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JPRS 81010

9 June 1982

Near East/North Africa Report

No. 2560

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9 June 1982

NEAR EAST/NORTH AFRICA REPORT

No. 2560

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OIL FINDS FUEL YEMENI UNITY HOPES

London ARABIA in English No 9, May 82 p 60

[Text]

☉ The southwestern tip of the Arabian peninsula, already an area of great strategic importance, looks set to attract even more interest than usual. Rumours abound that both North and South Yemen have found oil in quantities sufficient to allow not only for exploitation but exports as well.

Reports of a major find in North Yemen first surfaced in 1980. At that time the Compagnie Francaise des Petroles (CFP) denied reports that it had discovered a sizeable oilfield in the Saada region while doing geological research for the government. Later that year, however, a major concessionaire, Deutsche Shell, confirmed that it had found a promising offshore zone along the coast between Hodeidah and the border with Saudi Arabia. The company, having given up part of another offshore concession, had obtained access to acreage along the Tihama in 1977. Since the discovery Deutsche Shell has been busy drilling to ascertain the size of reserves, and the West German government has stepped in with aid to conduct additional geological surveys and laboratory tests.

Hopes have also been raised by the activities of a US-Yemeni joint venture, Yemen Hunt Oil, which signed a six-year oil exploration and production-

sharing agreement with Yominco, the national oil company, last year. This covers 12,600 sq km in the Marib and al-Jawf areas in the north-western region. Since then it has undertaken to spend \$4m on surveys over the next six months

The World Bank has meanwhile decided to lend Yominco

Activity is also intensifying in \$2m to finance geological research after sending a team to help the state oil company draw up new oil and gas exploration concessions. South Yemen. In November last year reports circulated in the Arab press that Agip, a subsidiary of the state-owned Italian company, ENI, had discovered a major find in one of its two concessions in the country. The Kuwaiti daily, *al-Siyassah*, went so far as to state baldly that South Yemen could be exporting oil as early as 1985. Agip officials are circumspect, but one official told *Arabia* that the company is planning to drill "two to three wells" at its offshore site near Sayut this year; three other exploration wells were drilled there in 1981.

Since then another important concession has been granted to Braspetro, a subsidiary of the Brazilian state firm, Petrobras. It covers 42,000 sq km offshore,

next to Agip's Sayut site. The Brazilians will drill six wildcat wells in the area over the next year, indicating their optimism about the chances of an oil find.

Hunt Oil, already active in North Yemen, is now seeking a concession south of the border as well. The lifting of restrictions on the export of US drilling equipment to South Yemen, announced by the Reagan Administration in March, should encourage Hunt to begin drilling very soon, assuming that its bid for a concession is successful.

The USSR has also shown interest in the country's oil potential. Last year Moscow agreed to lend the Aden government \$56m for oil exploration. The World Bank has similarly promised a \$10m loan for seismic surveys.

Sceptics have noted that falling world oil prices could damage prospects for North and South Yemen even if oil is found in commercial quantities. Production costs will have to be taken into account, and in view of the current fighting in the North, and the periodically troubled relations between the two countries, oil companies may be reluctant to exploit their finds, preferring to "sit" on them pending an improvement in the political climate. However, progress made in North-South unity talks shows that a new era of political stability may be about to begin.

CSO: 4400/285

BRIEFS

NEW INVESTMENT BANK--A new investment bank, to be called the Arabian Investment Banking Corporation (Investcorp), is being launched by businessmen from six Gulf states, according to a recent report from Bahrain. Investcorp will aim to channel Arab petrodollars into foreign investments and will also provide local firms with financial advice, help them with mergers, acquisitions and corporate finance in addition to assisting foreign companies operating in the area. Investcorp will have an authorised capital of up to \$500 million, including \$200 million to be subscribed by shareholders. The bank's headquarters will be in Bahrain and it will open an office in London when operations start next year, a bank spokesman was quoted as saying. Investcorp would have as much capital as the top 10 investment banks in the US, according to bank officials. It is now making \$26 million of its shares available to Gulf nationals. The remaining shares will be held by founding shareholders, who include leading ruling and commercial families in the Gulf. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 19, 10 May 82 p 11]

CSO: 4400/284

ISLAMIC AFFAIRS

BRIEFS

IDB INCREASES PAID-UP CAPITAL--The Islamic Development Bank (IDB) has increased its paid-up capital from \$879 million to \$2 billion, IDB President Ahmad Mohamed Ali told the Saudi Gazette recently. Mr Ali said that the additional capital had brought the IDB to within \$200 million of its authorised capital of \$2.2 billion. The IDB President said that the bank would use the extra funds to expand its operations, adding that the bank would now be "in a better position to respond to the needs of its member countries, especially the least developed ones." Mr Ali thought it unlikely that the main contributing countries to the organisation, Saudi Arabia, Kuwait, Libya and the UAE, would reduce their commitments because of declining oil revenues. The IDB has contributed \$183 million to 18 projects in the first four months of the current fiscal year. Over the last fiscal year, it channelled \$2.2 billion to 234 projects in 41 countries. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 19, 10 May 82 p 11]

CSO: 4400/284

STRATEGY TO REDUCE OIL GLUT COULD BE WORKING

Paris AN-NAHAR ARAB REPORT & MEMO in English No 18, 3 May 82 pp 7-8

[Text]

If Indonesia's Minister of Mines and Energy Dr Subroto has got his figures right, the oil glut could end sooner than many observers had expected. The OPEC news agency, in a dispatch from Jakarta, quoted Dr Subroto last week as saying that the production cuts made by the oil exporters had forced industrial countries to release an additional 2.7 million b/d from their stocks and he added that de-stocking had been at a rate of 3.8 million b/d during the first quarter of this year. "This means that the industrialised countries are forced to release a larger volume of their oil stocks and will have to fill their supplies in the third and fourth quarters of this year," Dr Subroto was quoted as saying.

De-stocking at the unprecedented rate of 6.5 million b/d would hardly seem conducive to a tighter spot market for oil. But spot prices have been moving upwards for the second week in a row to the point that some independent producers of North Sea oil were reported to be considering asking the British National Oil Corporation to raise its official price. It is BNOC's \$31 per barrel level which has caused so much woe to Nigeria and other producers of premium low-sulphur light crudes.

At the beginning of last week, oil from the North Sea's Forties field was trading at about \$35 per barrel on the spot market, a rise of \$7.50 in little over a month. Arabian Light has also risen in price and was being quoted at \$32.50 per barrel, although reports from London said the market had been quiet and volumes low. A comparison with prices for refined products on the spot market would have indicated a price for North Sea oil of about \$33 and \$30.50 for Arabian Light, the reports said.

For the moment then, there are signs indicating that the strategy adopted by Sheikh Yamani and the other Oil Ministers in March is beginning to work, albeit at the expense of slumping revenues for OPEC oil exporters. Indeed, although it is too early to make firm predictions, Iran's actions to undercut OPEC prices and overstep its production quota of 1.2 million b/d may not prove to be all that damaging. *Petroleum Intelligence Weekly's* latest estimate is that Iran is exceeding the limit by up to 300,000 b/d. But the flow of cut-price oil from Iran is

likely to swell, in particular because the US government last week confirmed that it had purchased 1.8 million b/d of Iranian Light crude oil for its strategic stockpile at \$29.51 per barrel. The oil was bought from Gatoil International, a Geneva trading company, and the US State Department stressed that the purchase did not indicate a shift in policy. "The price was right," was how a US Energy Department described the deal.

That may be so, but it was the first consignment of Iranian oil known to have been bought by the Americans since the embargo on imports from Iran was imposed in November 1979 after the seizure of the US embassy in Tehran — and the buyer was none other than the American government. American oil companies can therefore be expected to follow the Reagan administration's lead and Iran may find it has little difficulty in attaining or even exceeding the 2 million b/d export target set by the National Iranian Oil Company (*An-Nahar Arab Report & MEMO*, April 26). As things stand, *PIW*'s estimate has already more or less wiped out Iraq's involuntary production cut as the result of Syria's closure of the pipeline across its territory.

It was this reduction in Iraq's output that was cited by Sheikh Yamani as the reason why Saudi Arabia had not found it necessary to lower its oil production ceiling to 6.5 million b/d in April. The Saudi Arabian Oil Minister told the *Chicago Tribune* that the Kingdom had been prepared to reduce output at the time and that, if it should prove necessary, Saudi Arabia would go down below the 6.2 million b/d floor level at which the country would no longer be able to cover the entire cost of its development programme from current revenues. Sheikh Yamani said his country was producing less than the 7 million b/d ceiling which he announced for April at the OPEC ministerial meeting in Vienna in March but he did not say by how much. Production in March had averaged 6.7 million b/d against a ceiling of 7.5 million b/d, he disclosed in the interview.

Sheikh Yamani predicted that Arabian Light, the OPEC benchmark crude, would be selling on the spot market at its official price of \$34 per barrel by the middle of this year. As he so often is, he could be right. John Lichtblau, President of Petroleum Industry Research Associates, told the US Senate Energy Committee recently that market conditions would dictate a world price for oil of about \$20 per barrel. But OPEC had managed to exert its influence to sustain a price of about \$33 per barrel, Mr Lichtblau said. And like many other commentators, both inside and outside OPEC, he forecast a rise in demand for oil in the latter part of 1982.

DRA PROMOTING FRIENDLY TIES WITH EAST GERMANY

Opening of Friendship Society

Kabul KABUL NEW TIMES in English 16 May 82 p 1

[Text] KABUL, May 16 (Bakhtar).--The GDR-DRA Friendship Society was inaugurated in Berlin on May 11.

Members of the Central Committee of the United Socialist Party of Germany, President of the GDR-DRA Friendship Society and the DRA ambassador in Berlin spoke on the significance of friendship societies in consolidation of friendship of the peoples of both the countries.

Some high-ranking officials of the GDR External Affairs Ministry and Afghans residing in Berlin, attended the inaugural ceremony.

Karmal to Visit East Berlin

Kabul KABUL NEW TIMES in English 18 May 82 p 1

[Text] KABUL, May 17 (Bakhtar)--Babrak Karmal, General Secretary of the PDPA CC and RC President will pay an official and friendly visit to the GDR at the head of a high-power party and state delegation.

The visit will be at the invitation of Erich Honecker, General Secretary of the Central Committee of the United Socialist Party of Germany.

Appreciation of GDR Support

Kabul KABUL NEW TIMES in English 18 May 82 p 2

[Editorial: "Karmal Visit Presages Stepped-Up DRA-GDR Ties"]

[Text]

Sincere ties of friendship and fraternity, based on cooperation and solidarity, constitute the cornerstone of the relations between the peoples of the Democratic Republic of

Afghanistan and the German Democratic Republic.

Though the relations between the two countries do not have a long history, they have in the

past few years registered a rapid development that ordinarily would have taken decades.

The victory of the Saur Revolution, especially its new, evolutionary phase, was a turning point in the history of friendly relations between Afghanistan and the GDR. Every step taken for further promotion of these relations is being sincerely appreciated by the Afghan people.

The backing and support given by the GDR to the just struggle of our people against imperialism and reaction for safeguarding and consolidating the gains of the revolution and its growth must be considered a factor for the development and progress of revolutionary Afghanistan.

With the significant transformations and fundamental changes introduced after the Saur Revolution, especially its new phase, the relations between the peoples of the two countries have developed, with brighter prospects ahead. This is reflected in the GDR's solidarity with the revolution and the unshakeable will of our people in the struggle against imperialism and reaction, for ensuring peace and security, de-

velopment and social progress in all-round fraternal cooperation, towards a new life for the country.

The decisive support of the Socialist Unity Party of Germany, the people and Government of the GDR at the national and international levels for the Afghan revolution and people and the establishment of friendship societies between the DRA and the GDR are all testimonies to the development and deepening of the relations between the two countries.

The agreement on cultural, technical and scientific exchanges and gratis aid of the GDR to the DRA (amounting to 88.5 tons of relief goods including consumer goods, books and teaching materials, and medicine) and facilities for our youth by way of scholarships and other educational programmes are but a few of the aspects of the cooperation of the friendly GDR with our people.

The relations between the two countries are based on friendship and cooperation for furthering social progress and development and the welfare of people through all-sided economic, cultural, scientific and technical cooperation and guarantee the

interests of the both countries.

These relations are steadfastly growing in conditions where our people are, on the one hand, faced with the undeclared war of the US imperialism, and the Chinese hegemonism in collusion with the regional reaction, and, on the other hand, striving for their social progress and development and a new society.

The visit by Babrak Karmal, General Secretary of the PDPA CC and President of the RC, to the GDR is one of the highest manifestations of this friendship and an important and valuable event in the history of the growing relations between the two countries.

We believe that the visit of Karmal, leader of the party and the Government, to the GDR will further help in strengthening the friendly ties.

While appreciating and highly assessing the relations between the two friendly countries on the eve of Karmal's visit to the GDR, the people of DRA believe that the DRA-GDR relations will further develop and expand in the interest of the peoples of the two countries.

GDR Welcomes Afghan Cooperation

Kabul KABUL NEW TIMES in English 18 May 82 p 2

[Text]

It was with great joy and satisfaction that the citizens of the German Democratic Republic received the announcement that Babrak Karmal, Gene-

ral Secretary of the Central Committee of the People's Democratic Party of Afghanistan and President of the Revolutionary Council of the Democratic

Republic of Afghanistan, will pay an official goodwill visit to the socialist German state shortly. This will be the first top-level visit in the history of the relations between the two countries. Both sides have described the forthcoming event as a culminating point of the cooperation and anti-imperialist solidarity linking the two peoples and countries.

Diplomatic relations between the GDR and Afghanistan were established on January 17, 1973. Before the Democratic Republic of Afghanistan was proclaimed in 1978, bilateral relations were conducted by ambassadors accredited only in a secondary capacity. After that, however, a continuous and ever deepening cooperation developed. It was expanded and intensified especially after the beginning of the second stage of the Afghanistan revolution in 1980, by means of high-level consultations, the exchange of delegations and the conclusion and implementation of contractual agreements.

The close and trusting relationship that developed between the Socialist Unity Party of Germany (SED) and the PDPA has become the centrepiece of these ties of friendship. Solidarity and the exchange of experience are major features of this relationship.

In July 1981, a delegation of the SED Central Committee visiting Kabul presented a modern printing shop to the Afghan sister party. The equipm-

ent will be used to print the daily newspaper of the PDPA as well as brochures, posters, other party publications and textbooks for schools. During the ceremony at which the printing shop was handed over, Saleh Mohammad Zeary, member of the Politbureau of the PDPA Central Committee and President of the National Fatherland Front of Afghanistan, pointed out that the new printing shop would be of great help in consolidating the results of the Saur Revolution by word and image.

It is with respect, sympathy and feelings of solidarity that the people of the GDR are following the progress of the Afghan people in building up a new, progressive society based on social justice and free from the exploitation of man by man. The Democratic Republic of Afghanistan enjoys great prestige in the GDR owing to its peace-oriented foreign policy, its consistent struggle for independence, national sovereignty and territorial integrity, and the determined way in which it defends the achievements of the Saur Revolution in the face of acts of aggression by imperialists and other reactionary forces.

The bonds of friendship existing between the two states find their expression in the common striving for peace, detente and disarmament, and in the joint struggle against imperialism, colonialism, neocolonialism and racism. The GDR and Afghanistan are advocates of a democratic reorganiza-

tion of international economic relations on the basis of non-discrimination and mutual advantage.

TREATIES

The system of treaties concluded between the GDR and Afghanistan provides the basis for the successful development of bilateral relations, thereby serving the interests of both nations. In shaping its economic relations with the Democratic Republic of Afghanistan, the GDR is concerned to make an active contribution to strengthening Afghanistan's national economy. The GDR-Afghanistan Joint Economic Committee has an important function to fulfil in the field of economic, scientific and technological collaboration.

One result of the second meeting of the committee, held in Kabul in 1981, was the signing of an agreement on economic, scientific and technological cooperation. Under this accord and other arrangements, the GDR will supply equipment for communications and electrification purposes. Afghanistan, which exports dried fruit to the GDR, also receives printing machinery and consumer goods from the

GDR. Last year Afghanistan was represented for the fourth time with a collective exhibition at the Leipzig Spring Trade Fair. Ever closer links are developing between the two countries in the fields of education, higher education and health.

Cooperation in these areas is based on government-level agreements. Under the accords and protocols in force, the GDR provides opportunities for young Afghans to study at universities and colleges in the GDR. Numerous students from the partner country have now completed their first term in Berlin Leipzig and other cities. In addition, teachers from the GDR have been dispatched to Afghanistan to assist their colleagues there in building up the education system.

An intensification of bilateral relations is also discernible in the spheres of agriculture, transport, cultural affairs and scientific work. Also, cooperation in the field of the media is assuming ever broader proportions.

The establishment of public organizations in the Democratic Republic of

Afghanistan has opened up new opportunities for expanding contacts between the two peoples, and a number of meetings and discussions have since taken place between representatives of the Confederation of Free German Trade Unions (FDGB) and the Afghan trade unions, and of the youth and women's organizations of the two countries.

Another aspect of this fraternal relationship requires mention: the solidarity extended to Afghanistan by the population of the GDR. During each of the last three years, the Democratic Republic of Afghanistan has received eight million Marks' worth of goods financed from the Solidarity Fund of the GDR, which is maintained by donations made by people from all walks of life: workers, cooperative farmers, craftsmen, young people, men and women.

The residents of the capital city of Berlin will bid a cordial welcome to Karmal for they will welcome him as the leader of a people linked to them through many ties of friendship.

FACTS OF KARMAL'S 'NATIONALITIES' POLICY DISCUSSED

Peshawar KHYBER MAIL in English 11 May 82 p 4

[Editorial: "Minority Policies in Afghanistan"]

[Text]

The pro-Soviet regime of Babrak Karmal in Kabul is placing great hopes in a new minorities policy which has been worked out for Afghanistan. Its main aim is to divide the opposition and help extend government authority to areas at present held by the guerrillas. The new policy follows an old Soviet one which was first put in practice by Lenin himself shortly after the October Revolution. He too used it to break the resistance of the Moslems to Communism.

At that time, the new Bolshevik regime divided the Central Asian areas of Russia into five republics, each of which was supposed to be mainly for one ethnic group: Uzbek, Khirgiz, Turkmen, etc. In fact, Moscow kept complete control of all these new republics, but the old feeling of solidarity amongst the Moslems was weakened.

Similar tendencies were already seen in Afghanistan shortly after the original Communist coup which brought Mohammad Taraki to power in April 1978. At the beginning of 1979, a census took place in which all Afghans were made to declare their mother tongue. With the aid of these figures, it was possible for the first time to work out the size and distribution of the various ethnic groups.

When at the end of 1979 Babrak Karmal came to power on the back of Soviet tanks, he adopted the new minorities po-

licy and made it an important pillar of his political programme. In December 1981, a detailed elaboration of it was published during the 7th Plenum of the ruling People's Democratic (Communist) Party. A resolution was directed at "all tribes and minorities of the country" and laid down "the administrative organisation of Afghanistan on the basis of tribal and minority groupings in the interest of a solution of the minorities problem."

According to the new rules, in areas containing a majority of members of a certain tribe or minority the leadership should be taken over by members of this minority, and local authorities and social bodies should be reorganised on a proportional basis. On paper, this was a concession to the principle of federalism, just as it is also practiced in the Soviet Union. The only thing is that in the Soviet Central Asian republics all important posts in the Communist hierarchy have always remained in the hands of Russians.

The new Ministry for Tribes and Minorities in Kabul now has two departments. The Department of Minorities deals with the settled peoples, like the Tadzhiks, the Uzbeks, the Hazaraks, the Nuristanis and the Turkeman, whereas the Department of Tribes is mainly responsible for the more nomadic Pushtuns or Pathans, which

make up the greatest ethnic group in Afghanistan and are themselves divided into sub-tribes, such as the Ghilzai and the Durrani.

It is the intention of the Karmal government to form one large province for the Pushtuns, but emphasis will be put on the division of this province into sub-regions for the sub-tribes. In this way it is thought that the very real solidarity feelings of the Pushtun as a whole can be broken up. Certain leaders of the sub-groups have been promised considerable favours by the authorities as long as they are prepared to fill a subservient role as nominal leaders under a Sovietisation plan. The favours include money payments and privileged training opportunities for their children.

Another measure has also been taken which appears at first sight to represent a concession to the national minorities but which in fact tends towards assuring the survival of the Karmal government. From March 21st of this year, Uzbek and Turkmen children were for the first time taught in the schools in their own languages. Previously, the teaching in all the schools of Afghanistan was either in Pushtu or Farsi (Persian), although children could also learn the other languages. The result of the new arrangement is that non-Persian nationalities will no longer speak Farsi, which has been widely used as a lingua franca in which all Afghans could communicate with each other.

The new minority policies have been heavily influenced by Soviet advisers. These have also been encouraging the Afghan Uzbeks, Turkmen and Tadzhiks to keep up and deepen their contacts with their ethnic brothers in the Soviet Union. The Education Minister of the Soviet Republic of Tadzhikistan, May 1981 and signed an agreement in the name of the Pedagogical Institute of Soviet Tad-

zhikistan by which teachers, text-books and education materials would be supplied to the Teachers Training College in Kabul.

The political intentions which are brought up with the new minorities policy can be seen in other ways. The Uzbeks and the Turkmen who live as neighbours in the north of Afghanistan ought logically to be taught in Turki, which is an East Turkish dialect understood by both groups. But this would go against the interest of the Soviet Union, which has banned the teachings of Turki in the neighbouring Soviet republics because of its potential unifying effect. The Soviet schools use separate dialects for the Uzbek and the Turkmen schools, and the same policy is being followed in Afghanistan.

The Soviets are also encouraging connections between Afghan ethnic groups and those in other neighbouring countries. Moscow hopes that contacts across the frontier by the Baluchis, the Nuristanis and the Pushtun can help to serve the cause of destabilisation in Pakistan. Afghan Baluchis and Turkmen have also been set to work amongst their ethnic brothers in Iran.

With all these different means, the Soviets are trying for a many-pointed political success in their minorities programme. On the one hand, they are hoping that the law of divide and conquer will enable them to break the back of the opposition to the Karmal regime. And on the other hand they are working on the principle that Afghan minorities led by Soviet sympathisers can extend the influence of Moscow in the areas to the east, west and south of Afghanistan.

But it should not be forgotten that the basis for all this is real control of the whole of Afghanistan by the Soviets—and so far this has been prevented by the courageous activity of the freedom-fighters.

CELEBRATION OF TERMEZ BRIDGE OPENING PUBLICIZED

Departure of DRA Delegation

Kabul KABUL NEW TIMES in English 12 May 82 p 1

[Text]

KABUL, May 12 (Bakhtar).— A party and Government delegation of the Democratic Republic of Afghanistan, headed by Babrak Karmal, General Secretary of the PDPA CC and President of the RC, left Kabul yesterday for a visit to the city of Termez in the Uzbekistan Republic of the Soviet Union.

The Afghan delegation is in Termez to attend the official inauguration ceremony for the opening of traffic on the moto-railway bridge across the border river Amudarya, adds Tass.

Karmal and his delegation were cordially welcomed at Termez airport by Sharaf Rashidov, alternate Politburo member of the Central Committee of the Communist Party of the Soviet Union and First Secretary of Central Committee of the Communist Party of Uzbekistan.

Khawja Berdiov, Chairman of the Council of Ministers of Uzbekistan, Berdem, First Secretary of Surkhan provincial committee, Karimov and other mem-

bers of the Uzbek Council of Ministers, Sosolov, Soviet Minister of Transport and Construction, Skachkov Chairman of the Soviet State Committee of Foreign Trade, representatives of party and social organizations, a large number of people living in Termez, Tabeev, Soviet ambassador in Afghanistan, and Dr Habib Mangal, the DRA ambassador in the Soviet Union were also present at the airport to greet Karmal and his team.

Sultan Ali Keshtmand, Politburo member of the PDPA CC and Chairman of the DRA Council of Ministers, Dr Najib, Politburo member, Mahmoud Baryalai, Politburo alternate member and secretary of the Central Committee of the PDPA, Dr Niaz Mohammad Momand PDPA CC Secretary and other Afghan party and state members accompanied Karmal to Termez.

The flags of the two countries were flying at the Termez airport on the occasion.

The visitors' motorcade was warmly welcomed by a large number of the residents of Termez who lined along the two sides of the road.

Later the DRA President and Rashidov attended the ceremony of planting 'friendship sappling' at the Termez city park.

Cooperation with USSR Hailed

Kabul

[Statement to TASS by Babrak Karmal, Secretary-General of PDPA]

[Text]

KABUL, May 13 (Bakhtar)— "Nobody and nothing is able to prevent the development of friendship and cooperation of the Afghan and Soviet peoples, to stop the progressive course of the Afghan revolution".

This was emphasised in an interview to Tass by Babrak Karmal, General Secretary of the PDPA CC and President of the RC. He leads the party and Government delegation of the DRA, which came to Termez to attend the ceremony of opening a highway and railway bridge across the Amu, (Oxus) river.

Karmal stressed that the newly built bridge is one of scores of industrial, agricultural and other structures which were built in Afghanistan in close cooperation with the USSR.

"The relations between our countries", said Karmal, "are characterised by fraternity, revolutionary solidarity, all-round coope-

ration. These relations will be further developing and strengthening for the good of the peoples of our two countries, in the interests of ensuring peace, security and social progress. The Afghan people entertains sincere sentiments of friendship for the Soviet people, their tested vanguard—the CPSU, the Central Committee with Leonid Brezhnev at the head".

Karmal said that close cooperation promoted further development of trade between the DRA and the USSR.

He stressed in conclusion that the USSR's successes in all spheres were of great significance not only for the world system of socialism, the international Communist and working class movement. "The USSR's successes inspire the national liberation movements in their struggle for fundamental transformations in the interests of the working people", he pointed out.

Soviet-Afghan Talks Held

Kabul KABUL NEW TIMES in English 13 May 82 p

[Text]

KABUL, May 13 (Bakhtar)— The party and state delegations of the DRA and the USSR held a meeting in Termez.

The sides pointed out that the friendship, cooperation and international solidarity between the DRA and the USSR is strengthening ever further in the interest of the people of the two countries and in the interest of the consolidation of peace in the region and international security.

The sides noted that the meetings and visits of the Soviet Union and the DRA play a very important role in the strengthening of Afghan-Soviet friendship. The sides decisively condemned the shameful intervention of the forces of imperialism, hegemonism and regional reaction against Afghan revolution.

Babrak Karmal, General Secretary of the PDPA CC and President of the RC, pointed out that the

foreign policy of the Soviet Union enjoyed great prestige in the world arena.

"The Soviet peace programme for Eighties, charted out at the 26th CPSU Congress and the peace initiative of the leader of the land of Soviet, L. I. Brezhnev, have the unflinching support of all the peace-loving forces of the world", he said.

Karmal expressed his profound gratitude to the CPSU, the Soviet people and Brezhnev for the all-sided help they are providing to Afghanistan for the construction of a new society.

Karmal said that this aid was the manifestation of fraternal and international solidarity of the Soviet Union with the Afghan revolution and a bright example of Leninist policy in practice.

The meeting proceeded in a very cordial and friendly atmosphere.

Fruit of Friendship Hailed

Kabul KABUL NEW TIMES in English 13 May 82 p 2

[Editorial]

[Text] The commissioning of the motor-railway bridge over Amu Darya, (Oxus River) named 'Friendship Bridge', is yet another objective product of the long-standing friendship between the peoples of Afghanistan and the Soviet Union. The newly built bridge is one of the scores of industrial, agricultural and other structures, built in Afghanistan in close cooperation with the USSR.

Built jointly by the Soviet Union and Afghanistan, the bridge, linking the two countries, is a shining example of the disinterested assistance rendered by the country of the Soviets to Afghanistan. And its completion ahead of schedule is an expression of the truly internationalist policy of the Soviet state, of new relations of good neighbourliness and friendship between the two countries and peoples.

The relations between peoples of Afghanistan and the Soviet Union have always been friendly and these relations have further developed in the past over sixty years and have now become an exemplary friendship for the world.

In an interview with the Tass, following the ceremony to inaugurate the bridge yesterday, Babrak Karmal, General Secretary of the PDPA CC and President of the RC, said: "Nobody and nothing is able to prevent the development of friendship and cooperation of the Afghan and Soviet peoples, to stop the progressive course of the Afghan revolution."

Elaborating on the relations between the two countries, Karmal said that the relations between the two countries are "characterised by fraternity, revolutionary solidarity, all-round cooperation". He declared: "These relations will be further developing and strengthening for the good of the peoples of our two countries, in the interests of ensuring peace, security and social progress. The Afghan people entertain sincere sentiments of friendship for the Soviet people, their tested vanguard--the CPSU, the Central Committee with Leonid Brezhnev at the head".

The peoples of Afghanistan are fully appreciative of the sincere cooperation offered by the country of the Soviets in all walks of life. They already see the fruits of these disinterested assistance in scores of developmental projects carried out with the technical and economic cooperation of the USSR.

The new bridge over the Oxus, will certainly further help the development of economic and cultural relations between the two countries. It will also facilitate the flow of export-import goods between Afghanistan, the Soviet Union and the European countries.

Speaking at the opening ceremony of the bridge, Karmal expressed, on behalf of the Afghan people, "Gratitude to the Soviet people for their all-round assistance to Afghanistan". He said: "We are confident of the full victory of the Afghan revolution because we are aware of the justness of our cause and because we know that the Soviet Union and all progressive forces are with us."

Karmal also thanked the Soviet engineers, technicians, workers and all those who have taken a heroic part in completion of this important project. This appreciation demonstrates the sentiments of the noble and Moslem people of Afghanistan towards the friendly people of Soviet Union. As they see, the construction of the bridge is another example of the all-sided, brotherly and selfless help the Soviet Union provides to our country.

While we congratulate the Soviet and Afghan experts and technicians on their great achievement, we wish further fruitful and constructive cooperation between the two fraternal countries in the years to come.

Bridge Dedicated to Friendship

Kabul KABUL NEW TIMES in English 13 May 82 p 1

[Text] KABUL, May 13 (Bakhtar).— Babrak Karmal, General Secretary of the PDPA CC and President of the RC, and Sharaf Rashidov, alternate member of the Politburo of the Central Committee of the Soviet Communist Party and First Secretary of the Central Committee of the Communist Party of Soviet Uzbekistan, inaugurated the Friendship Bridge across the Amu Darya, (Oxus River), in a special ceremony yesterday morning.

Speaking on the occasion Karmal stressed the great importance of the bridge for the development of Afghanistan's economy.

He said that commissioning of this bridge a whole year ahead of schedule was "an expression of the truly internationalist policy of the Soviet state, of new relations of good neighbourliness and friendship between our countries and peoples".

He said that "the successes achieved by the Soviet Republics, specifically those of Central Asia, in all spheres of life, are a splendid example to all countries that have taken the road of social progress and of building a society free from the exploitation of man by man".

Recalling that the Afghan people marked recently the fourth anniversary of the Saur Revolution, Karmal stressed that "the revolution occurred in a backward, semi-feudal country where the ruling regime could not ensure a worthy future for the people".

"After the victory of the national democratic revolution", he noted, "the vanguard of the working class and of all the working people of our country, the People's Democratic Party of Afghanistan, did a great deal for effecting extensive social and economic reforms and for improving the life of the people".

"But, as you know well, the old and obsolete never withdraws without putting up a fight while the establishment of the new and progressive is always a difficult and complicated process. It is all the more difficult when the resistance of internal reaction is combined with interference by external reaction", he pointed out.

"It is for over three years now that an undeclared war has been waged against the Democratic Republic of Afghanistan by the joint forces of internal and external reaction, American imperialism, Peking's hegemonism and their allies", he noted.

"As a result of their subversive actions, people die and harm is done to the economy, but we firmly know that the forces of imperialism will not be able to break the will of the Afghan people and turn back the wheel of history", he declared.

Karmal spoke of the consistent peaceable foreign policy of the Soviet Union which has been persistently fighting against the threat of a new world war. "I want to declare today", he said, "that the Democratic Rep-

ublic of Afghanistan fully supports the peaceable policy of your state and highly assesses the new peace initiatives put forward by the Soviet Union."

Karmal expressed, on behalf of the Afghan people, gratitude to the Soviet people for their all-round assistance to Afghanistan. "We are confident of the full victory of the Afghan revolution, because we are aware of the justness of our cause and because we know that the Soviet Union and all progressive forces are with us".

