay adjustment and a freeze on the prices of 30 goods in a family basket.

He indicated that the government, in the person of the chief of state, will make an official announcement to the public on 31 December at 1100 hours. He noted, however, that expectations that had been raised by the requests would be fulfilled only in relative terms. He added that the Confederation and the other forces could feel more or less satisfied with the results.

"I believe that these wage adjustments will benefit more than 2 million workers," he stated.

As for the raise, he said that it will work on a percentage basis for wages up to 6,000 bolivares per month. He also indicated that as soon as the president makes the announcements on 31 December, the CTV will inform him of its views on these resolutions and decrees.

He stated that the raises will benefit government employees, private sector workers not covered by collective bargaining agreements, and workers in other sectors such as commerce. Moreover, as of that date, the prices of 30 necessities (milk, eggs, rice, corn, etc.) will be frozen, as requested. In addition, President Lusinchi's request for a declaration of labor stability for a substantial number of months will be honored.

He pointed out that many of the CTV's requests regarding economic reactivation were rejected by the government delegation, particularly those related to the amount of money that should be invested in the economic recovery, such as the Triennial Plan and the ordinary budget. The CTV yesterday presented an annex to the Statute of Pensions and Retirement, requesting an increase of 10 percent in the payrolls, a CTV-Government commission to process workers' and retirees' claims for debts by the government and to propose the necessary corrections, and the reorganization of state institutes and enterprises to prevent them from contributing to the serious problem of unemployment. The document also urged President Lusinchi to order a halt to dismissals and to form a Government-CTV commission to study the current situation. The government representatives were receptive to the idea of postponing the payment of the compensatory bond for transportation costs, according to Delpino.

With regard to the legal instruments the government could use to enforce the pay raises, the CTV president recalled that "the Constitution authorizes the president of the republic to make decisions on wages and other benefits for workers." He stressed that if he could not do it, he would not have promised the CTV that he would.

Persuasive Measures with Businessmen

Interior Minister Octavio Lepage stated that the meeting was very positive.

As for the government's plans for implementing and enforcing his wage adjustment in the private sector, he indicated that the government can use persuasive measures while expressing great respect for businessmen, and will do so to convince them that the nation will benefit from pay raises in areas capable of withstanding and absorbing such measures.

"This contributes to social tranquility," he stated, "and to the full restoration of democracy, which stimulates economic recovery and prevents social upheavals that businessmen and the government alike must make every effort to avoid."

8926

CSO: 3348/352

VENEZUELA

BRIEFS

CARBOZULIA TO BECOME SUBSIDIARY OF PDVSA--Carbozulia will become the eighth subsidiary of Venezuelan Petroleum, Inc. (PDVSA) next 1 January, at which time the legal procedures will take place to transfer the ownership of this enterprise to PDVSA management. The same step was taken 7 years ago with the petrochemical enterprise. Work has been underway for several months to prepare the documents necessary for this procedure, but now they are completely ready for the transfer of stock. The vast majority of stock will be owned by PDVSA. The most important element, however, is the development program that will begin in 1986. In addition to the civil construction projects necessary to work the strip mine and those designed to provide the related services and respective residential areas, a deep-water port is scheduled to be built on the western coast of the Gulf of Venezuela. Related facilities will also be built, along with a railway line that will transport the coal from the Guasare mine to the aforementioned port, from which the coal will be exported exclusively. The development and execution of this program will probably take 4 or more years, depending on the pace of the work. In any event, PDVSA officials do not expect formal coal mining to begin on a commercial scale and for export purposes before 1991. They also believe that PDVSA will form a partnership with a foreign firm specializing in this area to provide technology and a market for the coal, since that would be of great benefit to the country. [Text] [Caracas EL UNIVERSAL in Spanish 17 Dec 85 p 2-2] 8926

CRUDE OIL RESERVES AT LAGOVEN--The crude reserves possessed by Lago Ven, a subsidiary of Venezuelan Petroleum, Inc. (PDVSA), in its division in the western part of the country will be expanded by 96,200,000 barrels at the end of this year when the Tia Juana-4, Bachaquero 2-4, and Lagunillas-13 water injection units are put into service, reported the enterprise. The above-mentioned units, located in Lake Maracaibo, are part of the secondary recovery program to obtain petroleum from the deposits being worked in the western division. These facilities make it possible to salvage the remaining oil in the deposit, which could not be extracted through primary recovery methods. The plants have an injection capacity of 50,000 barrels of water per day. The construction of Tia Juana-4 was completed last month, and this unit will provide an additional 33,200,000 barrels of crude from the Lagunillas Inferior-3 deposit. The crude will have a gravity of 21 degrees API. Bachaquero 2-4 was put into place at La Fundacion in the lake last 3 October. This unit will allow an additional recovery of 29,100,000 barrels of oil (15 degrees API) from the Bachaquero-2 deposit. The Lagunillas-13 plant, which will inject water into the Bachaquero-6-X.03 deposit, will provide additional

reserves of an estimated 33,900,000 barrels of crude with a gravity of 23 degrees API. This unit was transferred to the lake last November, and construction should be completed this month. Iagoven's general engineering, central shop, maintenance, petroleum engineering, and construction and services departments have been working together to install the water injection units. [Text] [Caracas FL UNIVERSAL in Spanish 14 Dec 85 p 2-8] 8926

CSO: 3348/376

END