Those who participated in the ceremony included, among others, Sultan Ali Keshitmend, member of the Politburo of the PDPA CC and Chairman of the Council of Ministers, Dr Najeebullah, member of the Politburo of the PDPA CC, Mahmoud Baryalai, alternate member of the Politburo and Secretary of PDPA CC, Dr Niaz Mohammad Momand, Secretary of the PDPA CC and incharge of the economic department of the CC, Habeeb Mangal, member of the PDPA CC and DRA ambassador to the Soviet Union, Khodai Berdeyov, Chairman of the Council of Ministers of the Soviet Republic of Uzbekistan, and the members of the delegation accompanying Karmal and Rashidov.

Besides, Sayed Akram Paigeeer, alternate member of the PDPA and officer of the North Zone, secretaries of the provincial party committees, Governors and secretaries of the social or-

ganisations of Balkh, Jauzjan, Faryab and Samangan were also present at the ceremony.

Later, Karmal, Rashidov, and their entourages crossed the Friendship Bridge and the first rail passing over the railway bridge entered the DRA territory.

The meeting was addressed by Keshtmand.

Before the inaugural ceremony, Karmal accompanied by Rashidov, participated in a public meeting attended by the working people of the Surkhan city of Soviet Uzbekistan and the working people of the Balkh, Jauzjan, Faryab and Samangan provinces at a site near the bridge.

Rashidov called the inauguration of the bridge an-

other important step in consolidating the good neighbourly relations between the Soviet Union and Afghanistan, a glittering example of real and comradely friendship between the working people of both the countries".

Speaking at the official ceremony, he said that the bridge "not only provided favourable conditions for the development of commerce, economy and transport link between our countries but this project has also an internationalist substance because this is considered a new motivating factor contributing to the mutually beneficial relations of cooperation between the Soviet Union and other Socialist countries and this region of Asia."

He stated that the relations between Afghanistan and the Soviet Union had deep roots and a reliable and firm basis.

"The Treaty of Friendship and good-neighbourliness between the DRA and the USSR, the visits and friendly discussions between Babrak Karmal, and Leonid Brezhnev, have enriched the relations of Afghanistan and the Soviet Union with new contents", he said.

He added that "the future cooperation between the USSR and the DRA in the spheres of culture, science, education, public health, information and mutual cooperation between the social organisations will be a guarantee of ever further strengthening of the Afghan-Soviet friendship".

Inauguration Ceremony

Kabul KABUL NEW TIMES in English 16 May 82 p 2

[Speech by Babrak Karmal, secretary-general of PDPA]

[Text]

Following is the text of the speech of Babrak Karmal, General Secretary of the PDPA CC and President of the RC, at the inauguration ceremony of the Friendship Bridge on Amu Darya on May 12:

Esteemed Comrade Sharaf Rashidov, alternate member of the Politburo of the CPSU CC and First Secretary of the Central Committee of the Communist Party of Uzbekistan, esteemed members of the high-ranking Soviet delegation, respected Soviet and Afghan friends, participants of this unforgettable meeting!

GREETINGS

Permit me first of all to convey to you the warm and fraternal greetings of the PDPA CC, the Revolutionary Council, the Government of the DRA and all the people of Afghanistan.

We will never withdraw from the path we chosen. We will steadfastly defend the gains of the revolution and consistently and firmly work for the improvement of the life of our people. We will always remain loyal to the friendship with the Soviet Union.

Dear comrades,

Today we are witnessing another glorious event in

the history of the relations between our countries and our peoples. One of the most important projects of Afghan-Soviet cooperation, that is, the motor-transport and railway bridge over the Amu river, is being commissioned ahead of schedule.

The importance of the bridge over the Amu River is really great for the growth of our economy as a whole and the improvement of the system of commerce and transport. But we view the construction of this bridge not only from the point of view of the economic and technical assistance of the Soviet Union to Afghanistan. What we have in view is something more important and bigger. The construction of this project and its completion one year ahead of the envisaged schedule reflect the real internationalist level of the entirely new type of relations of good-neighbourliness and friendship between states and peoples, the foundation for which was laid by great Lenin.

After the Saur Revolution and especially in its new phase, our relations have been constantly expanding and deepening, acquiring a new content and encompassing newer fields and spheres of politics, economy, military cooperation, culture, education and so on. This is real internationalism in practice.

UNFORGETTABLE

The people of Afghanistan will never forget the disinterested and all-sided assistance rendered to our beloved country by the Soviet

Union for the defence of our national independence and national sovereignty. We will always remember that the first firm and reliable hand of aid and support was extended to us by the great Soviet Union, the country which is engaged in the construction of a Communist society.

Dear friends,

Allow me to express deep and sincere gratitude and indebtedness to the Communist Party of the Soviet Union, the Government of the USSR and all the Soviet people for the great and unparalleled help which the Soviet Union is providing to the DRA.

Similarly, I want to express gratitude and praise for the heroic work done by all the groups, engineers, technicians, workers and all those who participated in the designing and the construction of the bridge, in the fabrication of its components and parts and who by their joint work have added to the beauty of the turbulent Amu River and its banks. In short we can say that this bridge has not only joined the two banks of Amu River but has also linked our hearts, the hearts of our people with a stronger bond.

Glory and respect to the working man and his work!

Dear comrades, brethren,

It is a matter of great pleasure and great satisfaction that our meeting is taking place on the eve of the 60th anniversary of the

formation of the Union of Soviet Socialist Republics to be marked this month, and on the Soviet soil, in the ancient but prosperous and reconstructed land of Uzbekistan, which, like the other Soviet republics has achieved wonderful successes in all spheres of economic, social and cultural life in a historically short span of time. The recent visit of L. I. Brezhnev to Tashkent is a clear and convincing testimony for all peoples, especially the peoples of the East of the great attention which the CPSU and the Soviet Government devote permanently to the development of all the brotherly Socialist Republics of the Soviet Union. What the Central Asian Republics have achieved is a praiseworthy and lofty example for all the countries which have embarked on the path of social progress and the building of a society void of exploitation of man by man.

We are fully convinced that the working people of the Soviet Uzbekistan, led by the Communist Party of Uzbekistan, will achieve new gains in the development of their Republic and will successfully implement in practice all the directives and suggestions of L. I. Brezhnev, which he had made in Tashkent.

FOR PEOPLE

Comrades and dear friends,

On 7th of Saur, i.e., 27th of April this year the people of Afghanistan celebrated the fourth anniversary of the Saur revolution. The Saur revolution took

place in a backward, feudal country where the ruling regime was not able to ensure in the least a befitting human life for the people.

After the victory of the national democratic revolution, the PDPA, the vanguard of the working class and all the working people of our country took a great many measures to carry out broad socio-economic transformations and to ameliorate the life of the people. But, as you are well aware, the old and the decaying phenomenon does not make an exit out of the sphere of life without a struggle and resistance and the creation of the new and advanced is a difficult and complex process. Whenever the resistance of internal reaction and the interventions of the foreign reaction are added to it, this process becomes more difficult.

It is now for over three years that the undeclared war of the combined forces of internal and international reaction, US imperialism, Chinese hegemonism and its allies against the DRA is continuing. As a result of their subversive actions, people are killed and damage is done to our economy. Yet we know with complete certainty that the forces of imperialism are not capable of breaking the will of the people of Afghanistan and to turn back the wheel of history.

The countrywide conference of the PDPA, held some time ago, clearly and in especially explicit terms, pointed out to the people the growing organisational and ideological maturity of our

party, its monolithic unity and its ability to make an objective analysis of the realities. The PDPA will, in future too, make all necessary steps to mobilise all healthy forces of the country in the defence of the gains of revolution.

Dear comrades,

The consistent and decisive internationalist policy of the Soviet Union towards the people of Afghanistan who are engaged in building a new life, gives us strength and confidence. As an Afghan proverb says: "What can the enemy do when one has a compassionate friend?" We know with certainty that the happiness and freedom of Afghanistan cannot be guaranteed without the unshakeable friendship with the Soviet Union.

SUCCESSSES

Your great successes in the implementation of the decisions of the 26th Congress of the CPSU, and the successes of all the Socialist countries have a great impact on the destiny of all mankind. We wish the Soviet people, who are in the van of all progressive mankind, further strengthening of their economic potential, consolidation of their defence might, further blossoming of culture and spiritual life. We wish for the Soviet people happiness, complete prosperity, and new and grand successes in the construction of Communism.

For this work, first of all, peace on the earth is necessary.

The Soviet Union, togeth-

er with all peace-loving forces, is consistently and firmly struggling to avert the danger of world nuclear war and to prevent arms race. We wish to declare today that the DRA supports the peace-seeking policy of your state and holds in high esteem the new peace proposals put forward by Comrade Leonid Ilyich Brezhnev.

Dear comrades,

Permit me to express on behalf of the leadership of the DRA, the PDPA CC and all Afghan people, our sense of deep gratitude to the Soviet people and the Leninist CPSU, led by the outstanding state and political figure of contemporary era, the great friend of the people of Afghanistan, Leonid Brezhnev, for the all-sided assistance to Afghanistan.

VICTORY

We have a firm belief in the complete victory of the revolution in Afghanistan, because we feel its truthfulness and know that the Soviet Union and all the progressive forces of the world are with us and help our party and our people in their just struggle for the prosperity of the people and the blossoming of our beloved country, the democratic and independent Afghanistan.

Long live the great Soviet Union, the reliable bulwark of the peoples in the struggle against imperialism and for their freedom and independence!

Long live the unshakeable friendship between the peoples of Afghanistan and the Soviet Union!

Unveiling of Monument to Lenin

Kabul KABUL NEW TIMES in English 16 May 82 p 2

[Remarks by Karmal, Rashidov]

[Text] KABUL, May 15 (Bakhtar)--Babrak Karmal, General Secretary of the PDPA CC and President of the RC, unveiled a monument to V.I. Lenin in Termez on May 13.

Speaking at a ceremony on this occasion, Karmal said: "The Afghan-Soviet friendship is firm. It will serve us as a guarantee of future successes in safeguarding the gains of the Saur Revolution and in building a new life."

He added: "The hand of friendship extended to us by our great northern neighbour provides reliable support to the Afghan people in their work for a brighter future of their motherland."

Also speaking at this ceremony, Sharaf Rashidov, alternate member of the Political Bureau of the CPSU Central Committee and First Secretary of the Central Committee of the Communist Party of Uzbekistan, said: "The ideas of V. I. Lenin, a monument to whom we are now unveiling, serve as a reliable foundation of friendship and fraternity with the people of Afghanistan who have set out to build a new society."

DRA-Soviet Relations Hailed

Kabul KABUL NEW TIMES in English 16 May 82 p 3

[Speech by Sharaf Rashidov, first secretary of Communist Party of Uzbekistan]

[Text]

Following is a summarised text of the speech by Sharaf Rashidov, alternate member of the Politburo of the CPSU CC and first secretary of the Communist Party of Uzbekistan, at the ceremony of inauguration of "Friendship" Bridge over the Amu River on May 12:

Today is a great day for the engineers and construction workers of the Soviet Union and Afghanistan and all the people of brotherly Afghanistan and the Soviet Union as we inaugurate the bridge on the Amu River which connects by railway and motorway Termez in Soviet Uzbekistan to Haira-

tan port in the DRA.

We can say explicitly that at this great structure is another step towards the strengthening of the relations of good-neighbourliness between the Soviet Union and Afghanistan and a glittering example of the genuine and comradely friendship between the working people of the two countries.

We really have the honour to proclaim that the pioneer of the unshakeable friendship between the Soviet Union and Afghanistan was Vladimir Ilyich Lenin. All the history of the establishment and development of relations based on

equal rights between the states of the Soviet Union and Afghanistan is unbreakably linked with the great name of Lenin.

Sixty years ago, Comrade Lenin had written:

"We point out with pleasure that the first treaty of friendship concluded by the people of Afghanistan was with Russia. We are convinced that our heartfelt desires will be fulfilled and that now Russia will for ever remain the first friend of the state of Afghanistan in the interest of the two peoples".

The new bridge which we inaugurate today in itself is a living and vivid example of the strengthening of friendship between our countries. Tens of the enterprises and organisations of Moscow, Magnitogorsk, Gorky, Korgan, Tashkent and Samarkand and many other cities have sent construction materials, designs, workers and specialists for building this bridge.

The bridge over the Amu River not only provides favourable conditions for the development of commerce, economy and transport link between our countries, but that this project has a real internationalist character too, because it amounts to a new motivating force in the relations of mutually beneficial cooperation between the Soviet Union and other socialist countries and this region of Asia.

We heartily express our

sense of gratitude to the Soviet engineers and workers and Afghan friends for the construction of this bridge because it is they who put their physical strength and energy day in and out displaying heroism on both banks of the Amu and founded this bridge and it is they who completed the construction of the bridge ahead of schedule and brought the peoples of our countries further closer.

The relations between Afghanistan and the Soviet Union have deep roots and a solid and reliable foundation. The Treaty of Friendship, Good-neighbourliness and Cooperation between the DRA and the USSR, the meetings and friendly talks between Comrade Babrak Karmal and Comrade Leonid Ilyich Brezhnev have enriched the Afghan-Soviet relations with new contents. These relations of genuine brotherhood have developed and expanded in the context of deepening of beneficial economic, scientific and technical relations in the spheres of industry, transport, communications, agriculture, utilisation of natural resources, development of the energy resources and in other economic spheres, in training of personnel and planning.

The future cooperation between our two countries in the spheres of culture, science, education, public health, information and cooperation between the social organisations of the two countries will guarantee the ever further consolidation

of Afghan-Soviet friendship.

The working people of the Soviet Union follow with great interest the struggles of the people of Afghanistan for the realisation of the objectives of the Saur revolution whose fourth anniversary was celebrated recently, the Soviet Communists rejoice in the successes of the PDPA, the vanguard of the working class and all working people of Afghanistan.

Our Afghan brethren can in future, too, count on the brotherly internationalist solidarity and support of the Soviet people. No one will succeed in beclouding the sun of freedom which has dawned in our brotherly country, Afghanistan. Some time ago, Comrade Brezhnev pointed out in an official speech that our policy in Asia, as in other continents, is the policy of the strengthening of peace, of brotherly cooperation with all those people who want to pursue a policy of brotherly friendship with the Socialist States, a policy of solidarity for social progress and defence of the just rights of the people and constitutes a powerful barrier against the enemies of peace.

May the new bridge, a result of the creative labour of the peoples of Afghanistan and the Soviet Union, remain in its place for centuries as the symbol of our cooperation, brotherhood and revolutionary solidarity!

Founding of Hairatan Port

Kabul KABUL NEW TIMES in English 16 May 82 p 3

[Speech by Sultan Ali Keshtmand, chairman of Council of Ministers]

[Text]

Following is the text of the speech made by Sultan Ali Keshtmand at the foundation stone laying ceremony of the new city of Hairatan Port on May 12:

Esteemed Comrade Babrak Karmal, General Secretary of the PDPA CC and President of the Revolutionary Council of the DRA,

Esteemed Comrade Sharaf Rashidov, alternate member of the Politburo of the CPSU and the first secretary of the Central Committee of the Communist Party of Soviet Uzbekistan,

Esteemed Soviet and Afghan Comrades,

Allow me to sincerely welcome the inauguration of the Friendship Bridge over the Amu River — which is an important historical event, especially in the life of the people of Afghanistan — in which ceremony we participated.

Our people call this grand bridge, built in a short span of time, by the name the "Bridge of Afghan-Soviet friendship". It, in fact, is the objective offshoot of the long standing friendship between the people of Afghanistan and the Soviet Union.

The friendship between the people of Afghanistan and the Soviet Union has a bright and long history which has continued to develop ever since the first years of the formation of Soviet-republic as a result of the Great October Socialist Revolution and the achieving

of independence by Afghanistan. These traditional friendly relations between the two neighbouring states entered into a new phase of their qualitative development after the victory of April Revolution and especially its new and evolutionary phase, and became the relations of brotherhood, revolutionary solidarity and all-sided cooperation. The assistance of the Soviet Union, both in the past and today, has been fruitful and satisfactory and by creating the material and technical basis for a new society plays a great role in the development of economy and the eradication of the backwardness of our country.

The great country of Soviets has rendered great assistance to our country in the construction of modern plants, in developing and making fit for cultivation tens of thousands of hectares of land, construction of motorways and transmission lines, training of expert national cadres and in other spheres.

The construction of motorway/railway bridge on the Amu River and the modern port facilities which start operating from today are another example of the all-sided brotherly and disinterested aid of the Soviet Union to our country. The bridge on the Amu River is the enduring and firm example of the ever further strengthening of the relations and mutually economic cooperation between our

countries. The Soviet Union is the biggest importer of the traditional export goods of Afghanistan and at the same time meets the needs of our country and people by supplying a number of goods of vital importance like wheat, sugar, petroleum products, equipment and machineries.

In the last year, the share of the Soviet Union in the imports and exports of our country was 56.5 per cent and 59.8 per cent respectively. Thus we can confidently say that all the efforts of the avowed enemies of our country, who are trying to hamper or neutralise the course of the advance of the DRA and the carrying out of the national democratic transformations in our country by creating economic problems are doomed to failure.

Thousands of tons of diverse goods which will pass through this new bridge will help in the strengthening of our national economy and its sound development.

The foundation of the new and powerful transport centre on the banks of the Amu River necessitates the foundation of a new city. In the future, in this city, thousands of our working people will work. On this auspicious day, we are only laying the first foundation stone of the Hairatan city. The days are not far off when in this city houses, schools and hospitals will be built. This city is being built under a well laid out master plan and it will be supervised by the Ministry of Public Works of the DRA and the Kabul Municipality.

All-sided assistance will be made available for the construction of the new city.

The Presidium of the Revolutionary Council of the DRA has decided to place the construction of the new city of Hairatan in the administrative jurisdiction of Balkh province.

The Decree of the Presidium of the Revolutionary Council states in this regard—"Considering the fact that Hairatan port, located at the banks of the Amu River has an extraordinary importance for the development of the economy of the DRA and the flow of goods including imports and exports has all the time been increasing and the need for more workers and officials at Hairatan Port is growing more than ever, the Presidium of the Revolutionary Council decides under clause 4, Article 43 of the Fundamental Principles of the DRA that in order to organise uninterrupted and smooth functioning of Hairatan port, its replenishment with engineering and technical personnel and skilled workers and for creating favourable residential conditions for them in the vicinity of Hairatan port, the city of Hairatan be founded".

The foundation stone of the new city of Hairatan is today laid and it will be built in future in order that necessary conditions for living, leisure and work and effective activity of its working people could be ensured. This in itself reflects the constant attention given by our party and revolutionary state to the working man of the society and to the improvement of

the living conditions of the working people.

In the Programme of Action of the PDPA which was adopted at the countrywide conference of our party on March 16, 1982, it is noted: "In the present conditions, in addition to the defence of our beloved homeland, the major tasks of the Party and state consist of conducting constructive activities for the improvement of the life of people and achieving all-sided progress of Afghanistan."

The foundation-stone laying of the new city of Hairatan today in addition to the construction of the Friendship Bridge and the port facilities testifies to the fact that the word of the party accords with its character and materialises in practice. We are determined to end economic backwardness and to ensure rapid growth of the productive forces in Afghanistan. To accomplish this, we have all the possibilities and prerequisites and, relying on the constructive forces of our working people and with the great and all-sided assistance of the friendly country and our great brother, that is, the great land of Soviets, we can convert our beloved and dear homeland into a progressive country having a powerful economy and using the fertile lands and rich resources bring peace and prosperity for the working man of this country.

Certainly in our beloved ancient land modern and big factories and plants will grow up and roads, dams and canals will be built and new cities will come up.

The city, which at this joyous grand ceremony is founded by Babrak Karmal,

General Secretary of the PDPA CC and the President of the Revolutionary Council of the DRA will have a pride of place in all the future establishments of the country and will be a symbol of the perennial, unshakeable friendship and brotherhood with the people of the great Soviet Union and the harbinger of new and prosperous society of tomorrow for our beloved homeland, Afghanistan.

Soviet Help Lauded

Kabul KABUL NEW TIMES in English 15 May 82 p 2

[Speech by Sultan Ali Keshtmand, chairman of Council of Ministers]

[Text] KABUL, May 15 (Bakhtar).— "Our people call the magnificent bridge (on the Amu Darya) built in a short span of time, as the Afghan-Soviet friendship bridge", said Sultan Ali Keshtmand member of the Politburo of the PDPA CC and Chairman of the Council of Ministers, at the ceremony to lay the foundation-stone of the new city of Hairatan Port after the inauguration of the motor-railway bridge.

Keshtmand said that this bridge was really an objective product of the long-standing friendship between the peoples of Afghanistan and the Soviet Union.

"This friendship has a shining and long history and has been developing since the first years of the establishment of the Soviet Union as a result of the great Socialist October Revolution and the achievement of independence by Afghanistan", he noted.

Recalling the Soviet assistance to Afghanistan Keshtmand said: "The great land of the Soviets has rendered tremendous help to our country in the construction of modern factories,

reclamation and utilisation of tens of thousands of hectares of arid land, construction of motor roads and transmission lines, in training of national cadres and in many other fields".

The construction of the motor-rail way bridge on the Oxus River and modern port installations was "another example of the all-sided, brotherly and selfless help of the Soviet Union to our country", he added.

He pointed out that the Soviet Union was the "greatest importer of Afghanistan's traditional export commodities while it also supplied a number of goods vitally needed by our people such as wheat, sugar, petroleum products, equipments and machine tools".

Last year, Keshtmand said, the Soviet Union's quota in the imports and exports of our country was respectively 56.5 and 59.8 percent". Thus it can be said with confidence that all endeavours of our vowed enemies who try to emasculate or retard by creating economic difficulties the process of development of the DRA and realisation

of the national and democratic transformations in our country, are doomed to failure and defeat".

In addition to the building of the friendship bridge and the port structures, "the laying of the foundation stone of Hairatan new city testifies to the fact that at the words of our party are in accord with our actions and are being carried into effect. We are determined to put an end to our economic backwardness and to ensure a speedy growth of the productive forces in Afghanistan", Keshtmand declared.

"The city whose foundation is being laid today in this glorious and auspicious ceremony by Babrak Karmal, General Secretary of the Central Committee of the PDPA and President of the Revolutionary Council of the DRA, will have a proud position among the future structures of the country and will be a symbol of the unbreakable and eternal friendship and brotherhood with the people of the great Soviet Union and a symbol of hope for a new and blossoming future society of Afghanistan", Keshtmand added.

REFUGEE CAMPS SEEM DOMINATED BY PRO-KHOMAYNI FUNDAMENTALISTS

Zurich DIE WELWOCHE in German No 17, 28 Apr 82 p 11

[Report by Martin Peter: "Khomeyni's Spirit in Charge"]

[Text] Soviet military activities in Afghanistan are primarily aimed at freeing and securing the most important route going north toward the Salang Pass and then the Soviet border. In addition, the Soviet Air Force conducted massive bombing raids on Parwan Province, located northwest of Kabul, which is considered the stronghold of the resistance. The city of Kandahar, located in the south, and Herat, located in the west near the Iranian border, are again under the control of the Kabul government. Also the road from Kabul to these two cities is under Russian control, but beyond these strategically important routes, fighters are in command.

International relief organizations capitulated in view of the backward social structure of the Afghans. They cannot prevent the fact that men enjoy themselves as recipients of handouts; women and children, however, have to work. In the meantime, Islamic fundamentalists have taken firm control of life in the camps.

Peshawar (Northwest Pakistan)--Five times a day 26-year-old Azim Khan bows in prayer toward Mecca and everytime he turns in the direction of Nangalam, his native village located in the extreme eastern part of Afghanistan. Already in the fall of 1978, Afghan tank units occupied the village and the entire lower part of the Kunar Valley, located approximately 200 miles east of Kabul. Explosives turned Azim's house into a pile of rubble. And whoever was not able to flee to the nearby border mountains, as he did with his wife and three small children, either became a victim of the devastating attack--as happened to many old and ailing villagers--or they were taken to the jails in the capital. Even today, more than 3 years after these horrible hours, Azim has tears in his eyes during his daily recitations of the Koran in one of the many refugee camps that have been set up all around the provincial capital of Peshawar in the northwestern part of Pakistan. What he would like most is

to get up and cross the Khyber Pass and return home, carrying only an old Soviet Kalaschnikow rifle and personally kill the guards surrounding his village.

Nothing Left but Piles of Rubble

But for the time being the bearded Azim has to be patient. According to the rules, only one male member of the family can be a Mudjahedin, a Moslem partisan, defending the freedom of Afghanistan against the Soviet occupation. The others are obliged to keep together the family clan and accept the survivors benefits distributed by Pakistan and international organizations. At the present time Azim has been assigned to this camplife. But he has already been called twice to take part in the "Jihad," the holy war. The first time was as resistance fighter against the occupation of Nangalam, which was only a few months after fleeing from Afghan government soldiers. At that time most of the inhabitants of this village were still living in the mountains on the other side of the border, some of them in caves, some of them in wooden huts, hoping to be able to return home soon.

Azim actually succeeded in recapturing Nangalam with a raiding party of volunteers, and they disarmed the weak occupation. Supplied with new weapons they tried to hold their position and make the houses inhabitable again. But already the following day, Kabul sent new tanks and this time also a combat helicopter to the Kunar Valley. More than 10,000 men participated in the attack, among them were troops from Czechoslovakia. Azim is basing his report of the fact that the defenders were able to take prisoners during the skirmish. At the same time he was sorry that they were unable to hold out in the face of such a superior force and under the cover of darkness they had to flee into the mountains for a second time.

After that, renewed resistance was out of the question; winter was approaching and some of the infants had already died because of the cold and because of malnutrition, and as a consequence the inhabitants of Nangalam--approximately 20,000 people--left in small groups, some of them crossing the Khyber Pass and others going north via Chitral, until they reached camps in the neighboring Pakistan. They were received benevolently by their Pathan fellow tribesmen, Azim said loud enough to be heard by Pakistani camp directors who are listening to our conversation. Supply lines for food and materials for the shelters are functioning very well. "We can also take care of our village community here, we can move freely and 'Enschallah,' if it is God's will, hope that we will return home to Nangalam soon. Our religion, Islam, is ordering us to free Afghanistan of its godless occupation troops," Azim concludes with flashing eyes. At one time he was a student at the local Moslem school in his village. From the beginning he had rejected the Marxist-Leninist maxims which he was supposed to follow in his studies according to the directions from Kabul. He was obligated to the laws of the Koran and not to an "economic unification that does not respect the Islamic world order."

Holy Resistance Against Social Reforms

Whether consciously or unconsciously, Azim Khan touched on a very serious problem which has created a big headache for the guest country of Pakistan and

for international relief organizations ever since Azim Khan and more than 2 million compatriots fled the country of the Hindu Kush. It has already become evident that particularly the man is enjoying himself in the role of the recipient of handouts, forgetting that some months ago, at home in his village or as a roaming nomad, he had to fight for his daily bread. The longer his refugee status continues, however, the more he gets accustomed to his new way of life and for many the return to the economically backward Afghanistan seems like a nightmare rather than an ardently desired realization.

Many foreign social workers, who are assisting exiled Afghans in the establishment of some kind of camp life, are realizing that the motive for fleeing is not only the civil war but the hierarchical social structure of the tribes. Because there are many, including Azim Khan--our interlocutor--who resisted changes as far back as 1978, when the then Afghan president Amin tried to shake the foundation of the feudal society in the village by introducing a school reform--either the idea came from Moscow or it was his own desire for reform. When the Kabul government tried to use force to bring about reforms, the "holy resistance" grew even stronger.

By fleeing, however, many Afghans are leaping from the frying pan into the fire. To be sure, now they are not facing socialist people inspired by Moscow, like Amin, Karmal or whatever their names may be, but Western relief organizations are questioning the local feudal structures. They visit camps in the Peshawar area, and they want to urge the men to build water-supply facilities, latrines and engage in agriculture and send their children to school, but instead they have to watch the women do strenuous labor and listen when schools are denounced as something "communist." When Azim Khan, a young family man, is content today with Pakistan and foreign refugee workers, there is a very simple reason for it. To date all international relief organizations have capitulated to the customs and practices of the Afghans. Food, tents and blankets, for instance, are only given to the Maleks, heads of clans; whether the distribution is according to need, can no longer be controlled by refugee organizations. Considering the relatively large quantity of relief packages that are delivered to the camp centers, however, it can be assumed that no starvation exists among the Afghan refugees around Peshawar and that in most instances health care is better than it was previously in many villages in the interior of Afghanistan. Even the women, many of whom are sick and malnourished, can obtain medical care in health centers that are available in great numbers.

Schools Are Something 'Communist'

But foreign and local relief workers are not permitted to deal with the basic problem and fight the exploitation of women and children as workhorses. While we discuss with Azim Khan the organization of his camp, his tent is occupied by many male observers, among them Sher Khan, the oldest Malek of the village, and Yakhub Khan, the camp administrator. But there are no women. Their opinion on the situation in the camp is missing. But even Azim, an "ordinary" camp dweller, has to pretend that everything is all right in the presence of the clan elders. After all, this total secrecy about the internal structures makes it almost impossible for neutral helpers to follow up on the

effectiveness of their efforts. Its existence relieves the recipients, the refugees, of any responsibility for guaranteeing their own livelihood and sooner or later it will rob them of the ability to build a new life after the war in Afghanistan.

Last but not least, this wrong development in the refugee camps in Pakistan, the lack of long-term planning, has political consequences. Since the Afghans brought their hierarchical social structure along with them into exile, their resistance against the Soviet occupation at the Hindu Kush is organized accordingly. Whoever is in charge in Peshawar is probably a respected clan leader from home, and he expects to be the first one to return home after the liberation of Afghanistan and reclaim possessions and power. Claims are also supported by all those intellectuals who call themselves fundamentalists because they do not want to have to question traditional privileges either. To be sure, theirs is a broad spectrum, but when it comes to their basic ideas, they are very close to one another. The group which behaves the most conservatively is the Hesb Islami, and Islamic party which is being denounced by Kabul because it is under the influence of Khomeyni.

When we ask our Mudjahedin Azim whether he is in favor of such a fanatic Islam in a liberated Afghanistan, his answer is an unequivocal no. Simultaneously, however, he admits that he is only able to fight in his homeland with the help of this one and similar totalitarian resistance groups. Whether it is the Hesb Islami, the Islamic Association, the National Front or the Revolutionary Islamic Movement, they are the ones who distribute the weapons for the "holy war"; they monopolize the war activities at the border around Kabul and in central Afghanistan. From Quetta in Baluchistan, their partners are controlling activities in the southerly located Kandahar.

But that is not all. It is the duty of these tribal leaders to actually demonstrate their fundamentalist attitudes to gain access to appropriate weapons depots. When looking around in Peshawar, one can hardly maintain that Pakistan is supporting the refugees only in a humanitarian manner. Weapons shipments to the distribution centers along the border region must be sanctioned along with food transports. In the border province of northwest Pakistan it seems to be no secret that there is a connection between Zia's military government--its strong Islamic sentiments are well-known--and above all Afghan fundamentalists. Pakistan and international relief organizations are helping on the basis of Islamic solidarity or, subsequently, involuntarily those fundamentalists in Peshawar who call themselves the guarantors of the "Islamic International" (according to critics from their own ranks) and who today--following 3 years of Russian presence in Kabul--have sufficient means to corrupt all Afghan Maleks who persuaded their families and clans to flee Afghanistan and to subordinate them to their own way of thinking.

Pakistan Could Become a Second Lebanon

Consequently it appears that the Afghan resistance is united against Soviet tanks and airplanes on the Hindu Kush. Whoever did not want to go along, left a long time ago, settling in Europe or America. Only occasionally one hears rumbles below the surface. Azim Khan's account about his escape from the

Kunar Valley, his description of the destruction of house and property by the troops from Kabul was spontaneous and he had tears in his eyes. His present activities, however, are of an organizational nature. Although he praised all those who are part of the "Jihad," his diminishing zeal is clearly evident.

Today, privileges, abuse of power and corruption are already producing envy and ill will among refugees and between them and the local population, which cannot only receive but must earn its bread. The arrival of more and more refugees in the country of the Pathans, the historic trouble spot near the Khyber Pass, could increase tensions between masters and servants, freedom seekers and the oppressed, between castes, tribes, natives and foreigners and develop into an explosive situation similar to the one that caused the eruption in Lebanon. When that time comes, it will no longer be as easy to determine who is fighting against whom as it is today beyond the Afghan border. At the present time, the "believers" there are still battling against the "godless," but it would not be the first time that the "holy war" could be directed against its own faithful followers.

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CSO: 4620/44

ADVANCES ANNOUNCED IN MANY ASPECTS OF AGRICULTURE

Implementation of Land Reforms

Kabul KABUL NEW TIMES in English 4 May 82 p 1

[Text] KABUL, May 4 (Bakhtar).— The foundationstone of the infrastructure installations of the peasants' cooperatives' union of the Deh Sabz district of the Kabul province, which marks the beginning of the operational plan for the third stage of the implementation of just and democratic land and water reforms, was laid yesterday.

The installations include the buildings for a mosque, a central office for cooperatives, a community centre to accommodate 300 peasants, an office for the local representative of the Agricultural Development Bank, an office for the Afghan Fertiliser and Agricultural Services Company, buildings for agricultural machineries workshops, offices for the rural development, department of education, and women's welfare, a health centre, a kindergarten, buildings for literacy courses, storage facilities for grains, fertilisers and other annexes.

These installations, co-

sting over Afs. 12 million will be financed by the state out of its development Budget.

The grand ceremony by peasants on the occasion was attended by Eng Yaseen Sadeqi, president of the local organs for state administration, Dr Abdul Ghafar Lakanwal, president of the central council of the union of peasants cooperatives, president of the extension and agricultural production, vice-president of the party economic department, Kabul Governor, some departmental heads of Agriculture, Land Reforms and Water and Power Ministries, incharges of provincial and district peasants' committees and a large number of peasants from the neighbourhood.

Eng Sadeqi explained the lofty objectives of the party and the Government regarding the just and democratic land reforms. Then Dr Lakanwal shed light on the 1st, 2nd, 3rd and 4th operational plans of the just and democratic land reforms

which are implemented according to the principles of the holy religion of Islam and the customs and traditions of the people and expressed his pleasure over the establishment of the first peasants infrastructure installations which is of great value in organising the farmers in cooperatives, promoting production level in agriculture and rendering services to the peasants.

In response, Salamuddin, a resident of the district thanked the revolutionary Government for the attention it pays to the peasants.

At the end, the participants, including hundreds of the peasants of the district, marched toward the construction site shouting slogans such as "Long live the People's Democratic Party of Afghanistan! Long Live peasants and workers! Forward to the implementation of the third land reforms operation plan!" and many other slogans, thus expressing their feelings towards the party and their revolutionary Government.

Restoring Irrigation

Kabul KABUL NEW TIMES in English 5 May 82 p 2

[Text]

Agriculture is the mainstay of Afghan economy. Almost 90 per cent of the country's population is engaged in agriculture. About two-thirds of the national income come from agriculture. Some three-quarters of the country's exports are made up of agricultural produce.

Afghan agriculture is a gamble on rains. Thus the importance of irrigation in the field of agriculture cannot be overemphasised. Provision of irrigation facilities is very necessary to increase production. It is said that irrigation alone can nearly double the per acre yield. Unless provision is made for irrigation, increase in production is not certain.

In fact, it can be said without exaggeration that the extension of the facility of assured and timely water supply to a reasonable proportion of the cultivable land in the country is the largest single factors which can set right the prevailing imbalance between food production and population growth.

As water plays a big role in farming and is a vital plank in any scheme for better farming, the revolutionary Government of Afghanistan has given pride of place in its programme of action to the restoration and construction of irrigation systems in the country. The objective necessity for building and restoration of irrigation structures stems from the fact that irrigation

installations in Afghanistan mainly consist of small systems, including primitive dams of logs, fascims which branch off into a network of ditches being often clogged by silting and sand dums swept away by flooded rivers during the spring season.

Fortunately, our great neighbour and reliable friend, the Soviet Union, is giving considerable assistance to Afghanistan in developing its agriculture, especially helping us to build large and medium irrigation installations. Soviet organisations have already assisted in building the Sardar dam on the Jilga River, not far from the city of Ghazni, which made it possible to irrigate more than 20,000 hectares.

Also a big reservoir has been dug in the Darunta Gorge, near the town of Jalalabad. Besides, the Soviet Union helped build the Jalalabad irrigation system. The Jalalabad complex is a large Afghan agricultural enterprises, playing an important role in the economic and social development of the eastern region of the country.

For the first time in history, a guarantee of harvest can be gathered on thousands of hectares, which used to be either completely unfit for cultivation or fully dependent on the whims of weather.

AID

Continuing to give aid to Afghanistan to raise the

productivity of the land in the water-thirsty lands in the northern region of the country and to bring more lands under cultivation, an agreement was concluded recently between the Ministry of Water and Powers of the DRA and the Selhozpromexport organisation of the Soviet Union to restore the irrigation network and irrigation systems in the northern regions of the country.

In an interview with the 'Kabul New Times', a responsible source of the Ministry of Water and Power said: "In continuation of the democratic land-reforms and the just distribution of water in accordance with the contents of the law on water and regulation on water use in the interests of the peasants and land-hold-

ers, in order to raise the level of agricultural production particularly increasing the per acre yield it is necessary so that the old and the new irrigation systems should be all reminded and regulated."

Under this contract, "The irrigation networks and system in the northern parts of the country, including the existing lands under irrigation which are of special importance from the point of view of agriculture and animal husbandry will be restored and renovated. And also according to this contract the existing lands in the provinces of Fariab, Jauzjan, Samangan, Balkh, Kunduz, Takhar and Baghlan (northern parts of Puli Khomri will have a regular and an assured water supply and

the irrigation systems in these provinces will be solidly built, properly controlled and regulated", the source said.

He added that the regulation and improvement of the irrigation networks are the main duty of the general directorates set up for regulation of water in the provinces. They utilise the machineries and equipments and the materials provided under the contract for this purpose.

For this, the general directorates for Control and Regulation of water have been established in all the provinces of which some are already functioning in the provinces.

He pointed out that the main centre of the activities will be in Mazari Sharif city and two more centre

Distribution of Improved Seed

Kabul KABUL NEW TIMES in English 6 May 82 p 3

[Text]

"There are plans to distribute 14,000 tons of varieties of improved seeds, 2,038 tons of cotton seed and 6,000 kgs of improved vegetable seeds to the farmers in the current Afghan year (beginning March 21, 1982)" a source of the Afghan Seed Company told the Kabul New Times recently.

Of the 14,000 improved wheat seeds, 6,000 tons have been allocated for the spring sowing campaign and 8,000 tons for the autumn sowing campaign with a total cost of Afs 180 million. Similarly, 2,038 tons of improved cotton seed at a total price of Afs 17 million will be distribu-

ted to the farmers free of charge. Six hundred kgs of improved vegetable seeds worth Afs 200,000 will be sold to the farmers, added the source.

According to the plan the company envisages cultivating of varieties of vegetables, fruit bearing saplings and leguminous crops and the like in around 1,700 hectares of land in its farms in the current year's spring campaign. Altogether the company has allocated 8,000.6 tons of improved seeds for distribution to the farmers during the spring sowing campaign. It also envisages distribution of improved seeds to the agri-

cultural cooperatives in the three districts under the operational plan of the third stage of the land reforms programme, the source said.

The company plans to purchase 2,460 tons of improved wheat seed from the agricultural cooperatives, state farms and individual farmers for its autumn campaign.

The friendly country of the Soviet Union will assist the DRA in supplying 8,000 tons of improved wheat seeds for this campaign and in the delivery, transportation and other services for the 5,000 tons of seeds. The seeds are to be delivered via the three ports, the source added.

On the basis of the joint resolution of the PDPA CC Politburo and the DRA Council of Ministers, the Afghan Seed Company distributed 9,927 tons of improved seeds costing Afs 120 million to the farmers in the spring and autumn sowing campaign.

Based on the proposed plan, the instructions, directives and the joint decisions

of the Politburo and the Council of Ministers, a total of 6,000 tons of improved wheat seeds—5,000 tons of which are from the Soviet grant-in-aid, 1,000 tons from the extension farms of the Afghan seed company, 2,038 tons of improved cotton seeds (of which 1,000 ton is from the A-133 and F-108 from the Soviet aid) and 1,038 tons from the Marja farm of Helmand province and Urtabelaqi farm of Kunduz province) and some five tons of beet-root seed and 600 kgs of other improved vegetable,—were distributed in the spring campaign of the 1361 H.S., advised the ASC source.

In reply to a question, the source added that before the seeds are put at the disposal of the farmers, agricultural experts from the Agriculture and Land Reforms Ministry conduct a series of experiments and scientific research on the seeds with due consideration for the ecology and climatic conditions of the country.

The ASC source said that

after the approval of the supreme council of the ASC, the company reduced the price of improved wheat seed by four to five afghanis (less than the cost price per kilogram) which includes the processing, transportation and other services). The grant-in-aid wheat from the Soviet Union is sold at Afs 9 per kilogram to the farmers after deducting the price of transportation and other services and the cotton seed is distributed free of charge.

On the basis of a contract concluded recently between the Agriculture and Land Reforms Ministry of the DRA and the Vestog-Intorg commercial firm of the Soviet Union, the friendly USSR, has assisted the DRA with 5,000 tons of improved wheat seeds (grant-in-aid) at a total cost of 1,337,000 roubles (Afs 91,575,340). The wheat is scheduled to be delivered to the Afghan ports to be used in the current year's autumn sowing campaign, the source added.

Land Ownership for Farmers

Kabul KABUL NEW TIMES in English 10 May 82 p 1

[Text]

KABUL, May 10 (Bakhtar)—Eleven families of village Butkhak, Bagrami district, Kabul province, received yesterday ownership documents of the land given to them in accord with the implementation of the second operational plan of just and democratic land and water reforms.

The head of the Central Zone told a gathering

of farmers, workers, elders and other working people on this occasion; "I convey to you the message of the PDPA Central Committee and personally of Babrak Karmal, General Secretary of PDPA CC and President of RC, who has said that the land belongs to the person who works on it."

The participants carrying the national flags and

party banners and chanting revolutionary slogans, marched upto the site of the lands distributed to the deserving farmers.

The head of the Central Zone, the secretary of the provincial committee, the Governor of Kabul and other state and party officials joined the march.

The marchers' slogans included:

"Long live the PDPA", "Down with the US imperialism", "Down with the internal and international reaction."

At the gathering, the head of the Central Zone read the text of the decree of Karmal, attached to the land documents.

Speaking on the occasion, a number of Butkhak residents who have received the land documents, expressed delight over the opportunity given to them to work peacefully on their lands. They also vowed to "defend, the gains of the revolution."

The gathering was also addressed by the head of the peasant cooperatives of Butkhak. He said there were five peasant cooperatives in the district with 600 members. The cooperative in Butkhak alone has 75 members, he noted.

The members of the cooperatives are offered necessary assistance such as wheat seeds, agricultural tools and credit, he added.

A report from Jalalabad adds:

The meeting of the operational groups of the second phase of the democratic land reforms of the Nangarhar province was held at the Governorate hall of the province on May 8.

The Governor also attended.

Discussions were held on the implementation of the operational programmes of the second phase of the just land reforms and just distribution of water and necessary decisions taken.

Increased Use of Fertilizers

Kabul KABUL NEW TIMES in English 10 May 82 p 3

[Text]

The Afghan Fertiliser and Agricultural Services Company serves its clients (farmers, livestock and viniculturists) through 1,134 stores and 26 medicines depots all over the country, an AFASC source told the Kabul New Times.

The company was established late 1351 H. S. under the name of Afghan Fertiliser Company and started its activities early 1352 H.S. On the basis of the

new charter, the company was renamed on Qaus 15, 1360 H.S.

It sold around 65000 tons of urea fertiliser and 4,000 tons of phosphate fertiliser to farmers all over the country in 1360. The urea fertiliser is sold at Afs 400 per sack (50 kgs), the TSP fertiliser at Afs 360 per sack, and the ammonium phosphate fertiliser at Afs 500 per sack.

The company plans to sell 70,000 tons of urea, 40,000 tons of phosphate fertiliser and pesticides, insecticides and other medicines worth Afs 55 million to the farmers, livestock and viticulturists in the current Afghan year.

The source said that, despite the very high demand for the urea fertiliser all over the country, the production of the Mazare Sharif thermo-power plant can meet it—and the surplus fertiliser is exported by the Mines and Industries Ministry after approval by the AFASC.

In reply to a question, the source said that the phosphate fertiliser is partly

obtained from the friendly countries as a grant-in-aid and partly purchased from the international market. The cost price of phosphate fertiliser is about Afs 830 per 50 kgs sack and is sold at Afs 360 per sack by the company. It is subsidised by the Government for assisting the farmers. The purchase of phosphate fertiliser is at an average of 35,000 tons annually.

The branch offices and the depots are active in the provinces and districts and the company provides other facilities, too, for the purchasers. The shopkeepers, who sell the fertiliser and medicines, are provided with a commission of 15 per cent for fertiliser and four per

cent for the medicines.

The company can produce 90 varieties of pesticides and insecticides. The medicines supplied by the company are sold by the retail sellers of the AFASC and by the depots of the company at the provincial capitals.

The technical and administrative personnel of the company engaged in different activities numbered 682 in 1360 H.S. The AFASC has increased its personnel to 772 in the current year, and they strive to provide better facilities for the farmers and livestock-ers.

Expansion of Cooperatives

Kabul KABUL NEW TIMES in English 10 May 82 p 3

[Text]

Credits on easy terms equalling an unprecedented amount of over 72 million Afghanis have been extended by the department for agricultural cooperatives to the members of the cooperatives during last year. These credits have been extended in order to assist peasants in raising their production level and enabling them to find markets for their products.

The money for these credits has come from the Agricultural Development Bank, the Export Promotion Bank and the working capital of the department for development of agricultural cooperatives itself.

These facts and figures were given by Abdul Wa-

dood Zafari, president of the department of the Agriculture and Land Reforms Ministry, in an interview with the Kabul New Times.

"A peasants' or agricultural cooperative", added Zafari, "is an organisation aimed at the pooling efforts to collectively organise the production or marketing of good, with the members sharing equal profits and losses".

Such organisation comes into being in order to meet the common needs, to achieve the common specific ends democratically, to improve the social and economic position of the members and to emancipate them from the clutches of exploiting classes, he pointed

out.

The department of agricultural cooperatives has been helpful in mobilising and organising the producers in the cooperative organisations, in creating a sense of common efforts, effecting coordination, instilling a patriotic spirit among the members, providing and distributing the needed loans to the members, and guidance in marketing their products in the domestic and foreign markets.

The department has arranged training for the boards of directors and supervisors and members of cooperative. As a result, success has been made in raising production in the cooperative sector quantitatively and qualitatively. The department has also organised literacy courses for members of the cooperatives.

Responding to a question, the president of the department said that the department had helped the cooperatives in the exports of over 1800 tons of the products and over 40,000 karakul pelts in the foreign markets and the sales of over 1000 tons of the agricultural products in the internal

market and to the state enterprises last year.

This year it is envisaged to export over 130,000 tons of agricultural produce of the members of cooperatives and 45,000 of 'karakul' pelts.

Last year, seven tube wells and 271 sets of Aryana ploughs were distributed to the cooperatives free of charge.

Likewise, in addition to the other material assistance to the peasants, 2,477 tons of oilcake and 1,600 boxes of silkworm larvae were distributed to the members farmers last year.

Nineteen cooperative courses were held at the Educational Institute of Cooperatives last year.

As many as 355 officials and employees of the agricultural extension department, the Rural Development Bank, the Export Promotion Bank and agricultural cooperatives had participated in these training courses. The participants were taught different methods and techniques of raising their agricultural yields, book-keeping, accounting and the other skills.

In pursuance of the de-

cisions adopted by the Politburo of the PDPA CC, and the Council of Ministers, the implementation of the third operational plan of the land reforms is under progress. In this connection, this department has cooperated in the collection of the needed information for the implementation of the plan from Bagrami, Desabz and Char Asiab in the Kabul province. It has also surveyed and studied the economic and social conditions of these districts to explore the possibilities of establishing pilot cooperatives in the context of the operational plan.

The department has also organised work relating to the layout and design of the typical maps of the pilot cooperatives under the operational plans, Zafari said.

The department has carried out the survey and selection of land in the districts of Bagrami, Desabz and Char Asiab for construction of buildings for pilot cooperatives. It has provided the needed personnel for the agricultural cooperatives unit and for the office work of the operational group of the districts, he added.

CSO: 4600/472

SOVIET DISSIDENTS, EUROPEANS BROADCAST FOR MUJAHEDIN

New Delhi INDIA TODAY in English 31 May 82 pp 76-77

[Article by Ramesh Chandran]

[Text]

"This is Radio Free Afghanistan and my name is Vladimir Bukovsky," says the voice in flawless Russian. In tautly-structured but elegant prose, the 'voice' makes a passionate and evocative appeal to its listeners comparing the war in Afghanistan with the Nazi occupation of the Soviet Union in World War II. The 15-minute broadcast ends with the not-so-subtle allusion to defy orders: "You should remember that Nazi war criminals were condemned for following orders."



THE listeners to this broadcast were, ironically, Russian soldiers huddled together in camps near Kabul.

Before long, however, the stunned Russians quickly realised they were listening to an Afghan insurgents' well-coordinated clandestine radio network. The voice of Bukovsky was also genuine. Vladimir Bukovsky was none other than the renowned Russian dissenter, who had spent much of his adult life in prisons and psychiatric hospitals before being allowed to leave the Soviet Union in 1976. In the next few days, Russian troops in Afghanistan listened to taped orations in Russian from such celebrities as Maximov and a profoundly moving statement from General Petro Grigorinko. Elsewhere, a different scenario was being played out in tiny Afghan villages and hamlets. At 8 p.m. primitive loudspeakers appeared on roof-tops and beamed a half-hour broadcast in Pushtu and Dari which contained, besides exhortations to fellow Afghans, condensed news bulletins on world events especially those in Poland.

Mastermind: The clandestine broadcasts which went on the air in September last

year signalled the start of a new psychological war aimed at both Russian troops and pro-Babrak Karmal Afghans in Afghanistan—a strategy reminiscent of Japan's "Tokyo Rose" broadcasts to American forces in World War II. But who would have ever guessed that Afghanistan's radio-warfare was in fact meticulously conceived and executed from Paris by a blue-ribbon group of distinguished French and Italian intellectuals? Among the leading activists were the controversial French philosopher, Bernard-Henry Lévy, artist and writer Marek Halter and the Italian, Renzo Rossellini.

Bernard-Henry Lévy—whose initials B-HL are now as celebrated as BB (Brigitte Bardot) in France—has in recent times been hailed by even such discerning publications as *Les Nouvelles Littéraires* as Jean Paul Sartre's "only true heir". Marek Halter, a hulking, brooding man with a luxuriant beard, is an artist and writer of distinction. A Polish Jew from the infamous Warsaw ghetto, one of his books, an intensely-moving autobiography, won the prestigious "Prix Aujourd'hui". Renzo Rossellini is the son of the celebrated Italian film-maker and one who has gained considerable fame in Europe as the architect of Rome's flourishing free-radio system. He set up the country's first free radio a decade ago and today Rome boasts of possessing the continent's most dynamic free radio network.

What goaded these intellectuals—which includes Nobel Prize-winning physicists, novelists, painters, musicians and others—was the apparent impotence of effete western governments towards Soviet intervention in Afghanistan. Under former French president Valéry Giscard d'Estaing,

the French government had made desultory efforts to summon an international conference on Afghanistan. The Mitterrand Government has striven to be more emphatic and forthright in its vigorous anti-Soviet stance but has not trained its sights on events in Kabul. According to this group, other western European governments have all been emasculated and supine.

To their credit, some private French institutions have sprung into action, acting as relief organisations and providing food and medical aid. Paris-based organisations like Amis de l'Afghanistan, Medecins sans Frontiere, Action Internationale Contre la Faim and Medecins du Monde have done outstanding relief work by way of sending overland caravans loaded with food, clothing and medication into Afghan interiors. This has been of vital importance since the Soviet-bolstered Afghan Government has steadfastly refused to permit the International Red Cross, Amnesty International and other organisations to cross into the country. Thus, despite the lack of a coordinated multinational assistance, this trickle of private aid has been largely helpful not only to the estimated three million refugees massed at the Pakistan border and now acknowledged as the largest diaspora in the world, but also to those inside Afghanistan.

Commitment: The intellectuals' group went one step further. For the first time, a private group of citizens decided to openly aid the Afghan insurgents. Halter explained at length to INDIA TODAY: "There is no confusion about why we are doing something. We are doing it on principles. This policy of the big and the powerful subjugating the weak and the defenceless is completely immoral. As men of conscience, we must make it our business to protest—and protest loudly—if these so-called superpowers—be it the USA or the USSR—trample upon the vulnerable".

Halter, Lévy, Rosselini, Edgar Moran, Alfred Kassler and others insist they will have nothing to do with guns and ammunition. But they came up with the inspired idea of setting up a powerful radio network—Radio Free Afghanistan—to launch a "relentless psychological warfare against both Russians and Afghans". The radio was one way of coalescing the power of the mind against 'totalitarian systems'. Rather than "Tokyo Rose", they see it more akin to General De Gaulle's broadcasts from London over "Free France Radio" during World War II.

This high-profile group claims that it is not an organisation like the Amnesty Inter-

national nor a civil rights association. After being dismayed by atrophied official reaction, they launched an appeal for funds in the French and the Italian media. In no time, they had raised 300,000 francs (Rs 4.5 lakh). Planning with scrupulous vigilance and sophistication, they proceeded step by step. They established contacts with different rebel factions in Peshawar and held extensive discussions. It was ultimately decided to fabricate specially-designed transmitters which would be lightweight and mobile but sturdy enough so that they could be swiftly transferred from one mountain valley to another. It would also have to be potent enough so that its signals could be received at a radius of at least 50 km. The transmitters would also have to be designed so that its frequencies could be rapidly changed.

The primary question was the location: Both Pakistan and Iran vehemently opposed the initial idea of installing the transmitters inside their territory. Both countries said that they would have nothing to do with a radio network meant for clandestine propaganda. Ultimately it was decided it would have to be based inside Afghanistan itself right under the noses of Soviet troops.

Strategy: The daring scheme called for the final fabrication of 36 transmitters which would cover all of Afghanistan and whose overall cost was estimated at \$250,000 (Rs 22.5 lakh). A group of young French technicians were selected to fabricate the transmitters under Rosselini's supervision. The second stage of the project was to train the Afghans for the Pushtu and Dari language broadcasts and also to help them attain the skills to operate and repair the transmitters. The third stage was to tape the Russian language broadcasts of renowned Russian dissenters based in Paris and London. The last and the toughest task was to surreptitiously transfer the transmitters into Afghanistan and install them.

The first four parts of the plan were speedily achieved. The crucial task of smuggling the transmitters into Afghanistan, organise the first transmission and prudently counsel the fractious insurgent groups to jointly operate the transmitters was undertaken by Halter, Lévy, Rosselini and two young French technicians.

This clock-and-dagger operation obviously meant violating international boundary regulations and since such an exalted group of figures were involved, it could have lead to

a blazing diplomatic row. "We didn't care one bit," says Halter. "We were not representing anybody officially and we are private citizens. Private people have to defy those who defy international law and ethics." What Halter and his famous friends in effect argue is that they have little patience with much of the claptrap that clouds international diplomacy.

The five-member team embarked on their stealthy mission late last year with the first consignment of the three specially designed transmitters. After making contacts with insurgent factions in Peshawar, the group unobtrusively slipped into Afghanistan and headed for the northeast—close to Kabul and somewhere in the Kunar Valley, so that the "inaugural broadcasts" could be received in the capital. Photographs of the expedition show Lévy trying to look like a well-bred Pathan, his Raphaelesque hair hidden behind a pirate-tailed turban.

Challenge: For the trio the toughest task was to convince their hosts to forge a united front. Some of the older fighters laughed in their faces when they heard the familiar western complaint about the abject disunity of the resistance fighters. One wizened theologian apparently pointed out that the disunity of the Afghans was their strength. Each valley had its own commanders, its own troops, its own strategy to combat Soviet troops. When an insurgent was captured by Russians no amount of torture could elicit information about insurgent strategies since he did not have the faintest idea. The faction leaders had pointed out that it was in effect a Guevarian strategy that was beginning to unfold itself in Afghanistan—hundreds and thousands of Vietnams to combat imperialism and drive out the "chourawis" (Russians).

The rebel factions saw the future of their country as a choice between becoming another outer Mongolia or a neutral Finland. For the latter, it would mean elections, the full trappings of a democracy. But for the moment, it simply meant battling superior forces with ancient Lee Enfield rifles, captured Soviet arms or a few Kalashnikovs supplied by Egyptians manufactured in Soviet-built factories in that country.

After six days of arduous march, they had reached an undisclosed spot near Kabul. The first transmission went off clean as a whistle. The first night the granite-faced rebels heard "This is Radio Free Afghanistan—Afghans talking to Afghans" some of

them were reportedly moved to tears. Among those working for the clandestine network are two ex-employees of Radio Kabul and also a woman, which is something unprecedented for Afghanistan.

The gradual progress of these transmissions have greatly impressed the rebels. Under continual pressure from the French group, for the first time since the Russians invaded Afghanistan in 1979, all the leading rebel groups signed a document of unity in February 1982. These included: the Harkat-e-Inquilab Islami; Hazbe-Islami (Maulawi Khalis group); Jabhai Islami; Jamiate Islami and the Mahazi Mills Islami. According to the French, rebel leaders are beginning to concede that transmitters can be as potent as Kalashnikovs.

Questionable Gains: However, certain French specialists question the alleged gains attributed to the Afghan resistance which frequently appear in the Western media. The French point out, with their huge military wherewithal, the logistic advantage of a common 1,050 mile border and few if any political repercussions to worry about at home, the Soviets can hunker down for a long time in Afghanistan, gradually fortifying enclaves. Even if the Afghan army continues to haemorrhage, the Russians have progressively taken more and more of the fighting. In fact, recent reports have indicated clear gains for Russian troops during their much-awaited spring offensive, especially in the Parwan province.

As for the insurgents, they have little choice but to keep their covert military heat on. Despite losses, they now seem determined to expand their radio warfare. A second consignment of transmitters is already on its way to Afghanistan

whilst fabrication of the third and fourth lots are proceeding ahead at full steam in a small plant outside Paris.

The Soviets have been unable to stop the broadcasts so far or trace the phantom radio network. Attempts to confiscate transistors have met with little success. They are reported to be particularly riled at the Russian language broadcasts aimed at Russian troops. Soviet authorities realise the life of a Soviet conscript is lonely, grim and under attack in an inhospitable land. Perhaps, this makes them even more vulnerable to clandestine broadcasts.

CART COMPANY IMPORTS MORE CONSUMER GOODS

Kabul KABUL NEW TIMES in English 9 May 82 p 3

[Text] The Afghan CART Company has made a net profit of Afs 385 million in the last four years, said a source of the company in an interview with the Kabul New Times.

Established in early 1979 with an initial capital of Afs 200 million and a final capital of Afs 1,000 million, it functions as a mixed, profit-making joint stock company within the Commerce Ministry.

The establishment of this company, was primarily aimed at stabilising prices in the local markets and protecting the consumers by supplying essential commodities at reduced prices. In the last four years, the company has been able not only to stabilise the prices, but has also made net profit every year which helped it strengthen its financial position.

For instance, in the first

year of operation, it netted Afs 14 million, and, in the three other years, it made net profits of Afs 78 million, Afs 150 million and Afs 143 million respectively, according to the source.

In addition to supply of essential goods at reduced prices the company has also rendered valuable help to the Governmental organisations, the cooperatives and private organisations and firms. In this connection, one can cite the supply of goods at reduced prices to various cooperatives and sale of goods on installment to transportation companies and government employees among others.

To encourage the concerned organisations and help the public the company has put at the disposal of clients some of its imported goods without profit or at the minimum profit.

Last year, the company purchased 32,426,000 dollars worth of consumer goods

and exported at the same time 2,800 tons of raisins.

Similarly, during the same period, the company imported 1,400 vehicles of various types such as jeeps, volkswagens, and trucks, other essential items imported included 21,000 tons of rolled iron, 1500 tons of foodstuffs, 1,800 tons of soap and other consumer goods.

The company has also made all possible arrangement to import other consumer goods such as tea, powdered milk, tyre and tube, radio and television sets, refrigerators, vehicles, and rolled iron.

During the current Afghan year, the company plans to procure 38 million dollars worth of consumer goods and will sell Afs 2,400 million worth of goods. It also plans to export 7,000 tons of dry fruits during the period.

PARTY CARDS DISTRIBUTED AT RALLIES

Kabul KABUL NEW TIMES in English 10 May 82 p 1

[Text]

KABUL, May 10 (Bakhtar).—The membership cards of the People's Democratic Party of Afghanistan were distributed by Maj Gen Gul Aqa, president of the political affairs department of the Armed Forces, to the staff and employees of brigade no. 377 of the Khawja Rawash garrison at a function yesterday morning.

The political chief of the Air and Air Defence Forces was also present.

Gen Gul Aqa spoke on the importance of party cards as "proud documents", the 'all-round struggle of the party members for the elimination of the enemies of the country, people and the revolution', and the significance of the countrywide party conference.

He drew the attention of the participants to their duties and obligations.

He also exposed the "plots and conspiracies of the revolution's enemies."

The assistant political chief of the brigade pledged its "devotion, dedication and self-sacrifice in the implementation of the lofty and humane objectives of

the party and the government".

Gen Gul Aqa, together with the political chief of the Air Force and Air Defence observed the seminar of the teachers of political subjects of the Air Force and Air Defence, held at the political instruction chamber of the forces.

He spoke on effective publicity and ideological work for "advancing the objectives of the party and government and foiling the plots of the counter-revolution."

Similarly, party membership cards were distributed by Dr Farouq, president of the political affairs department of the Interior Ministry, to the staff and employees of the primary organisation of the operative brigade of the Revolution Defence Command at a grand function yesterday.

Dr Farouq congratulated the recipients and wished them "ever greater successes in the realisation of the lofty objectives of the Saur Revolution, particularly its new and evolutionary phase".

In response, one of the recipients of the party me-

membership cards, on others' behalf pledged "all-round devotion in the annihilation of the counter revolution".

Likewise, the party cards were distributed to members of the party primary organisation of the water supply and sewage system department by the secretary of the ninth party precinct of the Kabul city at a function yesterday.

The secretary and a recipient addressed the function and called it "a significant event in the life of the party comrades".

They also pledged to "fight against the counter-revolution and for the realisation of the party objectives, particularly in the new and evolutionary phase of the revolution".

CSO: 4600/474

REGIME PUBLICIZES ENHANCED SOCIAL ROLE FOR WOMEN

Activities of Women's Organization

Kabul KABUL NEW TIMES in English 4 May 82 p 2

[Editorial: "Women's Participation in Nation-Building"]

[Text]

The Women's Democratic Organisation of Afghanistan, as a popular, non-party, democratic and social organisation, has rendered valuable services in organising and mobilising various strata of the society, representatives of all nationalities and tribes regardless of their opinion and beliefs. The WDOA's activities centre on removing the ill-effects of the feudal and pre-feudal relations concerning women in the families and in the society. It helps to safeguard the interests of mothers and children and struggles towards building the talents of women and drawing them into participation in the successful implementation of the lofty tasks of the Saur Revolution.

The Saur Revolution, especially its new phase, for the first time in the history of Afghanistan, ensured the equality of rights of women with men, and provided the true grounds

for participation of women in the nation-building drive. The participation of women in carrying out the economic, social, political and cultural affairs of the country will further accelerate the process of evolution of the National Fatherland Front.

The convocation of the countrywide women's conference, was a great success for the WDOA in uniting the Afghan women to work for their own prosperity and happiness and that of the nation. The Afghan women are showing increasing interest in the national affairs. And the fact that they are rallying around the People's Democratic Party of Afghanistan by joining various social organisations is a testimony to their profound enthusiasm over and concern with the efforts towards socio-economic development launched since the victory of the re-

volution.

The Afghan women have been prompt in responding to any call aimed at achieving development and progress, and defending the gains of the revolution. Increasing numbers of women are employed in the productive organisations and, at the same time, they are voluntarily getting organised in the fronts for struggles against the enemies of the revolution. Many have taken arms and joined the 'revolution defence' groups.

The second plenum of the Central Council of WDOA which was held yesterday, was aimed at seeking the constructive and practical contribution of women to successful implementation of the decisions and resolutions of the recently held coun-

trywide PDPA conference. The participants at the plenum have been unanimous in approving the decisions of the country-wide party conference.

The fundamental statement read at the plenum defines and stresses once again the significant role women can play in the efforts towards building the new society and doing away with what may lead to backwardness and deprivations of women.

Women, as a token of appreciation for the attention paid by the party and the Government to improving their social and living condition, have vowed to continue their persistent struggle for, and active participation in realisation of the aspirations of the revolution. The members of the WDOA have made it clear, in words, and deeds,

that they cannot and should not remain indifferent to the destiny of their homeland.

This they have proved in practice by taking active part in all national affairs including the struggle for safeguarding and consolidating the gains of the revolution. All these opportunities are provided to Afghan women following the victory of the revolution, especially its new phase.

Wishing the Afghan women further success in their revolutionary struggles, we are certain that they will perform their national obligations and any other tasks assigned to them with dedication and devotion and in a manner desired by the party and the Government, as they have done in the past.

Praise by Karmal

Kabul KABUL NEW TIMES in English 11 May 82 p 2

[Editorial: "Revolution Enhances Women's Status"]

[Text]

The victory of the Saur Revolution and especially its new phase has provided favourable conditions to do away with all forms of socio-economic ills and problems and class injustices, and to free the toiling man from the trials and tribulations to which he was subjected during the past tyrannical and despotic rules.

The People's Democratic Party of Afghanistan, since its inception, has given special attention to the significant role of women in the country and

has attached enormous value to the talent and abilities of women.

Babrak Karmal, General Secretary of the PDPA CC and President of the Revolutionary Council, addressing the first countrywide conference of Afghanistan's women held in Kabul in December 1980, said:

"Since the very dawn of its struggles the PDPA had paid keen attention to the question of allying women with the national and democratic movem-

ent in Afghanistan and principally, for the first time in the whole history, gave an elaborate scientific definition of the organic link existing between the women's movement and the national and social liberation movement. It consistently fought for materialisation of this ideal".

The broad participation of women in securing peaceful conditions for work and for implementing fundamental changes, which we witness today, is a testimony to the sincere efforts of the PDPA in ensuring equality between women and men.

The DRA Government is making untiring efforts to attract ever broader masses of women to the social production process and thus adding to the quantity and quality of human labour that is going into the making of a new Afghanistan. The Government believes that equality between women and men in their social status and in the family circles is inseparable from fundamental social, political, cultural and economic transformations and necessities definite state protection and social guarantees for women's working conditions, child and mother protection, and other forms of help to the family.

The PDPA also attaches great value to organisation and mobilisation of women in the struggle for reconstruction of the society. It always believes that a united national struggle requires the full solidarity of women and men.

The women of Afghanistan began their revolutionary struggles under the PDPA and heroically marched towards the victory of the Saur Revolution and its new phase. Within the framework of the Women's Democratic Organisation of Afghanistan, the brave Afghan women have created eternal epics. The WDOA is persistently fighting for peace and defending the gains of the revolution.

The WDOA is the great and secure bastion of militant Afghan women, from where they continue their sacred mission—that is, the building of a new society—and from where they respond positively to the call of the contemporary human history.

With the victory of the revolution and specially its new phase, the Afghan women have acquired their rights and freedoms and they are now confident of a bright future awaiting them. All free-born and militant Afghan women are getting united under the WDOA and their struggle is meant to fulfil the aspirations of the toiling man.

Making the maximum use of the rights and freedoms offered to the Afghan women, they are excelling themselves in carrying out their social and revolutionary obligations. This they have proved in words and deeds. The Afghan women are showing increasing interest in the country's affairs and they are willing to contribute towards building a prosperous society.

MEASURES TAKEN TO IMPROVE EDUCATIONAL FACILITIES

Library Opened

Kabul KABUL NEW TIMES in English 17 May 82 p 1

[Text]

KABUL, May 17 (Bakhtar).— The library of the local organs and state power general department was opened by Eng Yasin Sadiqi, president of the department recently.

The library which contains political, social, technical, economic and scientific books, was established with the cooperation of the employees of the department.

Vocational Education Expansion

Kabul KABUL NEW TIMES in English 18 May 82 p 3

[Statement by Mohammad Osman, Ministry of Education official]

[Text]

At present, 30 institutions of vocational education exist in the capital and provinces of Afghanistan. Graduates of five of these, namely the institute of Agricultural Education, the Institute of Junior Engineers, the Institute of accountancy and Administration, the Kabul Auto-mechanical Technicum and the Balkh Oil and Gas Technium receive diplomas. The rest receive school certificates.

A total of 12,273 students are enrolled in these institutions.

This was stated by Dip Eng Mohammad Osman, president of the vocational department of the Higher and Vocational Education Ministry, in an interview with daily Heywad.

He added that, in some of the technical workshops of these schools, veh-

icles, waterpumps, radios, television sets, refrigerators, washing machines and other appliances are repaired at a low fee. There also exist sales outlets where the products of the vocational schools and institutions are displayed and sold.

The enrolment of new students has been increasing by 50 per cent every year since 1970 in the schools and institutions of vocational education.

A new technical school was established at the beginning of the current year in Kabul.

The department plans to set up of two more vocational schools, one for training skilled workers for repairing radio and television sets and refrigerators and the second one in the field of building te-

chniques. It is also proposed to open eight other professional schools with a capacity of 2,500 students in the next Afghan year.

In these new schools, students will be trained in different fields like repairing and operation of agricultural machinery road-building, machinery and irrigation and power engineering.

The department has close cooperation with the State Committee of Vocational Education of the Soviet Union. The latter helps the department in making and improving the curricula as well as in providing training facilities for the teachers, principals and staff of the department to learn the new teaching methodology.

Gains in Public Education

Kabul KABUL NEW TIMES in English 18 May 82 p 3

[Text]

With the victory of the glorious Saur Revolution, particularly its new and evolutionary phase, the education system in the country has been organised in line with advanced national and popular progressive standards.

For this purpose, millions of volumes of books in Pashtu, Dari, Uzbeki, Turkmani and Baluchi languages have been compiled and published and put at the disposal of students.

A large number of teachers and employees of the Education Ministry have been dispatched to the fri-

endly countries for higher education and for learning the techniques of progressive pedagogy. Thousands of teachers in the capital and provinces attend educational seminars. Comprehensive plans for balanced development of education all over the country have been designed and are being put into practice.

"Education in Afghanistan, therefore, is awaiting a blossoming future in the service of people", a source of the Education Ministry told the Kabul New Times, speaking on the activities of the Ministry last year

(1360 H.S.) and on the popularisation of the new education system in the country.

The DRA Government has taken firm steps in further development of education in the country and is striving for balanced development of education for all young people and children of Afghanistan, especially in the rural areas where it hopes to widen the scope of education. On the basis of this policy, and the envisaged plan of 1360 following effective measures have also been carried out last year:

—In the primary education projects sector, with due consideration for the financial capabilities, establishment of 555 new primary schools and upgrading of 121 schools had been planned for 1360 H.S. A budget of Afs 12 million had been allocated for these projects. Fruitful measures have been adopted for the implementation of these projects under the existing conditions.

—In the secondary education projects sector, upgrading of 49 secondary schools to high schools, 50 primary schools to secondary schools and inauguration of ten new high schools in ten provinces were envisaged for last year. Twenty-eight primary schools were actually upgraded to high schools, 32 primary schools were upgraded to secondary schools and seven new high schools were inaugurated in seven provinces.

Coordination of statistical data of teaching staff, officials and contract employees, of newly enrolled

students and collection of other statistical data in the warm and cold regions and from the kindergartens, which helps planning for better education are some of the other activities of the Ministry.

—In the kindergartens sector, five new kindergartens called the Zarghoona, the Malalay, the Ghazi Aman, the Khair Khana Mena and the Rahman Mena were inaugurated, in the capital and two seminars (winter and summer) were held to enhance the professional standard of the kindergarten teachers. Five books were compiled and published for use in the kindergartens.

—Altogether 6,072 teachers of the primary schools attended seminars for effective implementation of plans and the new curriculum. Since the beginning of the glorious Saur Revolution, a total of 15,185 teachers of the primary schools were familiarised with new pedagogic methods. Over 9,570 students from the provinces were enrolled in the Kabul boys and girls schools.

The Ministry received Afs 5,657,390 from the UNICEF in Kabul for holding seminars in the capital as well as in the provinces,

Teaching in Uzbeki and Turkman languages started in two Kabul schools during the new academic year 1361 H.S. and the first congress of the DRA teachers was successfully convened.

—In the secondary schools, a number of students

from the provinces were transferred to the capital. Graduates of the eighth and ninth grades were introduced to high schools close to their homes. A series of seminars and educational courses were held in the secondary schools with the cooperation of friendly countries to enhance the professional standard of teachers.

—Preparation of new curriculum with the cooperation of skilled experts for the 'Madrassa' (religious schools) and 'Darulhefaz' (where 'qaris' memorise the holy Koran). In keeping with the spirit of the revolution, publication of a number of new useful books for the religious schools and completion of the work of Mazare Sharif Asadia Madrassa (religious school) for 300 students with the financial assistance of the Government and the people was carried out.

—In the teachers' training sector, after the new and evolutionary phase of the Saur Revolution, the Teachers' Training Institute's curriculum was totally revised and the curricula of the kindergartens, primary and secondary schools were coordinated. New curricula were prepared with the cooperation of the Soviet as well as GDR advisors. Later, professional teachers, will be graduated to teach the kindergartens, primary and secondary schools and the teachers' training courses.

To better familiarise the principals, deputy principals, incharges of educational affairs, heads of departments of the higher teachers' training institut-

es, representatives of the kindergartens and literacy education, the administrative planning and employment department, the primary and secondary education department, the compilation and translation department, the educational radio-TV unit and the construction and the physical education departments with their work, 31 seminars have been held so far with the cooperation of the Soviet and the GDR advisors and the process will continue in the future. Similarly, during the year, 817 teachers enrolled for the first time, in the in-service courses of the central institutions and courses were held in Balkh, Samangan, Nangarhar and Helmand provinces.

—In addition to its other departments, the Ministry of Education has succeeded in inaugurating another new institute—the Central Institute of the Complementary Professional Training for Teachers—last year. The institute has held numerous seminars to develop the professional standard of the teachers with the cooperation of the friendly Soviet Union and the GDR which has borne fruitful results.

—In the field of literacy, according to the plan, 550,000 people availed the facilities of literacy courses in the country last year. At present, 28,000 courses are functioning all over the country, supervised and taught by 1,900 teachers and supervisors. Establishment of one auxiliary school in Shah Shahid and implementation of the pre-school programmes have been new introductions in education and literacy in the country

last year. Twenty-five literacy courses for children have been established in different parts of Kabul. Altogether, 800,000 volumes of books for literacy courses have been published in 1360 H.S.

—In the educational radio-TV section, the broadcast and telecast plans of the radio and TV were devised and prepared in 1360 H.S.

—The activities of the Ministry in the sphere of compilation and translation have been of paramount importance in the years after the revolution, especially the year 1360 H.S. Some 75 titles in new method-teaching were published, 40 volumes other were revised, 50 titles of new method are ready for printing, 52 books on sociology and some other revised books are also ready to go to print.

MORE ATTENTION

—After the victory of the Saur Revolution, more attention is being paid to sports and physical education programmes in the schools. After assessment, the principals, deputy principals and teachers have been instructed to pay due attention for development of sports in the schools. Extension and development of play-grounds and other sports facilities have been undertaken. In the planning of school establishments, construction of playgrounds and other sports facilities have been recommended. No school will henceforth be built without adequate sports facilities.

—Despite numerous problems of shortage of paper

and lack of sufficient electricity, the Education Ministry Press as a result of the indefatigable striving of its workers and employees achieved its target plan in 1360 H.S.

The press published three million copies of textbooks and 300,000 of magazines, teaching materials, auxiliary teaching materials and stationery.

—In the sphere of cultural relations, during 1360 H.S., 91 employees of the Ministry and four graduates of the Isteqlal High School were sent abroad for higher education and a large number of the graduates of high schools, teachers and employees of the ministry attended courses, seminars and workshops abroad.

A number of cultural agreements were concluded with Iraq, the Soviet Union, the GDR, Cuba, Bulgaria, India, Mongolia, and the Socialist Republic of Czechoslovakia. The Ministry also exchanged a number of textbooks with the friendly countries.

A number of Afghan personnel attended conferences on education, culture, communications, science and technology and sessions of the national commissions of the general UNESCO conference. The financial assistance under the 'regular programme' and 'collective performance' amounted to \$10,500 and under the 'participation programme' to a 10,000 dollars.

—In the series of its construction activities, the work

of the primary carried-over projects under the WFP programme has progressed 92 per cent. Approximately Afs 17.3 million were spent in 1359 H.S. and Afs 14.2 million in 1360 H.S. -- a total of Afs 31.5 million. The vocational institutions' carried-over projects included those of the Khoshal Khan Mena Kindergarten, the Balkh Asadia Madrasa (religious school) and the 10-classroom annexes of the teachers' training institute and six new kindergartens in the Kabul and Herat, Ghazni, Jauzjan and Baghlan provinces, costing about Afs 13.3 million.

Similarly, construction of two dormitories for girls and a teachers' training centre in Parwan and Kandahar, at a total cost of Afs 14.5 million, and six mad-rassas (religious schools)

are also included in the projects. From the carried-over projects in this sector, the Balkh Asadia Madrasa was completed in 1359 H.S. and the annexes of the 10-classroom Kabul teachers' training institute were completed in 1360 H.S. at a cost of about Afs 7.9 million.

The new primary projects in the 1359 H.S. plan included construction of 58 eight-classroom buildings in seven provinces. Fifteen buildings have been completed and the work on other projects have considerably progressed. Work on four 24-classroom projects, underway in Kabul, has progressed 20 per cent at a total cost of Afs 19.5 million. The new secondary projects, included in 1359 and the plans for 1359 and 1360 H.S., have progressed 35 per cent.

CSO: 4600/487

ALGERIA

BRIEFS

TECHNOLOGICAL SUPPORT NOTED--PEKING, April 28 - China has pledged to transfer more technology to developing countries and play an active role in South-South cooperation as part of its current bid to boost its influence in the third world. This was announced here today by sources close to visiting Algerian President Chadli Bendjedid when he left Peking on a trip to Eastern China. Members of the Algerian delegation said China would now move to turn Sino-Algerian cooperation into a model of South-South cooperation. They said third world countries did not need highly-advanced technology in a number of fields, and it was not in their interest to resort to such technology. "In South-South cooperation, technology transfers are more efficient, cheaper and faster", Algerian sources said. The same applied to India which President Chadli visited last week. The sources said both India and China had found the idea of South-South cooperation attractive and were determined to play a more active role. [Paris AFRICA AFP in English No 2893, 30 Apr 82 p 13]

CSO: 4500/171

PROMOTING MILITARY TRAINING ACROSS SCHOOLS, UNIVERSITIES

Cairo MAYU in Arabic No 58, 8 Mar 82 p 12

[Article: "How Do We Benefit from Military Training in Schools and Universities?"]

[Text] Has the idea of military training in schools and universities proven successful for its general promotion, and to what extent has students benefited from this experiment? A study is now being prepared, sponsored by the Ministry of Education and Training and by the Ministry of Defense, for a plan to promote military training during the next 5 years. A new bill is being proposed for its development.

Staff major general, Fahim Shadid 'Atiyah, chief of civil and military defense, says there are two types of military training being offered in schools at the present time. One, a new experiment at the preparatory schools in the district of Cairo, which, if evaluated successfully, would be generally promoted to other districts.

As for secondary level schools, military training is being offered in the districts of Cairo, Alexandria, al-Jizah, Asyut, al-Gharbiyah and in Northern Sinai. In the districts where secondary schools are not participating in military training programs, it is being offered instead at technical schools in the fields of agriculture, industry, trade or religion. Besides, there are also secondary schools for the military; thus bringing the number of military secondary schools to 242, and 118 on the preparatory level.

Major general Fahim Shadid insists upon the success of the military training experiment. It makes up for the deficiency in physical education and other activities in schools. It also reinforces discipline in secondary schools and trains students on self-reliance, personality development and strengthens physical capabilities.

This is why the Ministry of Education and Training and the Ministry of Defense were prompted to develop the idea of promoting total military training all of the schools in the republic.

As for the universities, military training has been introduced in six universities and they are as follows: Cairo, Ayn Shams, Alexandria, Hilwan, Asyut

and al-Azhar. It has been offered only to first year students during the summer vacation. These students were not given the results of their first year exams until they have completed 21 consecutive days of military training.

The civil defense chief added to say that the system has suffered numerous difficulties: "We used to house the students in university towns where the six universities are located. This caused several problems. The universities lacked time to work on necessary preparations for the towns. In addition, the towns must be able to provide the required meals for first-year students who are participating in the program. These caused severe budgetary strains on each university." Most important of all are the results of the survey which we conducted with students during their training regarding the types and schedules of training. Most students responded they preferred the training to be carried out as part of the curriculum rather than during vacations which would present a conflict for those desiring to travel abroad, especially if there were two sessions of training falling in the middle of a vacation period.

The results of the survey were presented to the presidents of the universities. The al-Azhar university was the first one to comply with the new findings and which began applying them as of the current scholastic year.

A New Law

Major Anwar Khayri, chief of staff of civil and military defense, proposed a new law for military training in universities. It has already been referred to the higher council of universities for debate.

The proposed law states that military training be offered as part of the curriculum while all students are present and are engaged in their studies; thus it will be considered serious and of importance.

The proposed law reduces the period of military training for university students from 21 days to 15 days. A student is given an option to take it intermittently during the year, such as when he is not engaged in studying. It also proposes that training periods include second and third year students as well.

Major General Fahim Shadid proposed having military training for all non-participating universities as one last point. He urged all university presidents to act in order to take advantage of the privileges contained in law No 46, 1973, which has been approved by the defense minister and which provides for shorter military draft periods for students who have already completed 3 to 6 months of military training at their universities.

9770
CSO: 4504/227

COMPLAINT ON HIGH COSTS OF FOODSTUFFS

Cairo AL-'UMMAL in Arabic No 750, 1 Mar 82 p 1

[Article by Ahmad Harak: "An Open Letter to the Minister of Supplies"]

[Text] At the time the government has been putting forth all of its efforts and capabilities to bring about nutritional guarantees and to provide protein substances for those of limited income, a new trend has been growing to impede, or rather to kill, all of these efforts. This trend has been set by one of the investment corporations that have taken control over companies engaging in the field of nutritional guarantees in the public sector.

That abhorring trend needs to be stopped at once. For instance, a public sector company, the Egyptian company for the marketing of seafood, has had widespread distributors to market its processed fish at affordable prices for the middle and the hardworking classes. It has also been selling fish brought in from Aswan at 22 piasters per kilo, and at 36 piasters for a kilo of cleaned fish.

It has been the only company selling popular eating fish such as mullet, (al-Qarud), Denise and others, and it has positively contributed toward lowering the cumbersome cost of living prices for the greater majority of limited income people, in addition to being able to contain the prices of fresh local fish.

But, an Egypt-Aswan investment company suddenly surfaced to put an end to these efforts for the sole purpose of reaping unrealistic gains, even if at the cost of people's subsistence.

This corporation has begun achieving its goals by processing fish and selling it at prices not only above what the hardworking people can afford, but also above the reach of the greater majority of consumers which gives the indication that the intention of the Egypt-Aswan corporation is to take over the Arab company for the marketing of seafood.

As it has been circulated in the newspapers, it is quite possible that the Bulti fish, which is brought from Aswan and sold at 22 piasters per kilo, would soon disappear from the markets. It would be replaced by the filet and sold for 100 or 110 piasters per kilo. This means that a family which

has been depending upon fish for its protein intake rather than meat, and which used to pay 110 piasters for 5 kilos of fish, must now pay at least 230 piasters for 3 kilos of fish.

Investment corporations must confine their activities to areas other than that of nutritional guarantees and to areas that are not active in the public sector. These corporations are selling chicken at a price of 140 piasters per kilo, while in the private and public sectors, chicken is being sold for no more than 115 piasters. This confirms the fact that these corporations are being exploitive and are committing fraud one way or the other in order to raise prices. Their main concern is not to serve Egypt and the sons of Egypt, but only to seek profits by no matter what means and at any cost.

We used to pay few piasters for the price of a bottle of mineral water, but as soon as investment corporations broke widely into the industry, prices jumped to more than double. There are many examples and evidences to assert that the goals of these corporations is only to seek ample profits which are attained in favorable circumstances.

It is of great concern to us to decide whether fish from Aswan cannot be sold at the current prices. This also means that prices of fresh local fish will more than double; thus aggravating the meat crisis.

The Ministry of Supplies is requested to take a firm stand in the face of the new policy which investment corporations are trying to set as an accomplished fact with regard to marketing seafood.

Yes, we request that President Husni Mubarak's directives be implemented, and that the economic policy be one of productivity and that its implementation be achieved with accuracy and sensitivity for the sake of Egypt and its people...and we shall return once more to this subject.

9770
CSO: 4504/227

SINAI PHONE SERVICE BEGINS SOON

Cairo THE EGYPTIAN GAZETTE in English 17 May 82 p 2

[Text] EFFICIENT telecommunication service will be available for three main parts of Sinai, namely St. Catherine, el-Tor and Sharm el-Sheikh within only two weeks' time, according to the Minister of Transport, Telecommunications and Maritime Transport, Mr Suliman Metwalli.

Three telephone exchange units will be established in the foregoing areas, with a capacity of 240 telephone lines each. This was made out in a statement to the press following a meeting with the Governor of S. Sinai, Mr Fuad Aziz Ghali.

The communication channels linking Sharm el-Sheikh, Nakb and Ras Ghareb, the Minister added, would be increased from only 24 now to 72 very soon.

«The channels will be put into operation gradually in accordance with the needs of telecommunication service,» he elaborated.

VILLAGES

Moreover, he continued, the telephone lines will be available for a number of main villages and townships in S. Sinai particularly in areas where mining and tourism activities are to be upgraded.

Meanwhile the roads in Sinai will be upgraded by paving the Ras Mohamed-Sharm el-Sheikh Road, which extends over 26 kms with a cost of nearly LE 3.8 million Mr Metwalli added, in addition to the paving of the Dahab-St. Catherine Road, 75 kms, with a cost of LE 10 million to

be completed in one and a half years.

DAHAB

The Dahab area will be one of the most attractive tourist destinations in Sinai as it houses a fascinating tourist village and an international diving centre which a foreign management firm will undertake to keep in pace with similar centres everywhere else in the world.

The S. Sinai Governorate is cooperating with the central departments in Cairo, particularly the Ministry of Reconstruction and Housing and the Ministry of Tourism, to upgrade its facilities as soon as possible so as to make best use of its manifold of tourist and natural resources.

CSO: 4500/172

IMPORTS SHOW LARGE INCREASE

Cairo THE EGYPTIAN GAZETTE in English 7 May 82 p 2

[Text] Curbing inflation and support-
ing the Egyptian pound

against foreign currencies were the topics discussed yesterday at a meeting attended by the Minister of Economy and Foreign Trade, Dr Ruad Hasnein, the Minister of Finance, Dr Salah Hamed, the Governor of the Central Bank, Mr Mohamed Saleh Amin and a number of the public sector's banks.

The discussions also covered the volume of the bank credits and the possibility of financing a number of the banks' activities through easy term loans in the same way as the food sufficiency projects are financed.

The meeting also discussed the obligations of the foreign banks in Egypt as stipulated in the decrees issued by the Central Bank and means of supporting the Central Bank during the coming stage.

Dr Hasheem announced that the volume of import increased by LE 1,500 million last year and that the number of import licences issued to the investors has reached 8,240 licences worth to LE 488 million from March 1 to April 25.

The Minister also announced that the governmental decree number 119 will be reconsidered in collaboration with the Ministry of Supply and Home Trade in order to benefit both importers and consumers.

Meanwhile, a conference on the Egyptian economy in the eighties was opened yesterday in Cairo. The conference, which is organized by the Egyptian Society for Political Economy, will last for three days and will be attended by more than 200 experts representing the Egyptian universities and various economic societies.

The conference will discuss in

its sessions 19 studies by Egyptian experts on the possibilities for the growth of the Egyptian economy during the coming ten years and the evaluation of the economy during the seventies, an official source at the Egyptian Society for Political Economy said.

Yesterday's session of the conference discussed six studies on the relations of Egypt with the International Monetary Fund and other international economic organisations as well as means of boosting these relations for the benefit of the Egyptian economy.

The conference also discussed a study by Dr Mohamed Osman, an Expert at the National Planning Institute, on the importance of the remittances of the Egyptians working abroad for the economy and the income distribution among the citizens.

CSO: 4500/172

MINISTRY FORECASTS SINAI OIL, ORE DEVELOPMENT

Cairo THE EGYPTIAN GAZETTE in English 7 May 82 p 2

[Text]

MORE than 14,000 tons of ferro-manganese alloy will be produced yearly from iron and manganese ore extracted from newly discovered mines in Sinai, the Minister of Industry, Fuad Abu Zaghla, announced yesterday.

The Minister chaired the third session of the symposium organised by the Academy of Scientific Research and Technology in collaboration with the Ministry of Housing and Reconstruction, on the role of scientific research in the development and reconstruction of Sinai.

A study made by the Sinai Company for Manganese, in co-operation with a number of American consultant bureaus, has revealed that manganese ore can be extracted from an area equal to 12.5 percent of the total area of Sinai.

The study also revealed that manganese among other ores such as sulphur and sodium chloride, can be extracted easily

and without great expense from the Northern sector of the peninsula, the Minister pointed out.

A report prepared by the Egyptian Authority for Petroleum stated that a number of oil prospecting contracts have been signed with international companies to cover the Gulf of Suez coast. A number of these companies have already started oil prospection in the area, according to the report.

The production of oil from the Gulf of Suez will be increased up to one million barrels daily before the end of the year. This will equal 90 percent of the total oil produced in Egypt.

Meanwhile, the Minister of Agriculture, Dr. Yousef Wali, yesterday chaired the fourth session of the symposium, which discussed agricultural development in Sinai and which was attended by the Director of Desert Research Institute, Dr. Abdu Ata.

CSO: 4500/172

MINISTER OUTLINES POWER STATION PLANS

Cairo THE EGYPTIAN GAZETTE in English 3 May 82 p 2

[Text]

EGYPT has started the implementation of the largest national programme in its history for the establishment of power generating stations at a total cost of L.E. 6,290 million according to the Minister of Power, Mr Maher Abaza.

The Minister was speaking during a field visit to the power station of Abu Kir as part of a series of field visits to inspect the power project which are now under construction at the various governorates.

The national power programme, said the Minister, aims at increasing the power available in Egypt from 3,200 megawatt on 1980 up to 14,020 megawatt by the end of this century. This power will cover the needs of the industrial and agricultural projects included within the development.

The Egyptian experts have succeeded to shorten the period of time required for the construction of Abu Kir power Station to one year. This saved more than L.E. 240 million at

a rate of L.E. 20 million monthly.

Mr Abaza also announced that the Egyptian national power programme will be carried out on three stages. The first stage includes a project to expand El-Syuf power station as well as the establishment of three new power stations at Shubra el-Khema, Abu Kir, and Suez.

The first stage, which will be completed in 1985, also includes the establishment of new generators at the power stations of Kafr el-Dawar and El-Mahmudia. This will increase the capacity of these power stations up to 2,820 megawatt and will cost L.E. 1,840 million.

The second stage of the national power programme will be started on 1985 and will be completed within five years. It includes the establishment of a number of new power stations in Upper Egypt and North Sinai as well as the expansion of the power stations of Suez and the Delta.

The projects included in this

stage will cost L.E. 2,450 million and will increase the generation of power in Upper Egypt and North Sinai up to 3,200 megawatt, which will cover the needs of the development projects at these areas, the Minister pointed out.

The third stage, which will be carried out over 15 years as of 1990, includes the establishment of two of the largest nuclear power stations in the Middle East, at a total cost of L.E. 12,000 million.

The first nuclear power station will be established at El-Dabaa, 160 km west Alexandria, and will comprise four nuclear reactors at a capacity of 4,000 megawatt, while the second station will be established 50 miles west to the first one and will also comprise four reactors at a capacity of 4,000 megawatt.

The Minister also said that the national power programme includes the establishment of a national network for natural gas pipes in order to cover the domestic demands at the various governorates.

CSO: 4500/172

IRAN'S VICTORY ATTRIBUTED TO SHREWD TACTICS, IRAQI BLUNDERS

Hamburg DER SPIEGEL in German No 21, 24 May 82 pp 139-140

[Article: "Tightening the Noose--The Ayatollah's Fanatic Fighters Are Advancing, the Iraqis Are Close to Defeat"]

[Text] At nightfall the Iranians arrive.

Under the cover of darkness, Iranian infantrymen sneak behind the lines of the Iraqis. The job of these combat patrols is to destroy Iraqi commando headquarters, to cut lines of supply.

Then, when morning dawns, the Iraqis find themselves between two fronts: from the rear the Iranians who have infiltrated during the night launch their attack, and from the front Iranian combat helicopters approach, and Iranian artillery shells the enemy positions.

Cut off from any replenishments, the Iraqis cannot make up for their losses in personnel and materiel and fight a losing battle. The Iranians used that strategy for the first time in March, during their "fatah" (victory) offensive, and since that time they have invariably been successful with it over and over again.

To the amazement of U.S. military experts, the Iraqis have not managed to combat this simple tactic effectively.

Only Baghdad's propagandists continue to show themselves equal to the war situation. "The enemy is suffering a cruel defect," an Iraqi war communique stated early this month, for example; "the enemy forces have been encircled at the Taheri-Ghalob axis, and armed forces are tightening the noose."

The situation was exactly the reverse. At the Taheri-Ghalob axis, a sector of the front east of the Karun river in the south of the Iranian Province of Khuzestan, the Iraqis suffered a momentous defeat. After having advanced far beyond the Karun, their forces were repulsed, and the Iraqi front was virtually split in two.

Now the way to Khorramshahr, the only sizable Iranian town at least in part still under Iraqi occupation, was open. The decisive battle for that town

on the Shatt-al-Arab, the confluence of the Euphrates and the Tigris, is raging now.

The ayatollah's fighters had embarked on their offensive "Holy City of Jerusalem." If they can reconquer Khoramshahr, which they now call "Khuninshahr" (City of Blood), they will control the Shatt-al-Arab, Iraq's sole access to the Gulf. And it is for the control of the Shatt-al-Arab that Iraq had started the war.

Now that the war, which the Iraqis carried into Iran on 22 September 1980 on a more than 600-kilometer-wide front and in which they seemed to be the stronger adversary, has almost returned to its starting point. Insofar as one can judge from the reports of the two adversaries and the analyses of independent observers, the Iraqis now only hold a thin and often already broken line a few kilometers beyond the border.

Defeat now appears to be only a question of time. According to the logic of Iraqi President Saddam Hussein, it has already occurred. A year ago he told DER SPIEGEL: "Victory belongs clearly to the side which moves forward in order to reach its desired objectives, while defeat is the fate of the side which retreats before the victor's advance."

Initially it seemed to turn into a blitzkrieg for Saddam Hussein. The ayatollah's Iran was not able to come up with much to fight Iraq, which was superior in arms and equipment and had 200,000 disciplined soldiers. The onetime proud 400,000-man-strong armed force of the shah had been Islamized almost to death and purged of capable leaders. No more than a scattered heap of rotting weapons was available. Whereas Baghdad could marshal 390 combat planes, only 150 of the Iranian 430 war planes were ready for action.

Above all, Iraq had ample stores of spares. The Iranians had trouble using the available spares because at first there was no one who could cope with the computer-controlled management.

Thus the Iranians offered hardly any resistance when the Iraqis crossed the Iranian border with 9 of their total of 12 divisions. The very first day, two of the Iraqi armored divisions penetrated 70 kilometers into Iran.

This operation of the first days of the war, however, was all that Iraq was able to offer by way of strategy and almost all that it accomplished by way of conquest of territory in 20 months of warfare. The countries along the Gulf waited with rapt attention to see how the new candidate for predominance in the most important oil region of the world would make out.

But Baghdad's soldiers had great difficulty with the enemy, which was fighting them with ever-increasing fanaticism. Above all they did not know how to employ the various categories of weapons in planned coordination. Thus they might send tanks without infantry into cultivated areas, with the result that the tanks easily fell victim to only hastily improved counter-attacks.

In fact during the entire war the Iraqis have not managed to bring even a single sizable Iranian town under their control for any length of time. The conquest of towns, however, would have been a prerequisite for creating

the planned state of "Arabistan" in the Arab-inhabited Khuzestan which could have served both as a cordon sanitaire and as a pawn for future negotiations.

Nor did the Iraqis, despite ideal terrain in the plains of Khuzestan, ever employ their tanks for operational breakthroughs or for mobile interception of counterattacks. Rather, the tanks often were placed between rows of houses as a substitute for artillery.

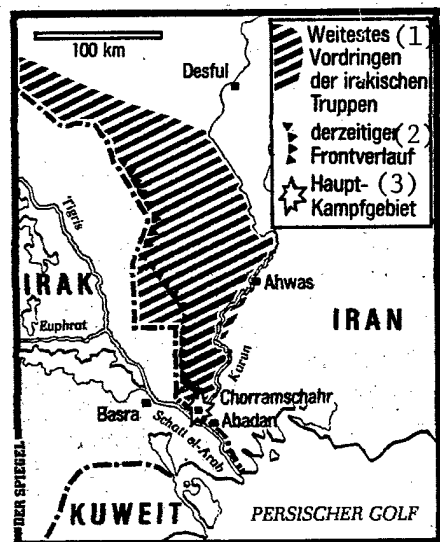
The consequence was an enormous consumption of ammunition, high losses and little success. Furthermore the Iraqis only rarely came up with any coordinated air support for their ground forces. "We managed to find a safe place for our planes in Saudi Arabia and Jordan," said one Iraqi bragging about the supposed shrewdness of his leaders.

Whereas the Iraqi warfare was content with firing at actual or presumed Iranian positions with as much concentrated fire as possible, it turned out that even in modern warfare a fanatic enemy ready to sacrifice itself has a chance. Thus Revolutionary Guards partly armed only with rifles, Molotov cocktails and knives resisted an Iraqi veritable rain of fire for months until relief arrived.

Similar things happened at other points of the front. "You keep firing," said an Iraqi officer discouraged, "but across mountains of corpses someone attacks you in the end when your magazine is empty."

Baghdad's soldiers, on the other hand, lack motivation for the struggle. The regime of President Hussein enjoys little popularity these days. Like the fighters on the other side, 60 percent of the Iraqis are Shiites. The number of Iraqi dead is estimated at 70,000, and their families receive from the government in Baghdad more than DM 100,000 in cash and a new car.

The relatives of Iranian dead do not get any money from the ayatollah. In turn, he dispenses the consoling assurance that the "martyr" will presently reach Paradise. This evidently suffices for getting more volunteers, including women and children, to the front than are needed. Only few wear any part of a uniform--but all have an automatic rifle and the Koran within reach.



Key:

1. Farthest advance by Iraqi troops
2. Current border
3. Main area of combat

FUNDS APPROPRIATED FOR DEVELOPMENT OF PROVINCES

Tehran KEYHAN in Persian 4 Apr 82 p 15

[Text] Kerman and Bandar 'Abbas--Dr Banki, minister of state and chief of the Plan and Budget Organization, traveled to Kerman and Bandar 'Abbas in order to participate in a session of the Planning Council for the provinces of Kerman, Yazd, Sistan va Baluchistan and to examine development plans for Hormozegan Province.

Upon arriving in Kerman, Dr Banki conversed briefly with reporters concerning the purpose of his trip to Kerman, and said: The government has proclaimed this year as 'Planning Year'. Therefore, in light of the responsibility and role which the Plan Organization has to implement this order, it is duty bound to guide and provide intellectual guidance to the provincial planning councils so that the councils' aims and agendas are 100-percent accomplished. He added: It is the people of the villages, districts, city-regions and provinces who are doing the planning. Therefore it is our duty to carry out the necessary studies for designing the country's economic system and programs for the next 20 years through talking with the people. As he continued the conversation, Dr Banki stated: We intend to visit Kohnuj because the government intends to utilize this region's production resources more through investment. The minister of state and chief of the Plan and Budget Organization said: We deem it necessary to note that the Supreme Economic Council has allocated 2 billion tumans to the province's development programs so that the provinces can carry out more developmental work by using these credits. We hope that Kerman Province's officials will present more plans and programs, particularly for the Jiroft region, so that the government can put necessary credits at their disposal.

According to IRNA's report, during the session of the Planning Council for the provinces of Yazd, Kerman, Sistan va Baluchistan in which planning officials from these provinces participated, the minister of state and chief of the Plan and Budget Organization restated the goals of the country's planning, and said: We must use the resources that God has put at our disposal, and put them to work towards greater Islamification of society and helping the oppressed. He said: Just as our warriors are planning to expel the "physical" invaders, our brothers behind the front must try harder to destroy the vestiges of the U.S. presence which affected our society's consumer culture. He said: We must do correct planning in order to achieve economic independence.

We must work with greater drive and effort towards the growth of society and Islam within the limited opportunity that we have since God and the martyrs' blood have blessed us with the chance to do so. Our duty is to produce more and consume less, and to achieve our goals in the minimum time and in the best way. Then we will have achieved economic independence.

In response to IRNA's question as to how he had evaluated Kerman Province from the standpoint of planning, he said: Our brothers in Kerman Province have dealt with planning problems very vigorously, and the activities carried out have been very good. Their work is also on schedule, and we hope they will continue their work in the same way.

He was asked: In light of the fact that Kerman Province is situated on an earthquake fault-line, and that last year a great deal of damage was inflicted on the people in a vast part of this province, what help can the government of the Islamic Republic give the province in the way of planning? He said: This is one of the matters that planners must work on. The necessity of planning is evident here. The units that are responsible must do the planning, so that, God willing, during the next five years we will not have any unpleasant events resulting from earthquakes. In any case, the government will give urgently required help so that our nation will be less damaged by the earthquakes and floods that occur in these provinces.

Then, concerning the government's planning for the Kerman mines, Dr Banki said: We hope that these mines will soon go into operation. This is a job that the Planning Committees and Planning Councils will carry out.

According to IRNA's report, the minister of state inspected Kohnuj and Jiroft during his trip to Kerman. He was accompanied by the governor general and deputies from the governor general's office.

According to the same report, he later went to Hormozegan Province, accompanied by several advisors from the Plan and Budget Organization. Upon his arrival, he went to Tunbs, Sirri and Abu Musa Islands.

Dr Banki inspected the Southern Fisheries' refrigeration facilities on Abu Musa Island, and the Development Office's manner of activity there. He performed prayer in a Sunni mosque on the island.

After an 18-hour inspection tour of the islands, Dr Banki and his companions returned to Bandar 'Abbas, and there inspected Number Six and Martyr Raja'i Piers in Freedom Harbor.

9597

CSO: 4640/262

MEDICAL STUDENTS ORGANIZE OWN SCHOOLS

Tehran KEYHAN in Persian 18 Apr 82 p 15

[Text] KEYHAN EDUCATIONAL SERVICE--Reopening ceremonies were held for medical fields at Tehran, Esfahan, Shiraz, Urumiyeh, Hamadan and Bakhtaran Universities and Iran's Medical Sciences Center. Among those attending were families of martyred medical students, members of the Supreme Council of the Cultural Revolution Staff, religious personages, and medical professors and students.

At the ceremony reopening Tehran Medical College held in Abu Sina Hall, those present included Dr Soroush, Dr Habibi, Dr Shari'atmadari, and Jallal-eddin Farsi, all members of the Supreme Council of the Cultural Revolution Staff, scientific and religious personages, and families of martyred students from the university's medical college.

In this ceremony, after a reading from the Koran, Dr Mehdi Bigdeli, chief of the university's medical college, gave a speech in which he welcomed the martyr's families and thanked the members of the Cultural Revolution Staff for their round-the-clock efforts to reopen the universities. He then said: Today our efforts are concentrated on having these colleges educate doctors whose intellectual pillars will be spirituality and religiosity, and who will be acquainted with the ailments of society and the people.

Then Dr Shari'atmadari, a member of the Cultural Revolution Staff, gave a speech, which he began by describing the past history of the medical field, and said: Medical college programs were compiled neither on the basis of scientific principles nor on society's needs. Instead, professors and students were striving solely to get diplomas and gain promotions. On the whole, our medical colleges did not serve the people. Thus, one of the most expensive medical colleges presented graduates to society, but perhaps only 5 percent of them stayed in Iran while the other 95 percent left the country. The only point not taken into consideration was that the university must be at the service of the people, and consider itself to be indebted to them.

Shari'atmadari added: In the future we expect the staff to strive to make the university environment one which will steer the student in God's path, one where he will constantly realize that God is the judge of his actions, and set nearness to God and service to the people as his goals. We expect the student to strive to put himself into the process of acquiring science and knowledge, and afterwards to place himself at the people's service.

He continued: The Cultural Revolution Staff's plan also guides the student in this direction, such that the plan calls for students to go to the country's far-flung villages several months out of the year. There, by offering treatment services, they will prevent the spread of disease in village regions.

He noted: During the 22-month period of the cultural revolution, it was not possible for us to effect fundamental changes in all university affairs. However, a great deal of work has been done, including combining several courses in order to raise the level of knowledge, categorizing specialty fields on the basis of scientific position, coordinating the medical universities for uniform operation, changing the universities' scientific atmosphere to create a field for more research, combining education, health and treatment within the society, preparing plans for the continual increase of doctors' knowledge, and writing and printing text books at the University Publication Center with the help of professors who are medical authorities. We hope to take effective steps towards advancing the goals of the Cultural Revolution Staff by implementing these plans during the next several years.

It is necessary to note that medical students from the colleges of Bu 'Ali in Hamadan, Razi of Bakhtaran, and Urumiyeh will also continue their studies in Tehran University Medical College.

Dr Bigdeli, chief of the medical school, stated to KEYHAN's educational correspondent: There will be 600 medical students and also 50 students in the experimental sciences field from Tehran University in the reopening. There will also be 152 persons from Urumiyeh, Bakhtaran and Hamadan. Of course, the registration period is not yet over, and this number will probably increase.

In addition, the fields of medicine and gerontology at the Medical Sciences Center had an inaugural ceremony with 250 students attending.

Attending the ceremony were Dr Khosrovi, chief of the Iranian Medical Sciences Center, Dr Musavi, chief of the Gerontology College, members of the University Crusade, and Rahimi, a member of the Cultural Revolution Staff for Executive Affairs. Speeches were made concerning past conditions and the future of the field.

According to the report of KEYHAN's correspondent in Esfahan, the fields of pharmacy, dentistry, medicine and experimental sciences at Esfahan University were inaugurated during a ceremony held in Shari'ati Hall, which was attended by the revolution's students in uniform, Grand Ayatollah Khademi, head of Esfahan's Theological School, Ayatollah Taheri, chief of the governor general's office in Esfahan, and university heads and students.

The ceremony began with a reading from the Glorious Koran, and of a message from the Student Islamic Association. Then Hojjatoleslam Rahbar, deputy for Islamic Culture and Learning at Esfahan University, gave a speech.

Then during a short speech Ayatollah Taheri, Esfahan's Friday prayer leader, pointed to the order and calm at the university, and said: Problems that occur in the university must be solved by legal means. This is because all of us are responsible before the law, and must know that the blood of the martyrs was shed in Islam's path so that the law be implemented. Esfahan's Friday prayer leader addressed the students, and said: The message of [illegible] is not solely contained in science. Instead, science must be accompanied by piety. He added: When the imam states: 'It is better to call me a servant than a leader', our duty is clear. At the end of his peroration, Esfahan's Friday prayer leader expressed hope that the doctors who graduate from this university will think first of their human and emotional ties with the sick before thinking of material gains.

Then the Esfahan University president gave a speech, and said: We need the thoughts, cooperation and enthusiasm of the students. It is because of this that the students must not feel a gap between them and the university professors and officials. Students should participate in the university's planning.

Pointing to the university's economic problems, he said: The enemy's last blow is economic restrictions. Through the people's sacrifice, this blow came to nothing. We have seen that this problem brought everyone into search and movement.

It is necessary to note that 1,000 Esfahan University students will begin classes during this term.

The Medical College at Shiraz University also reopened during a ceremony attended by Hojatoleslam Ha'eri-Shirazi, Shiraz Friday prayer leader, and a group of the college's professors and students.

According to IRNA's report, Hojatoleslam Ha'eri-Shirazi gave a speech in which he explained the state of the universities and higher educational centers in the past, and described diploma-getting and dragging society into corruption and decay as the hated previous regime's goals and programs in the university environment. During another portion of his speech, Hojatoleslam Ha'eri-Shirazi pointed to the cultural revolution and the closing of the universities in order to transform the educational system and enrich these sacred environments, and termed strength and faith as necessities for the continuation of study. He said: God willing, from now on our universities in the perfecting, rebuilding and self-building of individuals. It will also provide a field for the elevation of truth and the destruction of evil.

Our correspondent's report indicates that prior to the speech of Shiraz's Friday prayer leader, messages from the president of Shiraz University Medical College and the Shiraz University Crusade Cultural Affairs Council were read.

Four-hundred and fifty students in the medical and dental fields will pursue their uncompleted studies at the university.

PLANS TO DEVELOP SMALL INDUSTRIES BEING STUDIED

Tehran KEYHAN in Persian 21 Apr 82 p 5

[Text] Thirty billion rials have been allocated in the March 1982-March 1983 budget to help owners of small industries. Providing credits to production workshops and gaining knowledge of the problems and difficulties of these workshops is the first step in eliminating the existing difficulties and planning for the small industries sector. At the present time production workshops are confronting difficulties such as a shortage of raw materials and spare parts, problems connected with the Social Security or Workers Insurance Law, and the failure to implement Labor Law regulations. A lack of familiarity with Labor Law regulations on the part of some workers and foremen has caused this law's standards to be ignored in a great many small production workshops. Under current conditions some production workshops have shut down due to the country's particular economic and industrial problems and the continuation of the imposed war. Therefore, in light of the emphasis that officials, particularly the prime minister, have placed on examining the status of production workshops and small industries as well as heavy, mother industries, the difficulties of small industries must be examined from various angles. Planning in various industrial sectors and providing credits to expand production workshops is not possible without exact knowledge of existing obstacles.

Some time ago Engineer Musavi, the prime minister, appointed a representative to investigate the status of production workshops and small industries. A number of small industries owners have related their problems and difficulties during contacts with the prime minister's representative. Under present circumstances, the major problem for production workshops is raw materials supply. However, despite existing difficulties, workshops have operated effectively to supply domestic needs. During the course of the imposed war a number of workshops have given abundant help to defense industries by alteration of their production line. A number of workshops have taken steps towards the country's economic independence and self-sufficiency by producing spare parts for domestically-built automobiles. Another problem facing workshop owners is a lack of capital and the low level of credit in the small industries sector.

Workers insurance problems, and workshops' tax problems and lack of licensing have complicated matters for the small industries sector. Under these conditions, the budget for March 1982-March 1983 plans to consider the strategy of creating and expanding small production units. In addition to the expansion and start-up of heavy industries, one of the government's general policies in the industrial sector is to stress the creation of independent, coordinated small industries. Thus, the totality of large and small industries and agricultural industries can complete a domestic chain of production. Through reliance on the government's policies to expand small industries, one should note that the small industries sector can help to create employment and eliminate unemployment. For this reason the ministry of labor and social affairs, assisted by the ministry of industries and mines, is putting programs in place to activate half-idle workshops. According to Note 57 of the Budget Law for March 1982-March 1983, 30 billion rials credit is planned to activate and increase production from small industries. When the ministers of industries and labor have compiled executive regulations approved by the cabinet, they will be able to use the aforementioned credits to activate production workshops. A representative has also been empowered by the prime minister to investigate the status of workshops. At the present time he is engaged in examining the desires and difficulties of small industry owners and categorizing their problems. According to the prime minister's representative, a complete program to support these workshops cannot now be presented due to a lack of sufficient information about their status. Therefore, complete information about workshop difficulties must be gathered. Then, by classifying the workshops, the main lines of future programs can be clarified. In the view of the prime minister's representative the basic, primary industries can be separated from the secondary ones through a precise knowledge of the issues of small industries.

Program of Economic Mobilization Staff Employment Committee

The Employment Committee of the Economic Mobilization Staff has done studies concerning the role of small industries in creating employment. This committee, which functions under the supervision of the deputy office for welfare and cooperatives of the ministry of labor and social affairs, has also presented plans to eliminate the difficulties of small industries. Mehdi Mo'ayyen-Far, deputy for welfare and cooperatives at the labor ministry, in regard to the Employment Committee's plans for solving the difficulties of small industries, and the role of this industrial sector in the country's economy, said: "As for the situation of small industries, I must say by way of introduction that these units have been taken under serious consideration by the Islamic republic's government due to the basic role that small industrial units have in the expansion of the economy, industry and self-sufficiency of our Islamic homeland. So far the Employment Committee of the Economic Mobilization Staff has presented plans to solve the existing difficulties and problems of small industries. Plans that the Economic Mobilization Staff has set into motion include one to classify small industries without permits, one to distribute raw materials fairly among small units, and finally one to pay part of the health insurance of workers in these industries as a government subsidy.

The deputy for welfare and worker cooperatives of the ministry of labor, concerning the role of small industries in creating employment, said: As far as the role small industries have in creating employment fields, I should say that the existing instances can be summed up and noted. Firstly, due to the ease of creating and establishing small industrial units, both from the viewpoint of capital investment and organization, the chance to create this type of production unit is greater. As a result, the possibility of creating fields to absorb the labor force will be greater in these units. Secondly, small industries can play a role in creating employment because the low percentage of worker difficulties in small production units has brought about a much greater inclination to employ workers in these sorts of unit. We can also note that these units are more labor-intensive in production due to the traditional system of production in most of them. This fact has brought about greater absorption of the labor force in small industries. Another point relating to job-creation by small industries is that the possibility of employing workers as trainees and apprentices is greater in small units than in large ones. The final point we can make is the lack of complexity in the specialities and skills used in small industries. This has made it easy to set workers to work in these units."

Role of Small Industries in Industrial Expansion and Self-Sufficiency

Small industries, as an important sector of the country's industry, have a valuable role in the country's expansion and self-sufficiency. Mehdi Mo'ayyen-Far, deputy for welfare and worker cooperatives of the labor ministry, concerning this matter, says: Many instances of the role of small industries in an independent and self-sufficient economy and industry can be mentioned. I will suffice with a few examples due to the short time. The traditional tie between master and apprentice, and training of skilled, specialized manpower with a minimum capital investment and at high efficiency, exist in small industries. This fact sheds light on a portion of the role of small industries vis-a-vis self-sufficiency. The utilization of small capital sums for production in small industries can also have an effective role in the expansion of the country's economy and industry. Creating an appropriate distribution of production units and preventing the concentration of units in the small industries sector helps the economy's uniform, coordinated expansion at all points of the country. The ease of marketing for small industrial units brings about a rapid supply of local consumption goods. As a result, waste of financial and spiritual forces, and the needless transportation of consumption products is prevented. In the small industries sector, it is possible to plan to create small production units as a chain, such that these units act to make various regions self-sufficient from the standpoint of supplying essential goods, and at the same time support each other. The utilization of initiative, inventiveness and talent in production in the small industries sector will expand several times more than in large industries due to the complexity of the latter. This is because small industrial units have simpler methods of technological use. Finally, the last point that should be mentioned concerning the role of small industries in the country's industrial expansion and self-

sufficiency is that the greater variety of products and the competitive tendency in this sector has a great effect on improving the quantity and quality of production goods.

Difficulties of Small Industries

At the beginning of this report we pointed to the difficulties of small industries. Here we will restate problems relating to small industries in the words of the deputy supervisor of labor relations at the ministry of labor and social relations. This is done because according to experts, knowledge of existing problems, and planning, can work towards eliminating the difficulties of small industries. Hasan Mo'atamedi-Reza'i, deputy supervisor of labor relations at the labor ministry, concerning these problems, says: "In general, the difficulties of small industries under current conditions can be divided into the following three categories: 1-supply of raw materials and spare parts; 2-the Social Security or Worker Insurance Law; 3-Labor Law regulations. At the present time, through the persistence of the ministries of labor and industries and the Economic Council, 30 billion rials have been allocated to activate these sorts of workshops in accordance with Note 57 of the Budget Law for March 1982-March 1983. The preparation of executive regulations for its is underway. Anyway, in light of the items above, various governmental organs will have active roles in activating these sorts of workshops. Through the persistent efforts of the labor ministry, the Employment Committee affiliated with the efforts of the labor ministry, the Employment Committee affiliated with the Economic Mobilization Staff has carried out useful studies concerning these types of workshops. We hope that these studies will be effective in regards to the self-sufficiency and prosperity of small industrial units' activity."

Hasan Mo'atamedi-Reza'i, regarding the role of small industries in creating employment, states: "Since per capita employment expenditures in small industries are many times smaller than they are in large industries, and furthermore because our dependency in small industries is less than in other industrial sectors, planning to activate small industries in order to create employment will naturally possess special importance. The labor ministry is using extreme precision in taking current decisions in this connection so that the planning and decisions will have the least possible negative effect on the small industries sector."

Observance of Work Regulations in Workshops

Work regulations and laws are not implemented by foremen in a great many small industries. In these types of workshops for example, the workers work more than 8 hours a day, or the workers do not possess health insurance. According to the deputy supervisor of labor relations at the labor ministry, if small workshop workers have complaints concerning a failure to implement labor regulations in industrial units, they must submit their complaints to the labor ministry. In this regard, he says: "The Labor Law regulations foresee minimum work conditions as those that will not harm the workers' material and spiritual forces. Obedience of these

regulations is obligatory. In some small workshops, these regulations are not implemented exactly due to ignorance of them on the part of workers and foremen. Up to the present, actions have been taken to acquaint this type of worker and foremen with the Labor Law regulations through the mass media. These actions have been effective. Under current conditions, if these regulations are not followed in a workshop, workers' complaints will be investigated by Labor and Social Relations Units in provincial and city-region centers.

9597

CSO: 4640/266

AMENDED LABOR CODE CITED

Paris AL-NAHAR AL-'ARABI WA AL-DUWALI in Arabic No 251, 22-28 Feb 82 pp 38-39

[Text] Article 50 (This article is eliminated by the law implemented by statute 9640 dated 6 March 1975 Official Gazette No 14 and replaced by the following text):

(a) Every employer and employee is entitled to cancel at any time the employment contract they agreed to for an indefinite period.

However, in case of abuse or improper use of this right, the injured party is entitled to demand compensation calculated on the following basis:

If the cancellation is done by the employer, the compensation shall be based on the kind of work performed by the worker and his age, length of service, family status, health, amount of harm done, duration of abuse of his rights, provided that the amount of compensation awarded be not less than 2 months' pay nor more than 12 months' pay in addition to what the worker may be entitled to in the way of legal compensation because of his dismissal from employment.

If the cancellation is made by the employee for reasons not authorized by law, and it is clear that he injured or embarrassed his employer, compensation for the damage and injury shall be equal to 1 to 4 months' pay, depending on the situation, in addition to compensation for the warning notice stipulated in paragraph c.

(b) Whoever justifies cancellation on the grounds of abuse or misuse of his rights must make a claim to this effect before the arbitration board within a month of his announcing the cancellation and he must substantiate the correctness of his charges with all kinds of proof.

The arbitration board must adjudicate the matter within a period of no more than 3 months.

(c) Both the employer and the employee must inform the other of his desire to cancel the contract 1 month before if the employment contract was in force 3 years or less, 2 months before if more than 3 years and less than 6 years,

3 months before if more than 6 years and less than 12 years, and 4 months before if 12 years or more.

The notice must be in writing and brought to the attention of the person concerned. The latter is entitled to ask for an explanation of the reasons for the cancellation if they are not spelled out in the notice.

The party who violates the provisions of the preceding paragraph is liable to pay compensation to the other party equal to the pay for the warning period required by law.

If the worker signs a contract with a new employer after cancelling the old one without furnishing the required notice and the new owner is aware of this, then the latter will be jointly responsible and jointly liable for what the first employer may be awarded.

Contrary to the provisions of this paragraph, if the employee was hired on probation, he is entitled, just as the employer is entitled, to cancel the employment contract without notice or compensation during the 3 months following his employment.

(d) Discharge from work is regarded as abuse or improper use of rights if it was done under the following circumstances:

1. For an unreasonable cause or for one not related to competence or behavior in the establishment or to good administration of the establishment and work therein.
2. For the workers belonging or not belonging to a professional union or for carrying out legitimate union activity within the applicable laws and regulations or for agreeing to collective or private work.
3. For his nomination as a candidate for an elective position or for his election as a member in a union office or for an assignment as a representative of the workers in the establishment--this for as long as he performs the assignment.
4. For his presenting, in good faith, a complaint to specialized agencies concerned with enforcing the provisions of this law and the terms issued in accordance with it and his appeal to the employer pursuant to that.
5. For using his personal or public freedoms within the applicable laws.

(c) Contrary to the provisions of the first clause of paragraph 1 and with the exception of the circumstances specified in article 74 of the Labor Code, the discharge of members of elected union councils is halted according to protocol and during their term of office requires a review by the concerned arbitration board, and it is incumbent upon the employer under these conditions to present all the reasons that led him to dismiss the employee. He must also suspend the employee at once until the arbitration board renders its decision on the basis of the case.

The chairman of the arbitration board shall arrange for a special session at which to urge the two parties to compromise. This is to be done within 5 days of the petition.

If compromise fails, the arbitration board will review with its full group the basis of the case and reach a decision within a month.

If it agrees with the discharge, it will conclude by clarifying the worker's rights in accordance with the principles laid down in the Labor Code.

If it does not agree with the discharge, it will conclude by requiring the employer to give the job back to the employee, under penalty, in addition to what the employee may be entitled to in the way of legal compensation, an extra sum ranging from twice to three times the amount specified in paragraph 1 of this article.

(f) An employer is permitted to terminate some or all of the current work contracts in his establishment if he is compelled to do so by force majeure or by economic or technical circumstances, such as reduction in the size of the establishment or switching from one production system to another or final halting of work.

The employer must notify the Ministry of Labor and Social Affairs of his desire to terminate these contracts a month before the due date. He must also consult with the ministry in working out a final program for termination that takes into account the seniority of the employees in the establishment, their specialties, age, family and social status, then the necessary measures for re-employing them.

(g) In accordance with the preceding paragraph and for a period of 1 year beginning with the date of their leaving the work, discharged workers have priority (preference) in returning to work in the establishment from which they were discharged if the work therein returns to normalcy and their employment in the resumed work is feasible.

5214

CSO: 4404/327

COST OF LIVING FIGURES DISPUTED

Paris AL-NAHAR AL-'ARABI WA AL-DUWALI in Arabic No 251, 22-28 Feb 82 p 39

[Text] The increase in cost of living according to the index of the Public Workers' Union rose to 24.5 percent above 1980 while the index of the Ministry of Labor recorded an increase of 19.5 percent, a difference of 5 points. The organization that did the study for the Public Workers Union proceeded to sell the same study to the Ministry of Labor but with a difference in the average level of inflation. The entire difference between the two averages lies in the matter of wage hikes and so everything is confused. What, you may wonder, is the cause of the difference?

It was the practice of the Bureau of Central Statistics to compute the cost of living index monthly from 1966 to 1975. Consumer prices in some month were measured against consumer prices in the preceding month. The average of the rises during the months of the year were then used as the index of the year on the basis of the mean monthly rises and compared with the mean of the previous year. Following the comparison, the rate of increase in consumer prices was announced in a percentage.

After 1977 the Public Workers Union began to compute its index the same way until a difference of opinion arose last year in regard to the 1980 index. It was 23.76 percent and wages were adjusted accordingly.

However, the president of the Public Workers Union stated that the index was 15.5 percent (newspapers of 13 February).

Here is the explanation:

At the end of 1980 the consumer price index was recorded at 402.6 percent relative to the base year 1966. At the end of 1979, 347.8 was recorded, reflecting in this manner the prices prevailing in December of these two years. To determine whether prices rose in December 1980 from the December 1979 levy, the price index in December 1980 is divided by the price index in 1979 and the result multiplied by 100; 100 is then subtracted from it:

$$\frac{402.6 \times 100}{347.8} - 100 + 15.7.$$

However, the annual average of the price index comes to 385.3 percent instead of 402.6 percent, which reflects the December prices, and the annual average is the result of adding the seasonal averages at the end of March, June, September, and December and dividing them by 4 instead of adding the monthly indexes and dividing them by 12, as the Bureau of Central Statistics does. Therefore, the increase in consumer prices during 1980 amounted to 23.7 percent compared to the averages of the 1979 and 1980 indexes and wages were adjusted accordingly.

But this year, the president of the Public Workers Union announced, after the price index in December 1981 was compared with that in December 1980, the result was 24.5 percent. The December index was recorded at 501.4 percent relative to the base year. However, the annual average is obtained by dividing the sum of the seasonal averages 424.9, 446.9, 466.6, and 501.4 by 4, yielding 459.90.

By comparing the mean index of 1981 with the mean index of 1980, 385.9, one obtains 19.3 percent, which is the correct index of the increase.

5214

CSO: 4404/327

PROBLEM FACING NATIONAL MOVEMENT DISCUSSED

Beirut THE ARAB WORLD WEEKLY in English No 666, 1 May 82 pp 6-9

[Text] The assassination last Monday of Sheikh Ahmed Assaf, one of the prominent Sunnite religious leaders and the president of the Federation of Islamic Institutions and Associations, triggered a twofold movement in Lebanon: on the one hand, the "rightwing" Lebanese Front alliance and the leftist National Movement joined hands with the conservative Moslem religious and political leaderships to condemn the assassination and express protest. The protest reached an apex when all sides decided to follow a call for a general strike made by the Grand Mufti of Lebanon, Sheikh Hassan Khaled. On the other hand, the assassination and the funeral of Sheikh Assaf prompted many calls for bolstering the unity of the country and people, and the sovereignty of the State and legal authorities. The eulogy delivered by Sheikh Hassan Khaled during the funeral ceremony stressed the need for supporting the Lebanese State and for bolstering the presence and authority of the Lebanese state.

Sheikh Ahmed Assaf was one of the main opponents of the Local Councils project sponsored by the National Movement. But no one can tell yet who killed him and whether he was killed because of his opposition to the Local Councils or because some "unidentified" sides wanted to throw more oil on the fire of tension and malaise which prevails in West Beirut. Some observers believe that the assassination was meant to divert attention from the serious conflict between the Lebanese Shiite community and the Palestinian resistance, and to create a new Sunnite-Shiite conflict in the country. But so far, there are no indications that the Sunnites are accusing the Shiites of the crime, nor do observers see any reasons why the Lebanese Shiite movement Amal would do such a thing.

The assassination, in fact, gave momentum to the position and influence of the conservative Moslem leaderships who have recently re-emerged on the West Beirut scene. Developments have demonstrated that the traditional conservative Moslem leaders of Lebanon who kept a very low profile throughout the crisis, still command considerable support and popularity among the Lebanese population of West Beirut. The precarious security situation which has been prevailing in West Beirut and regions under Palestinian-leftist control because of the large number of groupings, parties and movements account for the disenchantment of the population with any of the "revolutionary" movements and their longing for a return to a normal situation, even though this should mean a return to the traditional leaderships whose authority and sincerity used to be questioned.

The fact that all of Lebanon observed the one-day strike called for by the Mufti on Wednesday was underlined by observers as being, on the one hand the first general and all-Lebanese strike ever witnessed in this country since the beginning of the crisis in 1975, and on the other hand, as the first strike which was called for by a conservative and religious authority. It was fully observed.

Observers also commented that many interpretations could be given to the fact that sides as different as the Lebanese Front and the National Front supported the strike and observed it. For the State, the Lebanese Front and the religious Moslem authorities, as well as for the conservative Mos-

lem leaders, the strike was intended to prove that the time has come to initiate national dialogue and that there were already grounds for national accord in the calls made by several sides for the reinforcement of the authority and presence of the State and its institutions.

For the Lebanese Front, in particular, it was an ideal occasion to put in practice what Lebanese Forces' commander Bechir Gemayel had so often underlined and called for in recent speeches, and for the much-sought after rapprochement between the Christians and Moslems of Lebanon. The Lebanese Front had indirectly - and perhaps directly sometimes - backed Amal in its battles against the Palestinian and the leftists and had also backed the conservative Moslem leaderships in their opposition to the election of Local Councils. The observance of the strike in East Beirut and regions under Lebanese Front control - although described as "suspicious" by National Movement president Walid Jumblat - was nevertheless interpreted as a sign of good will in West Beirut circles.

The National Movement found itself in a delicate situation. It had strongly warned against opposing the Local Councils and had gone as far as threatening to resort to special means against those who worked against the project. The assassination came after the National Movement had decided to postpone for a while these elections, but, nevertheless, the crime made many people point accusing fingers to the National Movement. Its decision to back the call for a general strike was thus seen as an attempt to bridge the gap that had developed between the National Movement, the conservative leaders and, mainly, the population of West Beirut which had sided with the conservative leaders in rejecting the Local Councils, and with Amal. The National Movement was seen as careful not to further antagonize this population whose sympathy for the National Movement has considerably dwindled in recent months.

The National Movement Of all the sides in presence on the Lebanese scene today, the National Movement finds itself in the most delicate situation. Perhaps the most delicate situation it has ever faced. The assassination of Sheikh Assaf was seen as a further straw on the camel's back.

The problems of the National Movement are not new and there have been many occasions in the past when its desintegration was expected. But a combination of circumstances and developments in recent weeks have made its situation precarious on more than one level: on the political level, the military level and the financial level.

On the political level, the National Movement has noted with astonishment that the conservative Moslem leaders whom it believed it had wiped out of political existence in West Beirut, were very much alive and active and that these leaders, for some reason, went suddenly out of their long silence to take and proclaim positions in complete contradiction with those of the National Movement, and in public at that. First there were the conservative Shiite leaders of South Lebanon who backed Amal in its fighting against the Palestinian-leftist forces and accused the National Movement of helping the PLO evacuate the Southerners to achieve the permanent resettlement of Palestinians in the South.

Still on the political level, the National Movement has noted with astonishment the re-emergence of Moslem religious authorities that used to keep a rather low profile. The spiritual leaders of the Sunnite, Shiite and Druze communities have become very vocal in recent weeks. But even more surprising to the National Movement was the discovery that religious leaders certainly commanded considerable support among the masses on whose support and sympathy and progressiveness the National Movement had always counted. The feeling among National Movement circles was that the very base of its power was slipping away.

On the military level, the main problem the National Movement is facing is the conflict with Amal. Amal is mainly fighting against the Palestinian resistance and the Communist members of the National Movement, not against the National Movement itself. But its situation is precarious for if the Palestinians have many sources of external support, and if the Communists too, the other National Movement member-organizations and

parties rely on the same sources as Amal. This raised questions among National Movement leaders as to the intentions of the suppliers and purveyors.

But the most serious problem by far is the financial one. This problem again, is not new. It will be noted that last year, in March, National Movement President Walid Jumblat was quoted as saying that if the National Movement disintegrated, it would be the result of heavy pressures exerted by the Arab countries. The heavy pressures, he had said, stemmed from the financial difficulties faced by the National Movement members which made the Movement dependent on purveyors whose positions and policies clashed to the point of making the situation unbearable to the member-organizations and parties.

Iraq, which used to finance generously the National Movement and especially the Progressive Socialist Party of Walid Jumblat, has now cut off all funds and is restricting its financial support to the Lebanese branch of the Iraqi Baath Party (which is not a member of the N.M.) and its allies, especially in the northern city of Tripoli. Libya has never been a reliable supplier of funds, payments come irregularly and with too many strings attached. Sounded on the matter, Fatah movement informed the National Movement that it could help pay the deficit (of 15 million Lebanese pounds) suffered by the National Movement, but by instalments. This made a number of N.M. leaders wary of a too great dependence on the Palestinian resistance.

Solutions. Now, however, the most urgent problem the National Movement is facing is how to solve the political problem it is facing, especially after the failure of the Local Council proposal and the re-emergence in force of the conservative Moslem leaders of West Beirut.

The National Movement has denounced declarations made by the Lebanese Front and the conservative Moslem leaders as attempts aimed at crushing the role and presence of the "national" forces in Lebanon, and at enabling the Lebanese Front and Israel to carry out a "conspiracy" against Lebanon.

Towards the end of the week, it issued a new statement attacking conservative Moslem leaders, and in particular former Prime Minister Saeb Salam who was accused of cooperating with the Lebanese Front and the Israelis to realize Israeli schemes in Lebanon.

Intervening to put an end to hostilities between Amal and the leftists and to settle the conflicts between the leftists and the conservative, the religious Sunnit authorities of Lebanon suggested to hold an Islamic summit. The idea was, however, rejected by the National Movement for fear that such a summit would only help the conservative leaderships reinforce their position and influence.

At present, the National Movement seems eager to bolster its relations with both Syria and the Palestinian resistance, through the Higher Coordination Committee and there are indications that the National Movement will be part of the unified strategy currently being discussed between Syria and Fatah to confront an Israeli aggression in Lebanon. But the main question on National Movement leaders' minds is to what extent do Syria and the Palestinian resistance need the National Movement at this stage.

AL-QADHDHAFI ON REVOLUTIONARY RELIGION

Paris BULLETIN QUOTIDIEN DE L'AGENCE JAMAHIRYA-PRESS in French 9 May 82 pp 6-7

[Text] Tripoli, 9 May--Col Mu'ammarr al-Qadhdhafi has stated that the nuns' movement is a fact of civilization that issues from every nation suffering for the salvation of its soul.

Colonel al-Qadhdhafi emphasized in that connection that mysticism and the nuns' movement are one and the same thing signifying belief, the spirit of detachment, conviction, and selflessness.

In his speech to female students in general secondary education and the final cycles at the schools for women teachers, Colonel al-Qadhdhafi said that what is needed to pull the Arab nation out of the serious situation in which it finds itself is a sizable force--namely, a movement by revolutionary nuns.

Those revolutionary nuns, he added, are those who trample gold, silver, and silk underfoot and work for the advent of the revolution of Arab society so that the Arab nation can make an act of historic and bold emergence permitting it to escape its paralyzing crisis.

The colonel also said that the nuns' movement has nothing to do with power. Those movements which seek power under the cloak of religion have nothing to do with religion.

Colonel al-Qadhdhafi emphasized that what we are asking of the Arab nation today is the emergence of a movement of revolutionary nuns to annihilate reaction, Zionism, and crusades, eliminate frontiers, and build socialism and Arab unity.

Colonel al-Qadhdhafi touched on the situation now being experienced by the Arab nation and the actions by a number of Arab leaders, such as the Saudi masters, Numayri, Qabus, and the king of Morocco.

In that connection, the colonel said that what is happening at present is more than illogical and that the necessary challenge to those leaders must originate in Libya.

Colonel al-Qadhdhafi also denied the allegations which have nothing to do with Islam and which say that there are no nuns' movements in Islam. He made it clear that those who invented that story have fallen away from religion and its counsels.

UNEMPLOYMENT PROBLEMS BLAMED ON GOVERNMENT POLICY

Casablanca AL BAYANE in French 1 May 82 p 5

[Commentary by Jamal Tebbaa]

[Text] In an article published in AL BAYANE on 1 May 1981, we drew attention to the government's disastrous employment policy. That policy has scarcely changed at all since then, but the situation of the working classes, and of young people especially, has deteriorated steadily over the past year. Unemployment has increased quantitatively and qualitatively.

Quantitatively, the unemployment rate is officially reported to be between 18 and 20 percent, whereas a year ago, according to government statements, it was about 11 percent.

Ignoring the highly debatable methods used by government departments to calculate the unemployment rate, it is undeniable that according to the official figures, that rate almost doubled in 1 year! This just shows how serious and even unbearable the situation is for the working classes.

Some people will probably say that the reason is the drought and that nature has not been favorable to the Moroccan economy in recent years. That explanation is regularly offered by officials, but it seems demagogic to us because natural phenomena such as droughts have done no more than intensify the [copy missing] economic and social [copy missing].

The real causes of the worsening of unemployment are to be found in the following facts:

First, the agrarian structures, characterized by a growing concentration of land ownership in the hands of a wealthy minority and combined with the absence of an economic and social infrastructure, are the chief factor driving the landless peasants, especially the young, away from the countryside and into the cities. The 1976 survey on urban employment provides some information on rural migrants: they represented 30 percent of the urban population, but 43 percent of the active population, at that time. That situation was due in particular to the fact that 92 percent of those migrants were 15 years old or older when they went to the city, and their main characteristic was that they were looking for work.

It can easily be concluded, therefore, that the situation has become worse as a result of the economic crisis being experienced by the country since the end of the 1970's, the reduction in government investments under the "plan allowing a breather," and the drought of the past 2 years.

The second factor seems to be the Moroccan economy's dependent structure in relation to Europe. The capitalist crisis in Europe has had repercussions on the Moroccan economy, causing a slump in sales of industrial and agricultural products, the bankruptcy of some firms, a reduction in production capacity in certain sectors, and, consequently, a rise in layoffs and a lower number of job openings.

The crisis in handicraft activities constitutes the third factor explaining the deterioration of the employment situation: the galloping inflation of recent years, competition from manufactured products, expansion of the model of imported consumption, and domination [copy missing] indirect [copy missing] of small craftsmen by the capitalist merchants--those are just that many factors that have intensified the disintegration of the handicrafts sector, which is very important because of the number of people it employs (between 800,000 and 1 million persons).

Fourth, the policy with respect to education, the training of cadres, and vocational training, because it is not adapted to the country's real needs, has been a factor aggravating the precariousness of employment and the unemployment level. There are some revealing figures: of the total number of unemployed counted as early as 1976, 40 percent had attended primary school and 25 percent had reached the first level of secondary schooling.

Let us take the case of Casablanca: there are approximately 1.68 million young people under 20 years of age, or about 300,000 between the ages of 15 and 20, only 30 percent of whom are in secondary school, not counting those repeating a year and those who have dropped out--situations that also affect the group. But even those in school are not saved by that fact from the specter of unemployment and inactivity, because on the average, only between 15 and 20 percent of them pass the baccalaureat examination.

So of the 300,000 young people in Casablanca, only 87,000 are in school, and only about 15,000 of the latter will complete their secondary education. The other 213,000 are condemned from the start to become apprentices--to work for almost nothing or to be completely unemployed in at least 64 percent of the cases.

As early as 1960, 64 percent of the young people between 15 and 19 years of age were unemployed. In 1970, 50 percent of the people seeking work were between 15 and 24 years of age, and by 1976 that figure had risen to 70 percent.

The government has refused to see the tragedy for those young people and has stubbornly stuck to the same orientations, forcing that entire group to remain idle and lost, left to itself, and abandoned to the streets, drugs, and delinquency. According to some statistics, 60 percent of all young delinquents are between 7 and 16 years of age and come from impoverished and broken homes.

Alongside those young people--unemployed and without hope for the future--there is being increasingly added the tragedy of laid off workers and of university graduates who, paradoxical as it may seem, are finding fewer and fewer jobs.

Moreover, the imbalance in regional development, which is due to the abandonment of certain regions such as the Rif and the Southeast, is intensifying the employment problem and complicating it. As an example, nearly three-fourths of all industrial employment is concentrated in two economic regions: the Center and the Northwest--55 percent of the firms with 10 or more employees are in the Center Region (Casablanca), and 19.4 percent are in the Northwest Region. The result is that 75 percent of the firms are still located in those two regions, and this inevitably attracts impoverished peasants in search of work.

The rising rate of unemployment does not describe the full reality, however, because often the only unemployed people are those who can afford to be, while the impoverished individual cannot even hope to find a decent job or one suited to him or her. That is why we see the proliferation of a whole series of marginal activities such as shining shoes, selling objects picked out of trash cans, carrying things on one's back, selling a few kilograms of fruit or vegetables on the street, domestic service of all kinds, and so on. That means the growth of an intermediate social bloc between a disintegrating traditional peasantry and a malformed working class: it is the preproletariat. It is a social configuration with hazy boundaries and multiple components: these preproletarians are a work force that is being denied even the status of proletariat by the present system, and its growth denotes the failure of the policy pursued in employment matters.

A survey conducted in 1979 showed that the unemployed constitute only a small percentage of the group made up of poor households, with the remainder consisting of that sidelined preproletariat.

The prospects scarcely look promising in view of the current economic policy, considering the structure of the population (46 percent of which is under 15 years of age) and the overall rate of participation in economic activity, which is only 26.38 percent.

As a result, a political, economic, and social reorientation is more imperative [copy missing] based on genuine agrarian reform making it possible to increase work opportunities in the agricultural sector and increasing the incomes of landless peasants. That agrarian reform should be accompanied by a reorientation of investments in industry, agriculture, and infrastructure with a view to satisfying the domestic market, which will be enlarged as a result of a suitable policy on wages and prices. Educational reform, combined with the upgrading of technical and vocational training, might make it possible to get past the bottleneck confronting the industrial sector due to the lack of middle-level cadres, technicians, and skilled workers.

National development could play a major role in mobilizing human labor for the benefit of local communities. But that mobilization should not be simply a matter of a temporary policy brought on by weather conditions or the approach of this or that election. It must be a planned and rational policy based on

local needs in order to partially alleviate underemployment, because a potential for production per capita and on a national scale exists but is not being fully utilized at present.

A better diversification of our foreign trade would make the economy less dependent on the European market and would constitute a factor for dynamism in the industrial sector, whose capacity is underutilized.

Reorganization in the direction of efficiency and democracy must be carried out in the Ministry of Labor and National Training. A survey has shown that one reason for the disproportionate number of young people among the unemployed and for the difficulties encountered by workers who have never had a job is the lack of information and advice.

Legally, migrant workers in the urban areas are not even entitled to the limited services provided by the labor inspectorates. "The latter do not maintain lists of available jobs in the region and do not advise the public of what they know concerning job possibilities." The 1976 survey showed, incidentally, that only 4 percent of the people who found a job did so through the labor inspectorates.

Lastly, the overall measures presented here in brief outline do not mean that the solutions constitute a simple mechanism that needs only to be set in motion. On the contrary, these measures presuppose qualitative political changes requiring a purification of the political climate, and the main conditions are the release of political and trade union prisoners and respect for political freedoms and union rights.

In addition, considering the seriousness of the problem, such a struggle for a better future requires the general mobilization that can be achieved through a national pact drawn up by all of the country's political, trade union, and social forces.

Moreover, in view of the deteriorating labor conditions, the precariousness of employment, and management practices against the working class, the unity and strengthening of the trade unions are imperative in combination with the unity of the progressive forces: that is the only way to bring the demands of the working class and the preproletariat to a successful conclusion.

In Short!

The unemployment rate practically doubled in 1 year. It now stands at 20 percent.

In 1976, rural migrants constituted 30 percent of the urban population.

In 1964, 64 percent of the young people between 15 and 19 years of age were unemployed. In 1970, 50 percent of those

seeking work were between 15 and 24 years of age. In 1976, that figure had risen to 70 percent.

Sixty percent of all young delinquents are between 7 and 16 years of age and come from impoverished families.

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CSO: 4519/180

MOROCCO-SPAIN RAPPROCHEMENT NOTED

London ARABIA in English No 9, May 82 p 64

[Text] Economic problems in Morocco are giving Spain an opportunity to improve its relations with Rabat. The first signs of a new spirit of co-operation came in March, when the Spanish Foreign Minister Jose Pedro Perez-Llorca visited Morocco to watch the foundation stone being laid for a \$200m new sulphuric acid plant, in which Spain has a 25 per cent share. This will be Spain's largest project in Morocco to date and, at the opening ceremony, King Hassan made it clear that the door is now open for further Spanish investments, as Morocco draws away from its traditional ties with France.

The plant will be built, 10km south of the port of El Jadida, by a Spanish-Japanese consortium, Mitsui-Focoex. In the French business world Heurtey had been widely tipped to get the contract, even though its bid was 15 per cent higher than the one put in by Mitsui-Focoex. Paris was so angry at losing the contract that it has postponed, sine die, the visit of a senior French economic team to Rabat. In an apparently separate move, the French government would not be selling any more arms to Morocco because of Rabat's delays in repaying its military debts.

In another conciliatory move towards Madrid, King Hassan has said there will be talks on fishing rights which have been a bone of contention for some time. The best fishing areas off Morocco's Atlantic seaboard are being heavily worked by the much larger and more efficient Spanish fleet. An old agreement which has been often flaunted by the Spanish was due to expire at the end of March but, after the Foreign Minister's visit, it was extended for another year, leading observers in Madrid to interpret this as another concession by Rabat.

After a two-year diplomatic silence Morocco has also just announced the appointment of a new ambassador to Madrid. He is Abdel-Hafiz Kadiri, a former minister, close to King Hassan. In an interview with the Spanish newspaper El Pais, Kadiri made it clear that Spanish-Moroccan relations were at a crucial stage. Spanish industry, meanwhile, is gearing up for an important exhibition to be held in Casablanca in June.

In return it seems clear that King Hassan is seeking some degree of support for the Moroccan position in the Saharan war - though whether Spain, with its own internal problems, is ready to become involved in North African politics, is unclear.

NEW INVESTMENT CODE DISCUSSED

London ARABIA in English No 9, May 82 pp 63-64

[Text] Morocco's revised industrial development code, designed to stimulate foreign investment, was presented to the country's Chamber of Deputies for ratification during the latter half of April. Since the main opposition party, the UNSFP, has not participated in the legislature since the widespread arrests that followed the Casablanca disturbances last year, nothing was expected to delay adoption of the new code. Once this becomes law, investment incentives for other sectors of the economy are likely to be revised along lines as liberal as those soon to apply to industry.

The main purpose of the new industrial investment code is to attract foreign capital and direct it to the least developed parts of the country. Existing requirements--such as the stipulation that firms should be at least 50 per cent Moroccan-owned and that the majority of their directors should be Moroccan citizens--are to be rescinded. In the past many companies had found it advantageous to co-opt Moroccan directors in order to qualify for economic benefits.

In addition, investors will now also enjoy the right to unlimited repatriation of profits, as well as repatriation of invested and appreciated capital upon liquidation. This will apply not only to industrial enterprises but also to those providing industry-related services, such as consulting and data-processing.

One aim of the changes may be to attract foreign partners others than France to take part in Moroccan industrial projects. British interests, for example, are involved in the new steel complex at Nador and a Japanese-Spanish consortium has signed a contract to build part of a phosphate-processing plant (see following story).

Principally, however, the move must be seen as a response to the financial difficulties impeding implementation of the 1981-85 development plan. These difficulties are particularly acute in the industrial sector, which was to account for almost 19 per cent of the MD111bn (\$19.1bn) total to be invested over the five years. Target expenditure in this sector was exceeded during the preceding three year "transitional" plan, but the projected 6.1 per cent annual growth in production was not achieved. Industrial investment by public and semi-public sources under the current plan is scheduled to amount to some MD14bn.

Such funds are unlikely to be readily available, however; the government budget for 1982, announced in March, revealed a deficit 1.7 times greater than that for the preceding year. In the meantime national creditworthiness has declined. In the financial risk league tables recently published by the London monthly Euromoney, Morocco showed one of the worst deteriorations of all countries in this respect between 1980 and 1981.

While seeking to attract foreign capital the Moroccan government is also hoping to encourage investors to look further afield than Casablanca. Firms outside the Casablanca area will receive interest rebates on loans from the Moroccan National Economic Development Bank, as well as a five-year exemption from licence tax and duty on imported equipment. Investors in the country's 28 least developed regions will be completely exempted from profits tax while those in other provinces (excluding the Casablanca prefecture) will be exempt from paying 50 per cent of their profits tax. These exemptions will last for 10 years.

The government has also offered to provide graduated subsidies to foreign investors for land purchase in industrial zones, as well as bonuses for each new job they create. The 1981-86 Plan calls for an increase of 19 per cent in employment and many of these new jobs will have to be created in industry.

It is too soon to say how far the new code will succeed in attracting investors. One important point--whether the new provisions will be retroactive or apply only to new investments--remains unclear. Officials of Morocco's Office for Industrial Development told Arabia that "this point was not clear" but that the code would "probably " apply exclusively to future projects. Moroccan diplomatic sources, meanwhile, are emphatic that the code will extend to the still-disputed Saharan territories.

Yet the spectre of an unfavourable result in the projected referendum on the Sahara, which could lead to increased political instability in Morocco, could well negate any possible new attractions provided by the new code. Fear of a repetition of last year's Casablanca riots may also deter potential investors.

Moreover, under the new provisions for uncontrolled repatriation of funds, any sign of domestic unrest could trigger off a massive outflow of foreign liquid capital. Moroccan opposition parties are keenly aware of this danger which could cause further problems for the economy and contribute further to the vicious circle of financial difficulties and domestic unrest.

CSO: 4500/177

NEED FOR INSURANCE MARKET REGULATIONS EMPHASIZED

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 36, Mar 82 p 77

[Interview with Walid Ayyub of (Trajex) Company by AL-IQTISAD WA AL-A'MAL:
"Re-insurance Firms May Impose Harsh Conditions on Saudi Market; Solution: Set
Capital, Freeze Guarantees and Periodic Checks; Establishing Major Re-insurance
Firms Will Not Make International Markets Dispensable"; date and place not
specified]

[Text] [Question] What is your evaluation of the insurance market in the
Kingdom of Saudi Arabia?

[Answer] The Saudi insurance market is characterized by a degree of chaos and
by a subsequent low technical standard of transactions due to the absence of
laws that monitor and regulate this profession and the absence of self-
control, which can make up for the lack of all laws. The primary goal of every
firm has become that of getting the largest number of payments, regardless of
the subsequent risks, keeping in mind that the failure of prices to be com-
patible with risks may reflect negatively on the firms' financial position and
on the quality of their services. Competition and speculation are assuming a
caustic character and may expose many firms to financial losses. This leads to
the belief that the re-insurance companies may impose harsh conditions and addi-
tional restrictions.

[Question] What solutions do you see for the problem of the excessive number
of firms and to the subsequent sharp competition?

[Answer] The excess in the number of insurance companies is due to the ab-
sence of the laws that regulate this profession. The results of this exces-
sive number are sharp competition and low-quality services. The solutions we
propose are:

A. Setting the minimum capital of any [insurance] firm operating in the King-
dom of Saudi Arabia at \$5 million, fully paid.

B. Freezing the guarantees in the interest of the Ministries of Finance or
Commerce according to the insurance branches involved, provided that the
guarantees amount to at least 1 million riyals per branch.

C. Requiring the firms to submit periodically and every 3 months financial statements and data to the Ministry of Finance so as to establish this kind of firm control, which is somewhat similar to the control exercised over banks, as a guarantee for the customers and to save the profession from the low level it has reached.

[Question] What are the obstructions to the creation of cooperation between the Arab insurance markets?

[Answer] To review the details of the failure to establish cooperation among Arab insurance markets is to enter the labyrinths of Arab politics and their effects on all of the economic and social sectors.

Such obstacles might be overcome through a political resolution issued by the Arab League.

[Question] What is your opinion of the establishment of major Arab insurance and re-insurance firms?

[Answer] Establishing major re-insurance firms that meet and absorb the Arab market's needs is a national demand that has its impact on the economy as a whole, in addition to being an act that will break the hold of the foreign re-insurance firms. However, this does not mean that we should isolate ourselves from the other insurance worlds and does not eliminate the need for cooperation between Arab national firms and all the foreign firms. What the establishment of such firms means is that equality in dealings will be created and established instead of allowing such dealings to continue to take place within the framework of beneficiary and defrauded.

Therefore, the economic benefits of such Arab firms will be reflected at the national level. It is our hope that the Arab insurance market will attract international insurance transactions. But as we have already said, we cannot dispense completely with the foreign firms because the insurance world has become a cohesive one. The current inclination is toward the creation of cooperation in all spheres, not to mention the sphere of insurance in particular. We need the expertise of the firms that have preceded us in this respect and that have made long strides in this sphere.

[Question] Strengthening trust between the firms and the citizens must be considered the primary goal. What are your proposals in this regard?

[Answer] Trust in the insurance operation is a fundamental requirement. Mutual trust is the first requirement of insurance and the first principle of insurance contracts. As for strengthening this trust, it is a dual process--first, making the citizen aware that insurance is a source of compensation and not of profit and that insurance is an element of stability and security for societies and individuals and, second, by having the insurance firms familiarize the citizen, before a contract is concluded, of the duties and rights involved. The citizen thus gets advance knowledge of any future developments. We also believe that the insurance firms should allocate a certain sum for television programs that provide the citizen with guidance and enlighten him as to what that fine print in the insurance contracts conceals.

[Question] What is the impact of the shortage of cadres on the insurance industry in the kingdom as a whole?

[Answer] The lack of experienced manpower in the insurance sector is one of the problems from which we suffer and one reason for the profession's low technical standard. The Lebanese Insurance Firms Association started the first insurance institute, where insurance was taught as an independent specialization. The failure of this experiment may have been for financial or other reasons. We hope the association will revive this experiment, providing it with all the elements of success. I believe that most of the Arab world insurance firms are ready to contribute to the success of this experiment and to send their personnel to receive insurance instruction there. Needless to say, the benefit will undoubtedly be general and will reflect positively on all.

8494

CSO: 4404/434

PROBLEMS INVOLVED IN EFFORTS TO INDUSTRIALIZE DISCUSSED

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 36, Mar 82 pp 54-56

[Interview with Dr Fu'ad al-Farisi, undersecretary for industry affairs in the Saudi Ministry of Industry and Electricity: "Future of Petrochemical Industries Is Guaranteed But These Industries Will Face Protection Barriers in Industrial Countries; Saudi Private Sector Has Ultimate Initiative in Industry; SABIC Experiment Is Pioneer Insofar as Project Feasibility, Foreign Partnership Formula and Technical Training Programs Are Concerned"]

[Text] The experiment of industrialization in a country like Saudi Arabia, which lacks many of the mainstays of industrialization, poses an obvious challenge and urges the observer to study it and to try to understand its reality and the possibilities of its success at present and in the future. Within this framework, AL-IQTISAD WA AL-A'MAL has interviewed Dr Fu'ad al-Farisi, undersecretary for industry affairs in the Ministry of Industry and Electricity, to evaluate the circumstances and problems of Saudi industry.

The interview with Dr al-Farisi has been really interesting because the man's dynamic character and his experience in his field are interesting and because he understands, and is even enthusiastic about, the media's role. How could he not be, considering that he experienced the importance of this role when he held the position of foreign information officer at the Ministry of Information.

Here is the interview:

[Question] Where does Saudi industry stand today?

[Answer] Actually, we are still in the preparatory phase of the industrial procession. But measuring the accomplishments realized so far and the ever-quickenening growth rate in plant construction activity and in the development of the sector's structure and experiences, it can be said that we have made important accomplishments in a relatively record time. An eloquent example demonstrating this important progress is the increase in number of factories. In the period 1970-75, we had nearly 330 factories, all of which were light and medium industry factories (producing capital or consumer goods). But now nearly 800 factories have been added within 6 years and the total number of factories in the kingdom has risen to more than 1,100. The area of land exploited for industrial projects has increased from 1.9 million to 9 million square meters. The fact is that the development undergone by Saudi industry

is not just quantitative. There has also been a fundamental development in the quality of these industries, which now include heavy industries, especially petrochemical, oil, steel and other industries that are moving in the direction of being linked more strongly.

Export Industries

[Question] Have you entered the field of export industries?

[Answer] This is one of our goals. But because of the effort and the high competitive capability required for marketing manufactured goods and because of the barriers sometimes facing the marketing of such goods, industry must attain a certain standard before it reaches the phase of large-scale exportation. There are, of course, commodities that can be exported and in which Saudi Arabia enjoys natural competitive advantages, such as some petrochemicals and others that rely heavily on energy. Otherwise, the rising industries establish themselves on the basis of the local market and on achieving self-sufficiency for this market. It must be pointed out that to us, self-sufficiency is not so much a goal as it is the starting formula for Saudi industry. It is natural for this industry to begin by winning over the local market first, because it is its long-range market, before it turns toward outside markets. It is well known that the kingdom still imports most of what it consumes from abroad. If our industry can in the next 10 years reduce our reliance on imports to 60 percent of the current rate, then it will have made an accomplishment. This is not an impossible goal if we take the current development rate into consideration. Going back to the export industries, some Saudi industries have actually begun to export their products, such as the (Fredrick) Air Conditioner Plants and al-Zamil-Solet) Plants, which export to Iraq, and the Jiddah National Rug Factory, which has begun to export its production to the United States, especially since the troubles erupted in Iran. Moreover, the vegetable oil plants in Jiddah are currently negotiating with more than one party (Egypt and Jordan) to export vegetable fat to them. There are also some ice cream and cookie factories that market their production in the Gulf. All these are no more than encouraging beginnings.

Reasons for Industrial Option

[Question] Excluding some oil and heavy industries, the kingdom lacks many of the mainstays of industry and this makes the industrial option in itself a challenge. How do you explain your rush toward industrialization?

[Answer] The question is important and is asked repeatedly. But it is not difficult to define the justifications for the industrial option in the Kingdom of Saudi Arabia. If you want a brief answer, then it is that there is no alternative to following this path under our circumstances. We are a country that currently possesses a financial capability and a resource that will inevitably begin to dry up one day. We are also a country that has its own geographic, natural and social circumstances that may not offer serious reliance on agriculture as an income-generating sector. Our emphasis has been placed and continues to be placed on transforming this energy, which does not in itself reflect economic progress, into real progress, into an independent source of revenue, into scientific and technological accomplishments and into a striving for production. We know that this is not easy but we have to

exercise our option and to adapt it as much as possible to our circumstances and our realities so that we can benefit from our strong points and advantages and avoid what is incompatible with these circumstances and realities, keeping in mind that expertise and experience are not gained overnight.

The presence of the mainstays of industry is not the problem. There are successful industrial experiences in other countries that lack most of the mainstays of industry. Let me mention in particular Japan, Korea, Taiwan and even Britain and Lebanon. The fundamental element in the industry of this age is man and technology more than it is raw material or even a big local market. Naturally, all these countries have succeeded even though they do not fully possess the mainstays of industry because they are characterized by the presence of the two elements of expertise and skills, as well as a high degree of technology absorption.

Within the sphere of training and of developing national skills, the General Vocational Training and Manpower Organization was set up last year on direct government instructions. The task of this organization has been defined as that of securing technical expertise and of providing the appropriate formation and enhancing the opportunities for national cadres.

Within the framework of the efforts to gain modern technologies, we have turned in a number of industries to the formula of partnership with foreign companies. On the one hand, we make it conditional that these companies participate in the invested capital to insure that they maintain interest in the progress of work and in the development of productivity and, on the other hand, we make it conditional that the construction of projects be coupled with training national cadres, either on the spot or through special scholarships abroad.

Manpower Problem

[Question] Still, the problem continues to be that of the extent of the Saudis' absorption of industry and of their willingness to enter into it. Otherwise, there will be continued and strong reliance for some time to come on non-Saudi manpower, along with the subsequent ramifications of such reliance. How can this aspect be tackled?

[Answer] The problem of manpower is present and does exert pressure on the industrial situation. However, it is not insurmountable, as proven by such successful experiences as those of SABIC and Petromin. With the aim of avoiding the problem of manpower, we have begun to turn fundamentally toward capital-intensive and technologically advanced industries. For example, a project by SABIC costing nearly \$800-900 million will be run by just 200 workers.

[Question] What may make the problem more difficult is the presence of other spheres and of more "attractive" opportunities open to Saudi youth, at least in the short run.

[Answer] There is no doubt that this aspect needs to be tackled independently and persistently. I agree with you that the elements of attraction in other sectors are still present. But it must be said that the chances of quick and easy profit will not recur and are beginning to recede fundamentally. In the

past, people were able to set up establishments and start business with little capital. Now, this is practically impossible. Let us take the public sector, for example. The wages paid by this sector have increased tangibly and, consequently, Saudi youth are again interested in it to the extent that those who had intended to resign from this sector and move to other businesses have now changed their mind. Moreover, a number of youth who have left the sector is now thinking of returning to it.

Reform of Educational Concepts Has Become a Must

On the other hand, there has to be a fundamental reform that goes beyond the issue of wages and material incentives--reform dealing with the system of education in particular. I have a frank opinion on this issue, namely, that the predominant method of education, which freezes [underutilizes] the student until the end of the college education phase, reflects negatively on production, especially since Saudi society basically is a society of youth. This system of education still attracts a large portion of students to the theoretical branches and does not provide opportunities for training middle-level cadres in sufficient numbers as of the secondary stage of education. The result is that the Saudi establishments now have unskilled workers at the base and management leaders and technicians at the top, but no skilled middle-level cadres. This gap actually exists. I must note a successful experiment in this regard, namely, the experiment of SABIC, which devotes attention to training and preparing skilled labor. Therefore, there is a big demand for employment in this establishment because of the incentives (wages, housing, etc.) it provides. The problem is a problem of the lack of middle-level cadres. This problem reflects negatively at the managerial level because it makes it most difficult for the management to follow up the progress of work.

We Will Face Difficulties

[Question] Agriculture and agro-industry are vital for society. Don't you think that they may be more beneficial than wading into industrial spheres with no clear future?

[Answer] I must first note that the future of some industries which we have embarked, such as the petrochemical industry, is guaranteed and clear because we enjoy comparative advantages and a high competitive capability in these industries, keeping in mind that we will face difficulties and attempts at obstruction on the part of producers in the industrial countries. The total production of our projects in al-Jubayl area will not exceed 7 percent of the world's fertilizer and petrochemical needs. Yet, the Western countries have already started imposing customs protection and attempts to close the door in the face of our products. We should keep in mind that our products will not face the same competition in the developing countries, which constitute a market with a large capacity for absorption in the long run.

As for the industries you have called industries with an unclear future, there are numerous considerations that should soften this expression. First, the Saudi Government offers industry numerous material and administrative incentives rarely given by any other country, including a 10-year subsidy. If we keep in mind that the age span of an industrial project is 15 years, then such a project justifies its existence if it realizes its purpose within this period.

On the other hand, industrial projects that do not require a large capital are implemented by individuals and by the private sector. We are confident of the good initiatives of the Saudi individual and investor, even though we try to give him guidance and direction at the same time. Some of these industries have been able to recoup their capital within the first year.

[Question] But this is not industry in the deepest and precise sense of the word. It is an industry dominated by a commercial mentality, i.e., by the desire to realize quick and easy profit.

[Answer] This may be true at times. But there are the industries that have succeeded and continued to exist, such as the cables, air conditioners, rug and other industries.

Private Sector's Role

[Question] What is the private sector's role in developing the kingdom's industry?

[Answer] The Saudi private sector has an effective and prominent role in developing industry. It is the side with the ultimate initiative. We live under the canopy of a free economy in which the state intervenes only in the sphere of drawing up the general plans, formulating the policies, defining the general frameworks and providing the infrastructures and the proper material and administrative incentives--incentives that begin with granting licenses within a record period of 4-6 weeks and end with soft-term long-range loans advanced by the Saudi Development Fund. It must be noted that all of our industries are owned by the private sector.

SABIC's Experiment

[Question] What is your evaluation of SABIC's experiment in the industrial sphere?

[Answer] I don't have much to add to what has been said by Shaykh 'Abd al-'Aziz al-Zamil, SABIC's deputy chairman and commissioned [Board of Directors] member, in his interview with AL-IQTISAD WA AL-A'MAL (January 1982). What is proven and certain is that SABIC's experiment is a pioneering and mature experiment in regard to the feasibility of projects, whether in terms of participation by international firms in its industries or in terms of the training and marketing expertise it has begun to gain. SABIC's success has exceeded expectations despite the difficulties it faced at the outset.

[Question] What, in your view, are the most prominent problems and difficulties facing Saudi industry?

[Answer] In addition to the aforementioned problem of flooding, there are other problems, the most important of which are the problems of management, marketing and poor marketing propaganda. After studying the conditions of the industries suffering from inadequacy or weakness, it became obvious to us that they are either not proficient at the managerial level, or they have not

yet mastered the marketing game. Many of our industrial establishments have not yet adopted modern methods to advertise their products by way of the media first and then by contacting government projects and urging them to purchase national products. The truth is that numerous industries have succeeded in marketing and management and have been able to gain firm foundations and realize positive results at more than one level.

Problem of Flooding

[Question] You have mentioned the problem of the flooding of markets by the industries of a number of Asian and other countries. How do you deal with such cases?

[Answer] This problem is encountered not only by the developing countries but also by the industrial countries, such as the United States, for example, where the national industry faces competition despite the protection imposed. But what is worth noting is the government supervision of the quality of the national industrial products. This supervision has enhanced the standard and quality of production and, naturally, price levels. Here, the consumer has to choose between high quality and a much lower quality, with a difference in the price.

The fact is that I sympathize with and am pained over the difficulty national industry is experiencing while still in its initial phase. I am a member of the Measurements and Standards Commission and our task is to prevent the entry of some foreign industrial products of a low standard. But if the imports are proven to be of good quality, then the competition is open, even though the foreign products are "subsidized" at times. This is a subject on which we cannot dwell at present. The idea of banning [foreign imports] does not occur to us.

[Question] Even in cases, when you become certain that our markets are being flooded [intentionally], you still do nothing simply because the imports are of good quality?

[Answer] This issue is now under study and we are about to deal with it by laying down the principles that can be approved in this regard. But we say frankly that if we had resorted to the principle of excessive protectionism from the start, then protected industries would have risen in our country and would have constituted a burden on this society. This is not in the interest of the national economy or of Saudi society.

8494

CSO: 4404/434

BUDGET SIGNALS NO SPENDING CUTS

Paris AN-NAHAR ARAB REPORT & MEMO in English No 18, 3 May 82 pp 4-5

[Text]

Saudi Arabia's budget for the fiscal year 1982-83, which began on April 24, shows the government's determination to maintain its spending programme despite a projected 8 per cent fall in revenues caused by substantially reduced oil production. Saudi Arabia expects to spend SR 313 billion (\$91 billion), 5 per cent more than the SR 298 billion (\$87 billion) budgeted for 1981-82, and to earn the same amount. In the 1981-82 fiscal year budgeted revenues were SR 340 billion (\$99 billion).

The uncertain state of the world oil market may nevertheless play havoc with Saudi Arabia's economic plans. In 1980-81, total exports from the Kingdom stood at \$111 billion, according to the Saudi Arabian Monetary Agency's annual report. These exports accounted for about 92 per cent of total revenues, but earnings were based on crude oil production averaging 9.82 million b/d in 1981. Since then, Saudi Arabia has repeatedly lowered its production ceiling to defend OPEC's benchmark price of \$34 a barrel fixed last October. Output is now down to below 7 million b/d, a rate which, if sustained, would lead to a much steeper decline in revenues than that forecast in the budget.

Diplomats and banking analysts in Saudi Arabia were quoted by *Reuters* as saying that oil production would have to average 7.2 to 7.5 million b/d to meet spending goals, assuming oil prices do not rise. Some of them expressed the view that the Saudis had deliberately tailored the revenue projection to match expenditure in view of unpredictable oil market conditions.

A Finance Ministry statement released after the cabinet had endorsed the budget predicted that the surplus in Saudi Arabia's balance of payments current account would shrink by SR 10 billion (\$3 billion) to SR 128 billion (\$37 billion) in 1983. But a SAMA official was quoted by the *Associated Press* last week as saying that while the surplus had risen 3 per cent in 1981 to \$42.6 billion, it would decline or even disappear in 1982 through a combination of lower oil production and a continued growth in imports. The value of imports rose 22 per cent

in 1981 to \$40 billion, compared with an 11.4 per cent increase in exports, according to SAMA's latest annual report.

Details of the budget carried last week by the OPEC news agency revealed that 65 per cent of expenditure in the 1982-83 budget has been allocated to development. According to *OPECNA*, transport and communication will receive \$9.52 billion, the highest sectoral allocation, followed by manpower, which is to get \$9.33 billion. Other allocations include \$7.67 billion for municipal services, \$6.84 billion for specialised lending institutions, \$4.98 billion for social development, \$3.42 billion for infrastructure and \$3.26 billion for domestic subsidies.

The cost of new projects for which contracts will be awarded in the coming fiscal year was put at \$23 billion, although only \$5.67 billion will actually be spent. The remainder will be spent in the following fiscal year. The new budget has earmarked \$13.34 billion for the implementation of new phases and supplementary works on projects already under way, while projects under construction are to receive an extra \$32.35 billion.

It remains unclear to what extent the Saudis can continue to trim their oil output without either clamping down on expenditure or drawing on financial reserves. According to one recent report, the Kingdom must keep up production at 7 million b/d in order to sustain the current level of spending in real terms. This is a higher figure than the 6.2 million b/d quoted by Oil Minister Sheikh Ahmed Zaki Yamani as the output needed to meet budgetary requirements.

Saudi Arabia's intentions were stated last month by Finance Minister Mohammed Aba al-Khail, who said, "We will not cut our spending and we will not take from our reserves." He added that "for the next year or so we will continue our spending programme without touching our reserves." However, he did not make it clear whether the government was considering using the income from Saudi Arabia's foreign investments. SAMA's foreign assets and official reserves are estimated at between \$150 billion and \$180 billion. According to SAMA's annual report, income from its foreign asset investments amounted to \$10.5 billion in 1981, a rise of 44 per cent over the previous year. This was expected to decline in 1982 as a result of reduced revenues and lower interest rates. However, income from investments could, it is thought, provide the revenue equivalent of about 1.5 million b/d of oil output. Drawing on reserves to cover budgetary deficits has had precedents in Saudi Arabia, the most recent involving the sum of \$2.2 billion in 1978, but it is clearly a recourse Mr Aba al-Khail would rather avoid.

The Finance Ministry was quoted by *OPECNA* as saying that actual spending last year was \$84.38 billion, of which \$50.49 billion went on development, compared to a budgeted expenditure of \$87.26 billion. However, the Saudi Finance Minister recently stated that spending in the current fiscal year would exceed the budgetary limit,

while remaining within actual revenue. The discrepancy can be accounted for by items not fully covered by the published budget, such as military imports and capital transfers, principally aid.

Expenditure on defence was probably well in excess of the SR 9.36 billion (\$17 billion) originally set aside for the Ministry of Defence and Aviation. This allocation includes spending on the national airline Saudia. Defence and security spending rose to a budgeted SR 82.5 billion (\$24 billion) this year and will increase another 13 per cent under the new budget to SR 93 billion (\$27 billion). An undisclosed proportion of military spending, such as the \$8.5 billion spent last year on the AWACS package, falls outside budgetary allocations. Imports of military equipment are thought to have been running at about \$8 billion a year and the annual cost of the infrastructure programme has been put at about \$6 billion.

Saudi Arabia is disbursing aid at a far higher rate than the figure of \$5 billion a year recently quoted by Mr Aba al-Khail. During the period 1976 to 1980, Saudi Arabia is said to have paid out about \$35 billion in foreign aid, of which only about a third was officially budgeted. In 1981-82, the Kingdom made soft loans and grants to Iraq worth an estimated total of \$10-12 billion. Given Iraq's present circumstances, it is unlikely that this money will ever be repaid.

The Saudi government may in practice attempt to restrain spending by postponing non-essential projects and reviewing the viability of others. The last few months have already seen a drive to check waste and extravagance. But the government has boosted the total allocation for the Third Five Year Development Plan, 1980-85, from \$216 billion to \$230 billion. The additional funds are believed to be mainly for higher subsidies, used by the government to keep inflation at bay. Subsidies on food-stuffs alone doubled last year to SR 3 billion, while the inflation rate was acknowledged to be around 7 per cent by Mr Aba al-Khail. The Finance Ministry has put the inflation rate for 1982 at 5-6 per cent, compared with 7.8 per cent in the previous year, but private estimates have spoken of rates twice as high as these.

Saudi Arabia's Second Development Plan, covering the periods 1974-75 to 1979-80, concentrated on the installation of basic infrastructure and the beginnings of a heavy industrialisation programme. Now, the proportion of current expenditure is likely to grow in real terms and as a proportion of the whole. It will be directed towards maintaining the projects already executed and providing services. Finance Minister Aba al-Khail told the Saudi magazine *Al-Yamamah* last week that government spending was primarily directed to the development of non-oil sectors. He said that special attention was being paid to the development of productive sectors through short-term loans and incentives to agricultural projects and industrial activities, particularly those involving advanced technology.

During the period covered by the Second Plan, non-oil GDP grew by almost 15 per cent a year, while it rose by 12 per cent in 1980-81, or double the rate projected in the Third Plan. But observers have pointed out that this growth has been achieved by a near-total reliance on imports of foreign manpower and technology, as well as on state-provided subsidies and incentives amounting practically to a guarantee of profitability. According to one recent study, only 6.9 per cent of overall Saudi growth could be attributed to non-oil activity in the period 1976-79 once the predominant share of oil revenue in the contribution of the state's expenditure to "reported non-oil GDP" had been deducted. The same study concluded that only 9.5 per cent of "reported growth in the supposed non-oil sector" came from activities unconnected with oil.

While Saudi Arabia has achieved a measure of economic diversification, the oil sector still generates the great bulk of the country's revenues and provides the essential underpinning for the development of the non-oil sector. Hence, the nation's economy is sensitive to fluctuation in the oil market, despite the cushioning effect of its vast financial reserves, and is likely to remain so for some time to come.

CSO: 4400/286

NEW SECURITY DRIVE IN SAUDI PORTS LAUNCHED

London ARABIA in English No 9, May 82 p 61

[Text]

● A new security drive is being launched in Saudi ports, which unconfirmed reports say was sparked off by a recent discovery of a container load of arms. As far back as the first Arab Ports Conference in 1978, Dr Fayez Badr, Chairman of the Saudi Ports Authority (SPA), referred to the smuggling not only of arms but also of alcohol in the all-too-convenient box. Not long after that the idea of the Saudi box, a four-doored construction to facilitate inspection, became a serious possibility. However the problems inherent in the concept were such that the idea gradually faded and finally sank without trace.

Since then there have been periodic purges when, in place of the customary spot checks, all containers have been stripped down for inspection, causing delays at the terminals and a high incidence of damage in the ports when the restuffing takes place.

The latest security move was first announced last December, with a notice from the SPA of new regulations due to come into force on May 24. From that date containers will not be accepted at Saudi ports if they are carrying timber and plywood, steel structures, building materials (including sanitaryware and tiles), bagged cargo and cargo in drums (unless palletised/unitised to allow forklift handling), heavy machinery and equipment in units weighing over 2,000kg, and cars.

The implications of this notice

have caused widespread protests and conference lines and other bodies have made depositions to the SPA – to no avail. The conference's request for a meeting with Dr Badr has finally been rejected as being neither necessary nor desirable. The only change of heart has been a telex of clarification from the SPA sent "in view of inquiries received from a number of port clients." The telex states that steel structures, building materials, heavy machinery and equipment can all be shipped in open top containers provided they are packed in such a way as to permit immediate access by mechanical means.

However, some lines are concerned that the telex may not hold the same authority as the SPA notice and have warned shippers that they are liable for any fine or other charges incurred through not abiding by the terms of the original notice. Should the shipper accept the rewording of the telex, the risk is his.

The lines seem to have little hope now of persuading the SPA of an alternative arrangement which could achieve the required ends with considerably less expense on their part. This solution, according to a Saudi source, would be to discharge those containers carrying prohibited cargoes at the general cargo berths where they can be examined at the convenience of customs without holding up operations at the container terminals.

For the conference lines such a concession could be vital. After the massive congestion in Saudi ports in the early 70s, containerisation was seen as a means of speedy clearance and Dr Badr actively encouraged container-ships by offering them priority berthing. Superbly equipped container berths were constructed and container terminals speedily set up. As a result, most of the regular lines switched to fully containerised services. The cut-throat competition which set in caused a drop in box prices; at one point they fell below break-even rates. Container rates are still so low as to be more economical for the shipper than breakbulk rates.

A drop in the volume of container cargo will come as a further blow to the depressed shipping industry - particularly to lines like Merzario which handle Mediterranean cargoes comprising up to 70 per cent prohibited items, such as tiles. For the shippers the dearth of conventional services is also causing concern. Not only will the transit time be longer with calls at other ports en route, but loading and discharging are also less streamlined and freight rates could rise. The main fear is that, with few conference sailings, shippers will have to use outsider services and a new race of pirates could move in.

Meanwhile the increased risk of damage will be reflected in higher insurance rates. There will also be higher packaging costs, with the use of pallets in conformity with the new regulations causing considerable loss of space. Ultimately these costs will no doubt be passed on to Saudi merchants. Indeed the extra charges for international trade with Saudi Arabia have been estimated at \$32m a year.

Unlike the West and Japan, however, the Saudis have no Shipper's Councils. The idea, once put to Dr Badr, was firmly rejected.

CSO: 4400/286

YANBU REFINERY NEARING COMPLETION

Paris AN-NAHAR ARAB REPORT & MEMO in English No 20, 17 May 82 p 8

[Text]

Work on a 170,000 b/d oil refinery at the Saudi Arabian industrial city of Yanbu is 90 per cent complete, with August 31 of this year the deadline for finishing construction, reports from Saudi Arabia last week indicate. The \$1.4 billion refinery is owned by the Saudi General Petroleum and Mineral Organisation (Petromin) and will produce only for domestic consumption. The new refinery will start production early next year and will meet 60 per cent of the needs of the Kingdom's Western Province. In the past these needs were fulfilled entirely by refined products coming from Ras Tanura in the east.

Demand for production from Ras Tanura will still be high, however, due to the industrial expansion taking place in Yanbu, which has brought about levels of demand for refined products that have surpassed all expectations, according to the Director of the new refinery project, Yahya al-Zaid.

The refinery was designed by Americans and is being built by Japanese. It covers six square kilometres and is one of the largest industrial sites in the city. Ninety per cent of the project staff are to be Saudi, although foreign technicians will adopt "specialised positions" when the refinery comes on stream. At present some 300 Saudi trainees are taking part in intensive training programmes in Bahrain, Jordan, and the US so as to raise the level of Saudi staffing from its current level of 40 per cent.

In a related development, the Yanbu Petrochemical Company and Mobil Oil Corporation have signed a \$33 million agreement with a group of banks to finance imports of Italian equipment for a petrochemical complex. The banks involved include Gulf Bank, Arab Company for Oil Investments, International Saudi Bank and International Westminster Bank. The Yanbu petrochemical complex is scheduled to start production in 1985 with an annual output of 300,000 tonnes of low-density polyethylene and 200,000 tonnes of ethylene glycol.

SAUDI ARABIA

BRIEFS

INDIAN FIRM WINS CONTRACT--Saudi Arabia has awarded a \$150 million contract to the Indian Overseas Construction Consortium in association with its Riyadh-based partner, the Fiafi Trading and Contracting Company, to build 576 houses and other construction work for the internal security forces at Tabuk. The contract, awarded during Prime Minister Indira Gandhi's recent visit to the Kingdom, is the first major one to go to an Indian company in Saudi Arabia. Mrs Gandhi's visit led to the creation of a joint commission to investigate the possibilities of expanding investment and business opportunities in the two countries. Indian firms currently have over Rs 50 billion (\$5.32 billion) worth of turnkey contracts in the Middle East. The Indian government, faced with a serious balance of payments problem, would like to attract more Arab investment in the sub-continent. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 19, 10 May 82 p 12]

FIAT SUPPLIES GAS TURBINES--Saudi Arabia has awarded two contracts worth \$150 million to Fiat TGT, part of the Italian industrial group's energy division. Under the agreement with the Electricity Corporation of Riyadh, Fiat will supply the Najran and Al-Jawf power stations with 10 gas turbine power units with an overall capacity of 400 Megawatts. The deal is part of a major electrification programme for remote areas of the country. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 20, 17 May 82 p 7]

SOUTH KOREA WINS CONTRACT--Saudi Arabia has awarded a \$381 million contract to South Korea's Han Yang Corporation to help build the Imman Mohamed bin Saud Islamic University in Riyadh. The project is scheduled for completion by April 1986. The South Korean company is also discussing two other construction contracts with Saudi Arabia, a \$144 million contract to construct a police building in Riyadh and a \$192 million order for a housing project in Yanbu. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 19, 10 May 82 p 11]

CSO: 4400/284

POPULATION CONFERENCE OPENS

Khartoum SUNA in English No 4108, 27 Apr 82 pp 1, 2, 3

[Text] Khartoum, April 27, (SUNA) - On behalf of President Nimeri, First Vice-President Omdar Mohamed El Tayeb yesterday addressed the opening session of the 2nd National Conference on Population held at the Freindship Hall.

El Tayeb said the 3-day conference was a complementary step for the efforts of the government and its concern for the establishment of the Science-based state.

Sudan, being a third World country, is suffering from problems of backwardness, poverty and illnesses and such problems should be decisively confronted so that the society could be saved from the dangers of hunger, unemployment, corruption and disintegration, Gen. El Tayeb said.

Though Sudan does not face such severe demographic problems as it is the case in some other countries, yet such challenges are most probable in the future, he added.

The First Vice-President further announced that fertility rates were on the rise in Sudan and that under the prevailing scarcity of resources the country would be at pains to provide educational, health and housing services in addition to the fact that increased population could raise national consumption rates.

Sudan also faces heavy immigration from neighbouring countries in addition to the problems of intermigration; he said.

The relation between development and population is a complex one and has its impact on Sudan's foresighted demographic policy, El Tayeb said.

He said that Sudan, despite its vast national potentials, is facing tremendous challenges represented in the high illiteracy rate, particularly amongst the rural population.

The first Vice-President confirmed that the May Revolution had pledged to overcome such challenges through the application of science and knowledge as part of its endeavours to establish the Science-based state .

He called for the intensification of a comprehensive campaign against illiteracy and for emancipating the individual from the hazards of disease and malnutrition.

Chairwoman of the National Committee for Population Nafeesa Ahmed El Amin specified the committee's objectives, after giving a review of its history, and said the conference is concerned with the formulation of a demographic policy that could take into consideration the social make-up of the Sudanese society and the national aspirations of the Sudanese people.

Chairman of the National Council for Research Ahmed Abdel Rahman El Agib said the conference had won substantial concern from the planners of the science-based state and that the conference would give that state's programmes a big push forward.

The opening session was attended by SSU Preparatory Central Committee members, Ministers, diplomats and representatives of specialized international organizations.

President Nimeri was declared as donating L.s 120,000 to the conference other agencies donated L.s 13,200, an American firm \$11,000 and the Fertility Survey Programme \$10,000.

The conference is to discuss 13 working papers presented by specialists in development and demography.

CSO: 4500/173

THIRD ENERGY PROJECT EXPLAINED

Khartoum SUNA in English No 4112, 1 May 82 pp 1, 2

[Text] Khartoum, May 1, (SUNA) - The third energy project when completed is expected to produce 180 megawatts generated from Roseires, Burri and Khartoum North electric stations.

Civil works at Khartoum North Thermostat station is near completion and early this month boilers and two 30-megawatt generators will be installed. The station is expected to be finished August next year. The project is being implemented at a cost of £ 52 million provided by the British Overseas Development Agency, announced the executive manager of the third energy project, 'Abd-al-Latif Ibrahim.

As regards Burri Station (which is the second part of the project, structural work is completed. The four 10-megawatt generators will be delivered from England next June and they will be installed by January, February, March and April next year. The project's total cost amounts to £ 20-million plus two million in local currency financed by the British grant, he said.

With respect to Roseires which constitutes the third part of the project, work on the fifth 40-megawatt turbine will be finished July 1983 and on the sixth on March 1984. The project's \$ 40-million cost is provided by the World Bank, he added.

Contacts are underway with the World Bank and the African Development Bank to finance the construction of the seventh turbine, he said.

As regards the 220 Volt current carrier which extends from Sennar to Khartoum, he announced that work on the line began last March and will be completed on July 1983 at a cost of D.M. 36-million provided from the grant of the Federal German KFW which amounts to D.M. 50 million.

Studies are conducted to establish a new electricity control centre at Khartoum North to replace the older one. The centre will cost D.M. 20 million and will be partly financed from the German grant and contacts are underway to provide the rest of the required fund, he said.

Regarding the distributing net work, he announced that work began last August to construct three 33 Volt lines from Burri to Kuku branch station and 110 volt lines from Khartoum North to Kuku station. Work on the D.M. 22 million project will be finished next December. The project is financed by the World Bank, he added.

BRIEFS

REPUBLICAN DECREES ISSUED--Khartoum, May 5, (SUNA) - President Ja'far Muhammad Numayri yesterday issued a Republican Decree on the ratification of the Border Trade and Customs agreement signed between Sudan, Uganda and Zaire on 21.1.1982. The agreement is aimed at the facilitation of border trade movement as well as the control of the transit trade between the three countries. On the other hand, the President yesterday issued a Republican Decree on the ratification of a Protocol on the preservation of the common natural resources between the Sudan, Uganda and Zaire for 1982, which was concluded here on 24.1.1982. The said Protocol provides for the preservation of wildlife species and natural vegetation collectively between the three countries. [Khartoum SUNA in English No 4116, 5 May 82 p 1]

SUDANESE-BRITISH COOPERATION DISCUSSED--Khartoum, April 29, (SUNA) - Deputy Secretary at the British Overseas Development Administration (BODA) Mr. Brown is due here this morning on a two-day visit to the country. While here the British Official will visit the Burri Thermostat station which is being constructed under the Power II Project to which BODA is partly contributing to its finance. He will also meet with the officials of the Electricity and Water Public Corporation and the Roads and Bridges Public Corporation to discuss with them means of cooperation between Britain and the Sudan. It is worth noting that BODA had earlier sent two working teams to follow-up the progress of the Power III project. [Text] [Khartoum SUNA in English No 4110, 29 Apr 82 p 2]

CENTRAL REGION VILLAGES ELECTRIFICATION PLANNED--Medanc, May 2, (SUNA)--An agreement was reached between the Regional Construction and Housing Ministry and the Public Electricity and Water Corporation according to which the Corporation would provide equipment needed for the electrification of the Central Region villages. The equipment would be delivered in the Region next June when implementation of the project begins, said Regional Construction Minister Eng. Mohammad 'Abd-al-Karim 'Asakir. [Text] [Khartoum SUNA in English No 4113, 2 May 82 p 1]

CSO: 4500/174

CIRCUMSTANCES SURROUNDING HAMAH CLASHES DISCUSSED

Paris AL-NAHAR AL-'ARABI WA AL-DUWALI in Arabic No 251 pp 22-23

[Article by Nihad al-Mashnuq]

[Text] What recently happened in the Syrian city of Hamah was nothing new in the series of clashes between the Syrian authorities and the Muslim Brotherhood, which has been active in Syrian cities about 2 years. Nor was there anything new in the (latest) clash except the length of time the city and surrounding area were blockaded and the battles that continued during the blockade. Several Syrian cities had previously witnessed what is happening in Hamah now. But the new element in the Syrian events in the American comment on them as though they were happening for the first time plus the indication that the information of the State Department is not based solely on newspaper reports. Therefore, the political timing of what happened in Hamah and the formal military campaign that was launched are more important than the event itself.

Internationally, the Hamah events came between two stances in American policy that the region witnessed. The first was the visit of Secretary of State General Alexander Haig to Egypt and Israel and the sending of his deputy Nicholas Filiotis to Jordan and Saudi Arabia in an attempt to establish firm political bases for his administration that will help convince its friends among the Arabs that Israel is not the only ally of the United States.

More important than these bases is the principle of Palestinian self-rule, which the American administration wants to proclaim before the completion of the Israeli withdrawal from Sinai on 25 April. While the United States considers this principle more than a basis for the continuation of Egyptian-Israeli negotiations, i.e., it wants the principle to be the basis for Arab agreement on Egypt, Syria considers this matter to be one of its priority concerns.

The Arab overtures to Egypt after the withdrawal, whether stemming from self-persuasion or even from American persuasion, means returning Syria to a political quantity, it does not wish in the midst of the continuing negotiations between Egypt and Israel.

The second stance culminated in the trip of Secretary of Defense Caspar Weinberger, who wanted to establish military bases for his administration to protect the political bases. In Saudi Arabia, the final draft was completed for the formation of a joint military committee of the two parties to meet regularly and report continuously. In Jordan, Mr Weinberger "assumed" that the American administration will equip the Jordanian army with a network of American missiles which the Jordanian king has been working to acquire for years. Last year an agreement in principle was reached with the Soviet Union to supply Jordan with a defensive network of missiles to be financed by Iraq.

In Masquat, Secretary Weinberger met with Sultan Qabus to lay the cornerstone of an American military base.

Three American Subjects

Between the two stances Syria received the resolution of the UN General Assembly proposing economic, political, and diplomatic sanctions against Israel for its decision to annex the Syrian Golan Heights legally to Israel.

An important Arab official says that an official American delegation visited Damascus without announcing the visit while the Israeli decision to annex the Golan Heights was being debated in the Security Council. He adds that the American delegation proposed three main subjects to the Syrian officials who received them. The first was that the United States would not approve the Israeli decision and would condemn it. However, it could not agree to the imposition of sanctions against Israel, an ally in the face of Soviet influence.

The American delegation asked the officials in Damascus to regard the Israeli decision as a political document for negotiation and not go too far in insisting on the imposition of sanctions.

The second subject was mutual understanding on the American view of the situation in the region, especially in Lebanon, and the Syrian attitude toward the Iraqi-Iranian war.

The third subject was Syrian consent to a political settlement of the crisis in the Middle East, which remains without any clear end in sight, and whether Syria would agree with UN Resolution 338, which includes Resolution 242, and the right of self-determination for the Palestinian people?

...Syria's Answer

The Syrian answer to the third question came in a newspaper story in which Mr Ahmad Iskandar Ahmad, minister of information, said that with the end of the state of war between Israel and the Arabs, Syria stipulated that would occur after the withdrawal from the Arab territories occupied in 1967 and establishment of a Palestinian state under the leadership of the PLO.

But it subsequently turned out that the Syrian answer was equivocal. Yet Secretary Haig believed the events that occurred in Hamah would not affect the peace process in the Middle East.

The Soviet Union, for its part, is greatly disturbed by the Syrian developments, but it is not abandoning its reservations regarding the internal Syrian policy, which the Syrian Communist Party announced when it boycotted the legislative elections a few months ago. Moscow expresses the opinion through its friends that carrying out the changes proposed by the Communist Party can bring about internal relaxation.

Despite that, the Soviet news agency Tass reported without comment part of the Syrian reply criticizing the false claims of the American State Department and it carried a portion of the Syrian statement which explained that the objective of the Hamah operation was to uncover the arms caches and secret headquarters of the Muslim Brotherhood.

In the Arab World, the Hamah events came after Syria boycotted the Fez summit and insisted on its stand rejecting Prince Fahd's plan. But King Hussayn at the end of an interview did not touch on the Saudi crown prince's plan for a political settlement of the Middle East crisis. However, he did say that the dispute with Syria is related to the Syrian military position in Lebanon, the need for the Arab states to share in the deterrent forces, and Syria's support for Iran in the war with Iraq. It should be noted that most of the Arab capitals maintained silence during the events that occurred in Hamah.

Domestically, Hamah is no longer a city in which some of its people are in rebellion and, consequently, require the launching of (another) military operation against it. Hamah was a chronic source of worry for the regime in Syria, no matter which one was in power except in the early years of President Hafiz al-Asad. The authorities dealt with anything that occurred in the city separately and by itself. But the numerous delegations from the opposition and the Muslim Brotherhood coming there from all the Syrian cities made it the headquarters for the rebels, and reports from some quarters of the city indicated that they were out of control. It became necessary, from the standpoint of the authorities, to prevent the infection and lawlessness from spreading to the other quarters and to the (neighboring) villages if the test succeeded in one of more quarters. The campaign to blockade and neutralize has been going on since the beginning of this month.

Did the events in Hamah end with last Monday's announcement of the opening of roads parallel to the city?

Such events are not going on at present. There is no remedy for them. But the political pot is still boiling in the Middle East.

5214

CSO: 4404/327

COUNTRY STILL FACES HARD CORE UNDERDEVELOPMENT

Paris AN-NAHAR ARAB REPORT & MEMO in English

[No 19, 10 May 82 pp 8-12]

[Text]

The dilemma of the development planner in North Yemen is that one has to start somewhere. But because of the country's long legacy of economic isolation and what the United Nations Committee for Development Planning once called its "hard core under-development," everything needs immediate attention. Having to start everywhere in a country whose domestic resources are either limited or largely untapped forces the development planner to look for outside help. And the Second Yemen International Development Conference in Sanaa last month made it abundantly clear that North Yemen is counting on fraternal Arab states and friendly Western governments to aid it in its development efforts.

The conference was organised by the North Yemeni government and brought together a diverse group of international economists, financial experts, representatives of development agencies, government officials and businessmen. Its aim was to review the achievements of the country in its first five-year plan (1976-81) and to discuss the draft of the second five-year plan (1981-86). North Yemeni President Ali Abdallah Saleh opened the conference by extending an invitation to "Arab, Islamic and foreign capital" to invest in the development of the country, and he underlined the concessions and guarantees granted by the country's investment laws. The lesson is easily drawn: the Sanaa government cannot go it alone, a fact which underlines the immense scope of the task facing the country if it is to pull itself out of the extreme backwardness of its past.

Although classification of the Yemen Arab Republic as a case of hard core under-development dates from 1971, the country is still considered one of the world's least developed. After the creation of the republic in 1962, North Yemen experienced nearly a decade of civil war which severely disrupted economic activity and hampered the country's growth. In more recent years the Sanaa government has been engaged in a sporadic war

against South Yemeni-supported rebels (*An-Nahar Arab Report & MEMO*, April 26) as well as an ideological battle with South Yemen itself, and these factors have served to drain the government's resources and obstruct development plans. The need to assert authority over powerful tribes in remoter parts of the mountainous country has both spurred and arrested development: efforts are made to allocate resources and projects to such areas for political reasons (sometimes without economic benefits), and at the same time military expenditures are increased, using up resources that could be channelled into development. The domestic political constraints on development in North Yemen have been and still are considerable, and these must be kept in mind when one looks at the accomplishments of the first five-year plan and the goals of the second.

The overall objectives of North Yemen's first five-year plan were to build much-needed physical and institutional infrastructure, to improve basic services for the population and to raise the standard of living. Much was accomplished on this score, and the country can be said to have undergone a heady process of change in the last five years. Roads were built, tracks asphalted, cities supplied with water, wells dug, electrical capacity installed and power generated, ports expanded, piers lengthened, telephone switchboard capacity was increased, student enrollment at all levels rose and health services improved (See Table I). The living standard of the population, measured by *per capita* expenditure in the private sector on goods and services in constant 1975/76 prices, rose by 2.3 per cent a year, although the planned increase was 4 per cent. Wages and salaries recorded an average annual increase at current prices of 26 per cent.

But according to the new five-year plan, the economy is still "crucially short of basic services and infrastructure, and massive investment is still needed in these areas." The problem is that the infrastructural projects carried out during the first plan created a dependence on foreign financing and tended to result in a neglect of the productive sectors of the economy and the productivity of labour. GDP grew at an annual rate of 6 per cent (as against a planned rate of 8.2 per cent), but this rate was mainly the result of growth in the services sector – mainly banking and financial institutions. These grew at an annual rate of 25.9 per cent as against the more modest target of 9.5 per cent, fueled by the massive influx of cash transfers from emigrant Yemeni labourers. The remittances of North Yemen's 1.3 million expatriates, including an estimated 800,000 workers in Saudi Arabia, totalled \$1.4 billion in 1981, and together with foreign aid comprise the main sources of the country's domestic savings. Dependence on foreign financing of investment is also going to be high in the second five-year plan (53 per cent) and this is dangerous for planning since foreign aid and remittances are resources that are highly unpredictable and subject to crippling fluctuations. The overall investment

Table I

Development of basic services and infrastructure

Items:	Unit	75/76	80/81
Combined installed electrical capacity	Megawatts	13.2	64.3
Generated Power	million Kwh	50.0	198.0
New water supplies to cities	million cubic metres	-	27.4
New wells in rural area	wells	-	1,334
Asphalted roads	Kms	916	1,924
Feeder roads	Kms	1,840	17,299
Total telephone switchboard capacity	tele. lines	15,915	90,350
Shipping & discharging capacity of ports	1000 metric tons	1,700	2,732
Length of piers and pontoons	metres	800	1,391
Length of Sana'a Air-port runway (new)	metres		3,250
Length of Hodeidah Air-port runway (new)	metres		3,000

General (Pre-university) education:	
Total no. of students enrolled	375,586 453,195
- Male students	345,344 395,335
- Female students	30,242 57,860
- Primary level	253,917 418,263
- Preparatory level	15,619 25,037
- Secondary level	6,050 9,895

Percentage of students to school-age population	
- Primary level	27% 37%
- Preparatory level	4.8% 6.5%
- Secondary level	2.9% 3.7%

University education:	
Total no. of students enrolled	2,304 4,220
- Male	2,040 3,771
- Female	264 449

Health:	
Hospital beds	2,925 4,141
Population per bed	2,107 1,725
Number of doctors	348 826
Population per doctor	17,709 8,649

Source: Draft second five-year plan
Central Planning Organisation
Arab Yemen Republic

called for in the new plan, amounting to YR 29.3 billion (YR 1 = \$0.22 at today's exchange rate) may well prove difficult to achieve without increasing still further the plan's dependence on foreign financing, and more than one participant in last month's conference suggested that the desirability of projects be reviewed and existing projects be maintained and improved so as to cut expenditure.

Related to the problem of North Yemen's dependence on foreign financing is the precipitous plunge the country has taken towards consumerism, mainly imported goods. Imports of goods and services increased during the period of the first five-year plan at an annual rate of 18.4 per cent, with consumer goods accounting for 61 per cent of the total. This high rate for imports was made possible by remittances from emigrant workers, by drawing on Central Bank reserves, by a general absence of any restrictions on imports and by a tendency of commercial banks, foreign or local, to prefer lending for imports over investing in long term development projects. Village *souqs* offer a range of goods from Egyptian oranges and French chickens to apples from Oregon and bananas from Ecuador. Imports of television sets and video recorders have been estimated at YR 350 million in 1981 and luxury goods such as French perfumes and cosmetics at YR 98 million. Gaudy imitation Louis XVI furniture, so prevalent in Middle Eastern countries, is imported to the tune of YR 100 million a year — as one Yemeni analyst puts it, "enough for a good 50,000-tonne iron smelting steel factory."

This situation, combined with a low level of exports (particularly of traditional exports such as coffee and cotton), produced a balance of trade deficit of YR 29.6 for the five-year period. The increasing deficit has placed an extraordinary burden on the country's balance of payments. In 1978 there was a YR 1.4 billion surplus in the balance of payments; by 1981 this had been transformed into a deficit of YR 2.9 billion. Aware of the need to remedy this situation lest erosion of Yemen's financial reserves seriously hinder future development, the new five-year plan stresses the importance of restricting imports and of supporting import-substituting industries and the productive sectors in general so as to generate more local savings and reduce the trade deficit and its burden on the balance of payments. The new plan states that "a structural change in the national economy in favour of the goods-producing sector is a matter of the utmost urgency." It aims to reduce dependence on foreign aid and expatriate labour through a shift to productive investment and away from costly infrastructure as well as into areas the government hopes will prove capable of generating much-needed domestic revenue. These areas are, in order of importance, agriculture and industry, and much attention will be given to agro-industry.

Before reviewing North Yemen's plans for the pro-

Allocations of Second Five-Year Plan

(millions of Rials)

Agriculture	4,400
Mining	900
Manufacturing	3,500
Electricity and Water	2,300
Construction	600
Trade, Catering and Hotels	2,800
Transport and Communications	4,600
Financial Institutions	100
Housing	3,700
Government Services	4,600
Total	29.3 billion

Source: Draft Second Five-Year Plan
Central Planning Organisation
Yemen Arab Republic

ductive sectors of agriculture and industry it is worth mentioning one factor which may make it difficult for the government to reduce private consumption of imported consumer goods. As a result of the consumer boom brought on by the policies of the first five-year plan, the Yemeni people have had their appetite whetted for foreign imports, and consumer goods are for them the most tangible fruit of the process of "development" which the government advocates through relentless sloganeering and media campaigns.

The government's emphasis in the media on the need for the country to emerge from "past centuries of backwardness" has fostered a craving for the trappings of modernity found in the imported cargoes of consumer goods, and the government will not find it easy to tamper with these newly-acquired tastes for such commodities. In any case, because large-scale and endemic smuggling has always been and still is one of the most lucrative fields for private enterprise in the country, it is not likely that government curbs on imports will have great effect on their availability for whoever wants to buy them. Furthermore, curbing imports would diminish one of the government's major sources of revenue: customs duties account for 60 per cent of government revenue. While the plan does call for a crack-down on smugglers "and all who deal with them," as well as for improved methods of tax collection and levying of customs duties, the institutional infrastructure needed to accomplish these goals will take some time to establish.

While imports in the new five-year plan are supposed to decrease from a ratio of 75 per cent of GDP in 1982 to 56 per cent in 1986, the plan projects a growth of exports from 6 per cent of GDP in 1981 to 12 per cent

in 1986. The key sector which is to fuel this growth in exports is agriculture, which now accounts for 28.5 per cent of GDP and employs 70 per cent of the country's total labour force. These figures represent a decline in the contribution of agriculture when compared to the 1969-72 period, when it generated 72 per cent of GDP and employed 82 per cent of the work force, but North Yemen still is an agrarian economy. And although the country possesses the most fertile land in the Arabian peninsula, agriculture remains extremely under-developed. During the first five-year plan agriculture stagnated, growing at an annual rate of less than 1 per cent. Only 38 per cent of the investment planned for the sector materialised.

This stagnation is attributed to a variety of factors. There are extreme fluctuations in rainfall, upon which 75 per cent of the arable land depends; for example, rainfall in Sanaa in 1975 was 384 mm but in 1976 it was only 154 mm. Another problem is the small and fragmented nature of most land holdings in North Yemen, where 80 per cent of all holdings are subdivided, 92 per cent are less than 5 hectares (9.6 acres) and 66 per cent are less than one hectare (2.4 acres). The social structure of land ownership is also a burden on productivity: 75 per cent of cultivated lands belong to absentee landlords and are farmed by sharecroppers. Many farmers, looking for a better life, migrate to the cities or go abroad. There are also infrastructural problems such as a lack of extension workers and technical cadre and bottlenecks in marketing, storage and distribution.

Another factor in the low productivity of agriculture and the decline in agricultural exports (which are equivalent in effect to total exports), and one which the government authorities would seem to prefer to overlook, is the extensive acreage devoted to the cultivation of *qat*. This hardy plant, which acts as a stimulant and depresses the appetite when the leaves are chewed, is perhaps the country's major cash crop. *Qat* requires little attention or water and yields attractive returns to the farmer, and its production equalled 6 per cent of the value of total crop production in 1977. Now, despite government efforts to control its production and consumption, its share is probably even more. Figures for *qat* production as well as for the value of earnings from *qat*, which is also exported to South Yemen, are not included in the plan but if there are figures they are likely to be an underestimate. In the period between 1964 and 1970 the UN estimated that the plant provided an average of 49 per cent of the export earnings of the country, a figure more than five times the official one.

At present, North Yemen's agriculture does not satisfy domestic needs for food, making imports necessary. The new plan hopes to maximise the considerable potential of the agricultural sector – the Sanaa conference heard many references to the much sought-after Arab food security – through the cultivation of new cash crops such as fruits and vegetables (as opposed to the traditional

Table II
Agricultural Production in First and Second Five-Year Plans
(thousand ton units)

Crop:	First Five-Year Plan			Second Five-Year Plan (projected)		
	1975/76	1980/81	Rate of increase over base and target years (%)	1981/82	1985/86	Planned rate of increase over base and target years (%)
Millet and sorghum	785	646	- 17	627	766	41
Maize	35	49	40	39	44.5	14
Wheat	62	65	4	63	91	44.5
Barley	58	48	- 17	42.5	47	11.3
Cotton	13.5	5	- 63	5	21	316
Legumes	76	84	10.5	74	81	10
Potatoes	76	131	72	120	180	50
Vegetables	183	261	42	290	467.5	61
Fruits and grapes	107	144	34	138	169	22
Coffee	3.5	3.5	0	6.3	7.7	20
Tobacco	5.5	7	25	6.5	8.5	30
Sesame	5.5	6	9	4.5	5.5	29
Animal Products						
Meat	38	20	- 48	20.5	25	23
Dairy Products	33	16	- 51.5	95	129	37
Poultry	0.4	6	1300	7	15	120
Eggs (million)	210	215	2.5	123	192	56
Fish	—	—	—	17	26	57

Source: Draft Second Five-Year Plan
Central Planning Organisation
Yemen Arab Republic

crops of coffee, cotton and *qat*). The plan also envisages increased animal production following steep decline in the past five years and measures to improve and conserve soils. According to the plan, self-sufficiency in local production of grains, millet and barley will be attained by 1986 and vegetables will be produced in sufficient quantities to permit exports. Other objectives include increasing the irrigated area, increasing production of poultry and fish, promoting crop diversification, undertaking afforestation programmes, providing farmers with production and marketing facilities, agricultural credit and veterinary services. Finally, the plan provides for the establishment of agricultural cooperatives and the creation of buffer stocks of staple crops.

The plan aims at an annual growth rate of 4.8 per cent for the agricultural sector, a somewhat ambitious goal given the range of problems that have to be confronted and the disinclination of the private sector to get involved in farming unless it is to grow *qat*. Furthermore, the sector is to receive an investment allocation of YR 4.4 billion over the five-year period, or 15.8 per cent of total allocations; this figure, the same as under the previous plan, is rather low considering the "supreme importance" which the new plan claims to give to agriculture. The public sector will contribute 69 per cent of the expenditure, and this will be directed towards rural development and infrastructural, irrigation and agricultural development projects. The private sector's share of total allocations is to be 31 per cent; this expenditure will be used mainly to purchase agricultural equipment and well-digging apparatus and to expand orchard plantation with help from the Cooperative Agricultural Credit Bank.

The plan calls for an increase of 72.6 per cent in total crop production between the base year of the plan (1981) and the target year (1986), so as to fulfill a larger portion of the demand for food and reduce the need to import (see table). It seems unlikely, however, that the actual increases in production will keep up with Yemen's high rate of population growth, which rose at an annual rate of 3.4 per cent from 6 million in 1975 to 7 million in 1981.

A look at some of the agricultural projects listed in the new five-year plan underscores the crucial role of foreign aid and financing. An animal husbandry project is to be financed by The Netherlands, the Kuwaiti Development Fund and the World Bank; integrated rural development in the southern uplands (including extension work, drinking water projects, drilling of 600 wells, control of Bilharzia and 50 pilot dairy farms) is to be completed in 1986 with help from the Abu Dhabi Fund, the IDA, IFAD and the Swiss government; and projects in the potentially fertile Tihama coastal plain (including building dams and irrigation networks, extension services, road building, health services, credit facilities, and training and cadre development) are funded by the Kuwait Fund for Arab Economic Development, the World Bank, the EEC, the Federal Republic of Germany, the UNDP and others. According to the plan, 52 per cent of total fixed

capital investment in the agricultural sector will be financed by foreign loans and grants.

But the diversity of technical expertise involved in these projects and the possible benefits of a pool of international resources rather than dependence on a single country for assistance may well be to North Yemen's advantage. The step-by-step approach that could be encouraged by international collaboration is well suited to the diversity of the country's topography and to its decentralised social structure. The task of the government will be to coordinate programmes and balance – economically and politically – the development projects.

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[Text]

The basis of North Yemen's economy was and still is agriculture, but historically the country's cities have been important centres for handicraft industries such as weaving, leather-working, silver and gold jewellery and weaponry. But just as the integration of North Yemen into the world economy in recent years through urbanisation, emigration of the labour force, imports of consumer goods and the concurrent creation of new tastes and raised expectations has had the effect of distorting the traditional system of farming, so also has it led to a decline in the production of the traditional manufacturing sector. But instead of attempting to reverse this process or shelter the traditional cottage industries, the country's planners have opted to set up modern factories supplied by locally produced agricultural production or local resources to replace them. These changes in the agricultural and industrial system as a result of the entry of the country's economy into the international arena are also paralleled by a shift in trade relations from the traditional trade routes to North Yemen's neighbours in East Africa and across the Indian Ocean to Southeast Asia in favour of the petroleum-based economies of the Arabian Gulf. This change is underlined by the high level of emigration of Yemeni labour to the Gulf countries.

We have seen in the first part of this survey that North Yemen's new five-year plan attaches considerable importance to developing the productive sector of the economy so as to reduce imports and reverse the trend towards stagnating production on the one hand and booming growth in services on the other. While agriculture was seen to be extremely important in the new five-year plan, the focus is likewise on development of the modern manufacturing sector and the sub-sector of mining.

In the first five-year plan, manufacturing recorded an annual growth rate of 11.8 per cent, which was more than the planned 11 per cent. Extraction industries grew at a yearly rate of 18 per cent, significantly above the projected 12.6 per cent rate. These rates were achieved despite the fact that, taken together, the two sectors only spent YR 1 billion (YR = \$0.22) of the planned invest-

ment of YR 1.47 billion, with the public sector investing less than had been expected, and the private sector more. The value of industrial production reached YR 980 million in 1980 (at current prices), with the foodstuffs industry accounting for 45 per cent of the total.

Textiles, the country's single most important manufacturing industry in the early '70s, accounted for only 5.3 per cent of total production, suffering from the tremendous decline in cotton production over the period of the first plan (-63 per cent). This decline was attributed to low government purchase prices, lack of credit facilities and a shortage of high quality seeds. However, other industries, including chemicals (11.3 per cent of total), metal products (9 per cent) and building materials (21.9 per cent), have been growing in importance.

The new five-year plan aims at a growth rate of 14.5 per cent a year for manufacturing, so that the total value of production will reach YR 1.5 billion by 1986. Total public and private sector investment in manufacturing is planned at YR 3.5 billion, 43 per cent of which is to derive from foreign loans and grants. YR 478 million is to be invested in foodstuffs industries, with YR 100 million slated for a fish canning and deep freezing factory in Hodeida. But the greater part of investment in manufacturing in the new plan is concentrated in building materials. These are to be allocated YR 1.5 billion, or 44 per cent of total investments for the sector. A cement factory at Bajil is to be expanded to increase production from 80,000 tonnes a year to 330,000, at a cost of YR 258 million. Financing is to come from the Soviet Union. Two other cement factories are planned at Amran and Mafraq, each with a yearly capacity of 500,000 tonnes. The Amran plant will cost YR 576 million, with financing from Japan, and production is expected to start in 1982. The Mafraq plant will cost YR 724 million, but the plan does not indicate who is to finance it.

The coming period in North Yemen is likely to witness a flurry of exploration and drilling for mineral resources. Yemenis believe there is an 80 per cent chance of oil being discovered in significant quantities in the country. With the hope that oil could help to relieve the country's financial problems, YR 85 million have been allocated for exploration efforts over the course of the new plan, and the state-owned Yemen Oil and Minerals Co signed an exploration agreement last September with the US Hunt Oil Company. There have been unconfirmed reports of discoveries of gas in the Marib region bordering Saudi Arabia. In addition, YR 485 million is to be invested in surveying, searching and drilling for minerals. Copper, zinc, iron ore, coal, lead and silver have all been discovered in exploitable quantities, but there is virtually no production of these at present. Thus investments in mining will have very little positive impact on the economy during the period covered by the plan, since they will not yield returns for some time to come. A possible exception -- in spite of the currently depressed copper market -- is a

copper extraction project at Al-Hamoorah. This is to receive an allocation of YR 357 million, the lion's share of allocations for mining. These amount to YR 905 million, or 3.2 per cent of total investment, and are up from the 1 per cent figure of the first five-year plan. Foreign loans and grants are supposed to cover 66.3 per cent of total fixed capital investment in mining.

A major problem for the industrial sector, just as for the agricultural sector, is a shortage of skilled and unskilled labour due to the large number of migrant workers who go abroad in quest of higher salaries. Manufacturing employs only 8 per cent of the active population and labour shortages prevent plants from running at full capacity. Other problems include lack of protection against cheaper imports and insufficient local financing. Much is required before the manufacturing sector becomes productive enough to compete with imports and to pay its own way.

In the new plan the sectors which are supposed to achieve the highest growth rate of all are electricity and water, with an annual increase of 25 per cent. In the first five-year plan this sector grew at the planned 20 per cent rate, despite the fact that only 62 per cent of the investments proposed in the plan were actually undertaken. YR 2.3 billion is allocated to the sectors in the new plan, as against the actual investments of YR 1.3 billion during the 1976-81 period. The plan envisages 80 per cent of the investment coming from foreign loans and grants, a high proportion due to the scarcity of the government funds and the traditional unwillingness of the private sector to contribute to infrastructural investment in which returns are distant and often negligible. Notable projects include the second phase of a YR 1 billion power project of which YR 574 million worth of work has already been completed. The project involves a 150-megawatt power plant and a network of high-tension lines and substations. It is expected to be in operation by 1982. Other planned projects include a YR 98 million rural electrification project, a YR 1.5 billion power project at Mokha, including a 160 megawatt plant designed by the British company Kennedy and Donkin. There are also a number of water and sewerage projects for Sanaa (YR 580 million), Hodeida (YR 141 million), Taiz (YR 250 million) and Ibb and Dhamar (YR 353 million). The high rate of growth planned for these sectors and the investment allocated to them underscore the fact that North Yemen is still at the stage of building up its infrastructure – and even residents of Sanaa, let alone those in rural areas, must contend with frequent power shortages and cuts.

Construction is another infrastructural area in which much remains to be done. The sector grew at annual rate of 10.6 per cent of GDP over the first five-year plan, as against the 14.4 per cent rate planned for it, and investments costing YR 1.2 billion were carried out. This investment will not be increased during the second plan, which calls for a relatively low rate of growth of 2 per cent as construction's share of GDP. Most of the investments

allocated to the contracting sector (YR 640 million, or 2.3 per cent of total investments) are earmarked for the purchase of equipment and machinery.

In contrast, the housing sector will receive an allocation of YR 3.7 billion, "necessitated by the urgent need to provide citizens with appropriate housing." This is 13.3 per cent of the plan's total investment, but the size of this allocation is brought into better perspective by the large share of the private sector in financing investment, with only 7 per cent (YR 260 million) to be supplied by the public sector.

Considerable progress has been made in North Yemen in transport and communications: in the early '70s the country was rated among the lowest in the world in terms of length of asphalted roads. The 1973-76 three-year plan provided the transport sector with the lion's share of investment allocations (YR 292 million or 31 per cent of total), and two asphalted roads of about 150 kilometres each were built by the Chinese, linking Hodeida with Sanaa and Sanaa with the northern town of Saada. In 1975 a 256-kilometre road linking Sanaa with the southern city of Taiz was completed at a cost of \$38 million and a variety of other important road projects were launched. In the first five-year plan the sector's contribution to GDP was YR 500 million, and again it received the largest portion of total investments (YR 2.4 billion). The new plan continues to view the modernisation of the country's transport and communications infrastructure as a matter of great urgency, and YR 4.6 billion (16.5 per cent of total) have been allocated towards this goal. Foreign loans and grants are supposed to cover 64.5 per cent of the investments. Private sector contributions (15 per cent of total fixed capital investments) will go mainly for the purchase of vehicles. Public sector investments are distributed as follows: YR 2.4 billion for road-building; YR 618 million for telecommunications; YR 709 million for civil aviation and air transport services; YR 137 million for ports and maritime transport; and YR 25 million for road transport (buses and lorries). One of the major projects, which involves asphaltting roads in towns and cities at a cost of YR 620 million, will have to wait for the completion of current or scheduled water, sewage and electricity works.

Not only does North Yemen have the burden of building up a modern physical infrastructure from scratch, it also has to provide basic services hitherto non-existent in order to develop its human infrastructure. Education and health facilities are still very poor in North Yemen, and the new plan envisages an annual growth rate of 9 per cent of GDP for government services to fuel a planned expansion in education, health and social services. These have been allocated YR 4.6 billion over the course of the plan, or 16.5 per cent of the plan's total fixed capital investments. Education is to receive YR 2.3 billion, or 49 per cent of all government investments in services and this is intended to fulfill the plan's objective of raising the

capabilities of local manpower. Health is to be allocated YR 665 million. Other investments in services include municipalities and housing (YR 380 million), information and culture (YR 458 million), labour and social affairs (YR 257 million) and government administration (YR 430 million). The plan lists 122 projects in this sector; 90 per cent of the costs of these projects (YR 4.2 billion) is expected to be financed by external loans and grants.

According to a primary health care plan published by the Ministry of Health, "as long as the level of government spending remains at its present proportion of national wealth, it is not realistic to expect greater government outlays on health. It is hard to conceive of much improvement in the use of public funds spent on health, *without external assistance*." (The emphasis is in the original). We have seen this to be the case with other infrastructural sectors as well. But the Health Ministry plan indicates that financing is not everything: "Of the various factors inhibiting progress, money had hitherto been regarded as the critical one, while in reality other constraints such as manpower and managerial ability turned out to be more important."

The Health Ministry considers the second five-year plan to be more realistic than previous plans have been in terms of programming for the health sector; manpower and financial constraints were painstakingly taken into account in order to "place the plan on a realistic basis." In practical terms this has meant a 50 per cent reduction in demand for manpower in the health sector for the period of the plan in order to make programmes feasible. Nevertheless, the Health Ministry points out that "the nagging question still remains how soon a country that devotes 1.5 per cent of its GNP to health will be able to afford increased allocations without external help." It remains to be seen whether or not the external help upon which so much of the new plan's investments and projects in all sectors depends will in fact materialise.

As indicated in the first part of this survey, it is in the areas of trade and banking and finance that the highest rates of growth were attained in the period of the first five-year plan. The massive influx of cash transfers from Yemeni workers abroad, which were worth \$1.4 billion in 1981, enabled the banking and finance sector to achieve an average yearly rate of growth of nearly 26 per cent; trade, foreign and domestic as well as wholesale and retail trade, contributed YR 2.1 billion to GDP in 1976. The financial sector contributed YR 1 billion to GDP in 1981; through expansion of banking facilities to rural areas and increased credit facilities for productive investment, a YR 1.5 billion contribution is expected in 1986. But government expenditure in both trade and finance will be minimal since these are preferred areas for private enterprise due to the self-financing nature of investment in them. Public sector investment in financial institutions (50 per cent of the total YR 50 million allocation) is mainly for buildings and equipment needed to increase

Real Growth of GDP by Sectors During the First Five-Year Plan (1975/1976 – 1980/1981)
(in million Riials at constant base year prices)

Economic Activity	Value		Contribution % of GDP		Annual Growth Rate %	
	75/76	80/81	Actual 75/76	Actual 80/81	Actual 80/81	Planned
Agriculture, Forestry and Fisheries	2,011	2,111	44.3	36.9	39.2	5.5
Mines and Quarries	32	74	0.7	1.3	9.7	12.6
Manufacturing	257	448	5.7	7.8	5.6	11.0
Electricity and Water	17	43	0.4	0.8	0.5	20.4
Construction	283	469	6.2	8.2	5.8	14.4
Wholesale and Retail Trade	948	1,059	20.9	18.5	23.7	10.1
Catering and Hotels	64	83	1.4	1.5	2.0	10.1
Transport and Communications	150	217	3.3	3.8	3.4	11.3
Financial Institutions	141	447	3.1	7.8	2.9	9.5
Real Estate and Business Services	207	265	4.6	4.6	3.1	3.6
Personal & Social Services	42	63	0.9	1.1	2.0	7.5
Less: Imputed Bank Services	134	417	- 3.0	- 7.3	-	-
Total of Business Sector	4,018	4,862	88.5	86.0	88.9	8.0
Government Services	509	834	11.2	14.6	10.7	10.0
Non-Profit Private Organizations	14	23	0.3	0.4	0.4	7.5
Customs Duties	394	836	-	-	-	-
GROSS DOMESTIC PRODUCT	4,935	6,555	100	100	100	8.2

Source: Draft Second Five-Year Plan
Central Planning Organisation
Yemen Arab Republic

the branches of the Yemen Bank for Reconstruction and Development. The YBRD, established in 1962, is the largest commercial and financial institution in the country and currently has a network of 26 branches throughout North Yemen, as well as correspondents in Asia, Africa, Europe, the United States and 24 agents in Saudi Arabia, underscoring the importance of the Yemeni migrant worker to the banking sector.

The increasing importance of tertiary sector activities such as banking and trade, as areas attractive to the private sector, has some significance in a review of a development plan. We have seen that these areas aside, the new five-year plan is based on the public sector, and since government revenue is very limited and infrastructural expenditure high, the plan constantly turns to foreign loans and grants in order to obtain the needed allocations. But the bulk of local economic activity in Yemen is in private hands and any attempt to plan without ensuring the cooperative participation of the private sector is probably ill-advised. With most of the private sector involved in lucrative areas such as imports and real estate or their financing — activities which due to their unproductive nature produce inflationary effects such as high prices and wages and building booms — the country's planners cannot afford to ignore the need to have the private sector participate in the state's planning efforts. Unfortunately, there is little indication that the Sanaa government is capable of doing very much on this score.

Yemenis are not the only ones unwilling to forego the attractive short term gains available to them in areas such as imports in order to invest in development work: foreign commercial banks operating in Yemen have also shown a tendency to avoid investing in long term development projects or opening branches in areas outside of the booming cities of Sanaa, Taiz and Hodeida. Most commercial banking activity in the country, whether foreign or local, is to finance imports.

The exaggerated importance of imports, financed by remittances from Yemeni workers abroad (these accounted for 88 per cent of total gross capital formation during the first five-year plan) and by banking activity has led to a lack of sufficient attention to the generation of domestic savings. The investment policy of the first five-year plan achieved moderate success in terms of the distribution of investment among the various sectors, but fell short in terms of productivity and capital output. During the 1976-81 period North Yemen had to draw on its reserves to finance investments, which in the productive sectors were less than had been planned. Over the course of the plan drawings on domestic savings totalled YR 9.4 billion; these negative savings were equal to 19 per cent of GDP. In 1981 the government faced a budget deficit of \$433 million. Meanwhile, a surplus in the balance of payments of YR 1.4 billion in 1978 was transformed into a deficit of YR 2.9 billion, a situation brought about by an increasing balance of trade deficit. This

Planned Average Rate of Growth of GDP by Sectors During Second Five-Year Plan
(in million Riads at 1981 prices)

Economic Activity	1981	1986	Annual Growth Rate %	Contribution to GDP % 1981	Contribution to GDP % 1986
Agriculture, Forestry & Fisheries	3,690	4,665	4.8	28.5	25.7
Mining and Quarries	156	275	12.0	1.2	1.5
Manufacturing	770	1,515	14.5	6.0	8.3
Electricity and Water	89	272	25.0	0.7	1.5
Construction & Building	1,139	1,260	2.0	8.8	6.9
Wholesale and Retail Trade	2,124	2,852	6.0	16.4	15.7
Catering Services & Hotels	139	200	7.5	1.1	1.1
Transport & Communications	483	648	6.0	3.7	3.6
Financial Institutions	1,013	1,495	8.1	7.8	8.3
Housing & Real Estate Services	552	760	6.5	4.3	4.2
Personal & Social Services	135	199	8.1	1.0	1.1
Less: Imputed Bank Services Charge	-889	-1348	8.7	6.9	7.5
TOTAL Business Sector	9,401	12,793	6.3	72.6	70.4
Government Services	1,907	2,935	9.0	14.7	16.2
Private Non-Profit Organizations	24	36	8.5	0.2	0.2
Customs Duties	1,617	2,398	8.2	12.5	13.2
Gross Domestic Product	12,949	18,162	7.0	100	100

Source: Draft Second Five-Year Plan
Central Planning Organisation
Yemen Arab Republic

reached a total of YR 29.6 billion for the five years of the plan. The new five-year plan attributes this massive deficit to the increase in imports, but as we have seen in the first part of this survey (*An-Nahar Arab Report & MEMO*, May 10), reining in imports will not be an easy task for the Sanaa authorities.

The government of North Yemen is finding itself increasingly dependent on the outside world. It depends on foreign aid in loans and grants to finance investments and deficits. In 1979, 39 per cent (YR 1 billion) of North Yemen's total unpaid debt of YR 2.6 billion was owed to Saudi Arabia, the country's main creditor. This year Saudi Arabia will provide aid worth \$390 million to Sanaa, in addition to 50,000 tonnes of crude oil. Of this \$101 million will go to support the budget (*An-Nahar Arab Report & MEMO*, April 26). According to Saudi sources, the Kingdom has channelled \$1.4 billion in aid to North Yemen in the past seven years, largely through the joint Saudi-Yemeni Coordination Council. This figure excludes military aid or payments made to Yemeni tribesmen for political purposes. As we have seen, a host of other countries and of international agencies also provide substantial amounts of aid.

Not only does North Yemen have to rely on other countries for aid; the all-important source of capital formation, the Yemeni expatriate worker, depends on the economic, social and political conditions in other countries which determine the demand for his labour. Some observers feel that the demand for Yemeni labour abroad, and notably in the Arab oil-producing countries of the Gulf, is now beginning to decline. This is in part due to the completion of major infrastructure building projects in the Gulf and in part to policies of the local governments which seek to reduce the immigrant work force and substitute local labour. The prospect of declining transfers from abroad accentuates the need to develop the productive sectors of the domestic North Yemeni economy to generate revenue – and to employ returning Yemeni workers. While the new five-year plan shows sufficient awareness of this need, it also reveals the country's inability to do without increased reliance on foreign aid in its development plans and programmes.

A recent report from Sanaa on the political problems of President Ali Abdallah Saleh's government, which is caught up in a sporadic but costly war with South-Yemeni supported guerrillas (*An-Nahar Arab Report & MEMO*, April 26), observes the following: "The time of choice has come for North Yemen. It can't afford the luxury of remaining neutral any longer. Either it has to go with the East or with the West." While predicting sudden changes in the politics of a Middle Eastern country is a hazardous business and the ability of leaders to muddle through without making hard and fast political choices should not be under-estimated, one can say without reservations that the country does face a major economic choice. This is one implicit in all development planning: the choice

between allocating resources for present consumption or for future growth. The new five-year plan definitely opts for the latter, but whether or not the government will be able to carry out the policies dictated by a decision to sacrifice present consumption for future growth remains to be seen.

But it is possible that North Yemen, increasingly linked to the oil-producing Gulf states as a recipient of aid and as an area for investment, may benefit from the current trend towards reduced consumption in these countries, a development brought on by the decreased demand for oil world-wide. It has been observed that North Yemen has been trying to imitate its oil-producing Arab sisters in the Gulf without the oil. The country may well now begin to imitate them in reducing spending and slowing down the rise in living standards. As Algeria's Oil Minister Belkacem Nabi told this newsletter (*An-Nahar Arab Report & MEMO*, May 3), the time has perhaps come for countries to "live at a level which conforms with their potentials and not according to the situation in the international marketplace... it is not acceptable that the level of development be determined externally."

CSO: 4400/287

END